



Summons and Agenda for the
Council Meeting

to be held on

**Thursday, 21 February
2019**

at

6.00 pm

SELBY

DISTRICT COUNCIL



To: All District Councillors

cc: Chief Officers

You are hereby summoned to a meeting of the Council to be held in the Council Chamber - Civic Centre, Doncaster Road, Selby, YO8 9FT on **THURSDAY, 21 FEBRUARY 2019** starting at **6.00 pm**. The Agenda for the meeting is set out below.

Janet Waggott

Janet Waggott
Chief Executive

Recording is allowed at Council, committee and sub-committee meetings which are open to the public, subject to:- (i) the recording being conducted under the direction of the Chairman of the meeting; and (ii) compliance with the Council's protocol on audio/visual recording and photography at meetings, a copy of which is available on request. Anyone wishing to record must contact, prior to the start of the meeting, Palbinder Mann – Democratic Services Manager via pmann@selby.gov.uk or 01757 292207. Any recording must be clearly visible to anyone at the meeting and be non-disruptive.

AGENDA

Opening Prayers.

1. **Apologies for Absence**

To receive apologies for absence.

2. **Disclosures of Interest**

A copy of the Register of Interest for each Selby District Councillor is available for inspection at www.selby.gov.uk.

Councillors should declare to the meeting any disclosable pecuniary interest in any item of business on this agenda which is not already entered in their Register of Interests.

Councillors should leave the meeting and take no part in the consideration, discussion or vote on any matter in which they have a disclosable pecuniary interest.

Councillors should also declare any other interests. Having made the declaration, provided the other interest is not a disclosable pecuniary interest, the Councillor may stay in the meeting, speak and vote on that item of business.

If in doubt, Councillors are advised to seek advice from the Monitoring Officer.

3. **Minutes (Pages 1 - 8)**

To approve as a correct record the minutes of the meeting of the Council held on Tuesday 18 December 2018.

4. **Communications**

The Chairman, Leader of the Council or the Chief Executive will deal with any communications which need to be reported to the Council.

5. **Announcements**

To receive any announcements from the Chairman, Leader or Members of the Executive.

6. **Petitions**

To receive any petitions.

7. **Public Questions**

To receive and answer questions, notice of which has been given in accordance with rule 10.1 of the Constitution.

8. Councillors' Questions

To receive and answer questions submitted by councillors in accordance with rule 11.2 of the Constitution.

9. Reports from the Executive (Pages 9 - 26)

The Leader of the Council, and other members of the Executive, will report on their work since the last meeting of the Council and will respond to questions from Councillors on that work.

10. Reports from Committees (Pages 27 - 36)

To receive reports from the Council's committees which need to be brought to the attention of Council. To receive questions and provide answers on any of those reports.

11. Motions

To consider the following motion proposed by Councillors Duckett, Jordan, McCartney, Marshall, Nichols, Packham, Shaw-Wright, Thurlow and Welch:

This Council calls upon the Government to reconsider transitional arrangements for women born on or after 6th April 1951, so that women do not live in hardship due to pension changes they were not told about until it was too late to make alternative arrangements.

12. The Budget, Reserves and Balances 2019/20 (Pages 37 - 46)

To consider a report which provides Council with assurance on the proposed budget and the Council's reserves in order to formally set the budget and Council Tax for 2019/20.

13. Revenue Budget and Capital Programme 2019/20 and Medium Term Financial Plan (Pages 47 - 88)

To consider a report which presents Executive's proposed revenue budget; capital programmes and outline Programme for Growth for 2019/20 to 2021/22.

In accordance with The Local Authorities (Standing Orders) (England) (Amendment) Regulations 2014, all local authorities must record in their minutes how each Councillor voted (or abstained from voting) on the question of Budget and Council tax setting at the 'Budget Decision Meeting' of the Council. This rule will therefore apply and a recorded vote will be taken on this item.

14. Treasury Management - Treasury Management Strategy Statement 2019/20, Minimum Revenue Provision Policy Statement 2019/20, Annual Investment Strategy 2019/20 and Prudential Indicators 2019/20 (Pages 89 - 140)

To consider a report which presents for approval the proposed Treasury

Management Strategy together with the Minimum Revenue Provision Policy Statement, Annual Investment Strategy for 2019/20, Capital Strategy 2019/20 and Prudential Indicators 2019/20 as required by the Department of Communities and Local Government and CIPFA (as updated 2017).

15. Pay Policy Statement 2019/20 (Pages 141 - 162)

To consider a report which seeks approval of the Council's Pay Policy Statement 2019/20 in accordance with section 38 of the Localism Act 2011.

16. Appointment of the Monitoring Officer (Pages 163 - 166)

To consider a report which asks the Council to appoint a Monitoring Officer.

17. Urgent Action

The Chief Executive will report on any instances where she has acted in urgent or emergency situations under the functions delegated to her in the Constitution.

Agenda Item 3



Minutes

Council

Venue: Council Chamber - Civic Centre, Doncaster Road, Selby, YO8 9FT

Date: Tuesday, 18 December 2018

Time: 6.00 pm

Present: Councillor D Buckle in the Chair

Councillors D White (Vice-Chair), J Chilvers, K Arthur, J Cattanach, I Chilvers, M Crane, J Deans, S Duckett, K Ellis, M Hobson, D Hutchinson, M Jordan, C Lunn, D Mackay, B Marshall, M McCartney, C Metcalfe, R Musgrave, W Nichols, R Packham, C Pearson, D Peart, I Reynolds, B Sage, J Shaw-Wright, R Sweeting, J Thurlow and P Welch

Officers Present: Janet Waggott (Chief Executive), Julie Slatter (Director of Corporate Services & Commissioning), Dave Caulfield (Director of Economic Regeneration and Place), Karen Iveson (Chief Finance Officer (s151)) and Palbinder Mann (Democratic Services Manager)

Press: 1

Public: 6

38 APOLOGIES FOR ABSENCE

Apologies for absence were received from Councillors Casling and Mackman.

39 DISCLOSURES OF INTEREST

There were no declarations of interest.

40 MINUTES

The Council considered the minutes of the meeting of meeting held on 18 September 2018.

RESOLVED:

To approve the minutes of the Council meeting held on 18 September 2018 for signing by the Chairman.

41 COMMUNICATIONS

The Chairman informed Council that he had attended the Insider Property Industry Awards where the Council had won the local authority of the year and he had also attended the Yorkshire Choice Awards where a number of businesses from Selby had picked up awards.

The Chairman thanked everyone who had attended his Chairman's Charity Concert where he had raised over £5,000.

42 ANNOUNCEMENTS

The Chief Executive informed Council that she had signed the local digital declaration which enabled authorities to bid to the Ministry of Housing, Communities and Local Government for funding for digital initiatives.

The Chairman presented the Solicitor to the Council with a bouquet of flowers due it being her last day at the Council. The Chairman and other Members thanked the Solicitor for all her work for the authority.

The Chairman informed Council of the Gala Concert which would be taking place on Saturday 16 March to celebrate the 950th anniversary of Selby Abbey.

Lastly the Chairman stated that he had been working with the Mayor of Harrogate and had been invited to Catterick Garrison to visit soldiers being treated including those from Selby.

43 PETITIONS

There were no petitions received.

44 PUBLIC QUESTIONS

There were no public questions received.

45 COUNCILLORS' QUESTIONS

There were no questions submitted by Councillors.

46 REPORTS FROM THE EXECUTIVE

Councillor M Crane, Leader of the Council

The Leader of the Council presented his update on the work he had recently undertaken, as outlined in his report.

Concern was raised that the free parking offered to shoppers for Christmas had been filled by those working nearby and not shoppers.

A query was raised regarding whether the changes to green waste recycling credits would lead to a charge being introduced for green waste. The Leader of the Council explained that the money would be used to pay North Yorkshire County Council (NYCC) for the loss of recycling credits and that there was no plan to introduce a charge for green waste which made the Council the only authority in North Yorkshire not to have such a charge.

Councillor J Mackman, Deputy Leader of the Council and Executive Lead Member for Place Shaping

The Leader of the Council on behalf of Councillor Mackman, Deputy Leader of the Council and Lead Executive Member for Place Shaping, provided an update on the work he had recently undertaken, as outlined in his report.

A query was raised around the figures for planning appeals outlined in the update as it mentioned six appeals however noted the results for seven. It was agreed the exact figure would be clarified.

In response to a query concerning whether the Council had held discussions regarding upgrading junction 34 on the M62, the Leader of the Council informed Council that discussions had been held with NYCC about junction 34 and other discussions had been held with East Riding Council about placing a new junction on the M62 which would serve the Selby area and had the potential to create extra jobs.

With regard to the planning enforcement management plan, it was a requested that a member briefing be held on this. The Leader of the Council agreed to organise a member briefing in the New Year and explained that the number of planning enforcement cases had reduced and that the Council was challenging people who had demonstrated for planning law.

A query was raised around the number of parking spots allocated for the property development in Ousegate. The Leader of the Council explained that no parking spots had been allocated for these properties and this had been stated in the planning application that had been approved by the Planning Committee. It was agreed to pass on concerns to the planning officers about the lack of parking for this development.

Councillor C Lunn, Lead Executive Member for Finance and Resources

Councillor Lunn, Lead Executive Member for Finance and Resources presented his update on the work he had recently undertaken, as outlined in his report.

The Lead Executive Member for Finance and Resources explained that since the update was written, the Council had received details of the Local Government Finance Settlement which had been positive for Selby with funding for the New Homes Bonus, approval for the Business Rates pilot scheme and the rural grant maintained at 2018/19 levels.

In response to a query concerning the use of Community Infrastructure Levy (CIL) monies, the Lead Executive Member for Finance and Resources explained that there was approximately £1m of CIL funding with 15% of this going to parishes and 5% being used for administration. The monies were split according to the CIL 123 list and with aspects of funding such as GP surgeries and dentists being considered.

In response to a query concerning the National Non-Domestic Rates Discretionary Rate Relief Scheme, the Lead Executive Member for Finance and Resources confirmed the Council's policy had not changed on this.

Councillor C Metcalfe, Executive Lead Member for Communities and Economic Development

Councillor Metcalfe, Lead Executive Member for Communities and Economic Development provided an update on the work he had recently undertaken, as outlined in his report.

A query was raised around the strategic employment sites and whether these were aligned with the work considered by the Better Together Joint Members Group and whether the Council was considering a long term policy on these sites. The Lead Executive Member for Communities and Economic Development explained that a workshop had been held about identifying sites and issues. The Council was informed that growth had taken place across the district without the necessary infrastructure therefore discussions had been held about aligning these two factors.

The Lead Executive Member for Communities and Economic Development explained that at the last Business Forum, an issue had been raised about having a lorry park for Sherburn and information had been provided by the relevant Executive member of NYCC that a site had been identified however this was currently held in the green belt.

Councillor C Pearson, Executive Lead Member for Housing, Health and Culture

Councillor Pearson, Lead Executive Member for Housing, Health and Culture, provide an update on the work he had recently undertaken, as outlined in his report.

In response to queries regarding empty properties, the Lead Executive Member for Housing, Health and Culture explained that the Council did not have to wait for a complaint for an empty property before they commenced any action and that there were currently 562 empty properties in the district.

In response to a query concerning who would be funding the removal of the speed humps on Gowthorpe for the Tour de Yorkshire, the Lead Executive Member for Housing, Health and Culture stated that these would be funded by the Tour de Yorkshire Group. A further query was raised regarding the

breakdown of costs for hosting the Tour de Yorkshire. It was agreed these would be provided to Members. Additionally, it was acknowledged that the Tour de Yorkshire fell on the same day as the local and parish election. The Chief Executive informed Council that work was being undertaken to ensure there was minimum disruption to the election.

In response to a query concerning the funding for the UCI Work Road Race Championships and Para Cycle event, the Director of Economic Regeneration and Place explained that the Council would be working with Parish Councils, local schools and businesses to ensure the maximum benefit from the event was achieved. In response to a further query concerning the costs for the work, it was explained that it had not been currently confirmed how resources would be spent however once this had been done, it would be passed to Members.

RESOLVED:

To receive and note the reports from the Executive.

47 REPORTS FROM COMMITTEES

Councillor W Nichols, Chairman of the Overview and Scrutiny Committee

Councillor W Nichols, Chairman of the Overview and Scrutiny Committee provided an update on the work of the Committee as outlined in her report. There were no questions for Councillor Nichols.

Councillor J Deans, Chairman of the Policy Review Committee

Councillor Deans, Chairman of the Policy Review Committee provided an update on the work of the Committee as outlined in his report. The Chair of the Policy Review Committee confirmed that at the last meeting when the planning enforcement plan had been discussed, the Committee had resolved that an all member briefing session on the plan should take place.

Councillor K Arthur, Chairman of the Audit and Governance Committee

Councillor Arthur, Chairman of the Audit and Governance Committee provided an update on the work of the Committee as outlined in his report. The Chair of the Audit and Governance Committee informed Council that the date of the Committee meeting in April would move from the 24th to the 10th due to the election.

RESOLVED:

To receive and note the reports from Committees.

48 GAMBLING POLICY REFRESH

Councillor Pearson, Lead Executive Member for Housing, Health and Culture presented the report which outlined the draft Gambling Policy as amended

following consultation.

The Lead Executive Member for Housing, Health and Culture explained that the Council had a responsibility to review the Gambling Policy every three years and for the proposed policy, there were small changes from the previous version.

It was noted that on page 73, under the list of consultees, Stan James had closed and the premises had been taken over by Paddy Power.

RESOLVED:

To approve the draft Gambling Policy as amended following the consultation and authorise officers to take necessary steps to bring it into force.

REASON FOR DECISION:

To ensure the Council has an up to date policy.

49 REPORT OF THE MONITORING OFFICER 2018 - STANDARDS ARRANGEMENTS

Gillian Marshall, Monitoring Officer presented the annual report of the Monitoring Officer for 2018 which covered the operation of the current standards regime for Selby District Council and Parish Councils within Selby District.

The Monitoring Officer informed Council that the arrangements for the governance of the standards arrangements were working effectively and drew Members attention to the future arrangements section of the report which contained information about the government strengthening rules preventing people found guilty of serious or misbehaviour from serving on local councils.

Additionally, Council was informed that report by the consultation on the Standards of Public Life which was expected in December, had been delayed until January.

RESOLVED:

To note the content of the report.

REASON FOR DECISION:

To ensure that high standards of conduct by Councillors and co-optees are promoted and maintained.

50 COMMUNITY ENGAGEMENT FORUMS ANNUAL REPORTS: 2017-18

Councillor Chris Metcalfe, Lead Executive Member for Communities and Economic Development presented the annual report for 2017-18 for the Community Engagement Forums (CEFs).

The Lead Executive Member for Communities and Economic Development explained that 2017-18 had been a successful year for CEFs which had supported the communities in their areas. Council was informed that the CEF Chairs had worked to progress the CEFs and that a review of the CEFs had been undertaken as requested by the Peer Review. Additionally, it was explained that work had been undertaken with Stronger Communities at NYCC.

A query was raised regarding the membership of the Eastern CEF by members from the Selby East ward. It was agreed this would be picked up outside of the meeting.

RESOLVED:

To note the contents of the reports.

REASON FOR DECISION:

To ensure that the work of the CEFs is recognised and that they are working towards the delivery of their Community Development Plans.

51 MOTIONS

There were no motions submitted for discussion.

52 URGENT ACTION

The Chief Executive informed Council that the following urgent action had been taken by her since the last Council meeting under her delegated authority:

- On 15 October 2018, to extend Councillor Casling's period of office beyond the six month period of non-attendance provided for within section 85(1) of the Local Government Act 1972 on medical grounds.

The meeting closed at 7.13 pm.

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Councillor Mark Crane

Leader of the Council

Report to Council on Thursday 21 February 2019

Since Council in December I have attended the District Council Network (DCN) national conference “delivering the difference”. I enjoyed the opportunity to participate fully as the DCN Stronger Economies Spokesperson in the active debate on unlocking the difference – Housing, Infrastructure and Economic Prosperity. The conference drew a number of key speakers including a keynote speech from the Secretary of State for Housing, Communities and Local Government Rt Hon James Brokenshire MP, Andrew Gwynne MP Shadow Secretary of State for Housing Communities and Local Government who gave a perspective on Local Government and the role of Districts. Rishi Sunak MP, Parliamentary Under Secretary of State at the Ministry of Housing, Communities and Local Government gave a finance update. Rt Hon Elizabeth Truss MP, Chief Secretary to the Treasury also addressed the conference. The conference was very well attended and attracted senior ministers and other excellent speakers. It was timely to hear from Bill Grimsey the author of the Grimsey review. This review has resulted in the creation of the £675M High Street fund. We are considering putting in a bid for Selby Town Centre by the 26 March deadline. The conference also launched a [report](#) and short [video](#) on Shaping Healthy Places - Exploring the District Council’s role in health.

Transition Sub Group LEP

Following my report to Council in December the transition arrangements for the sub group have changed. The leader of York now has a seat on the transition Board, this is in addition to the one seat for North Yorkshire and one seat for West Yorkshire. The transition group meet on Friday 5 February. Our views on the proposed arrangements have been relayed to the group and are summarised as follows. We hold a strong view that Districts need to be represented and have two seats at the table. There must be a vote on the accountable body arrangements for the new LEP in the future and not assume that it will be West Yorkshire Combined Authority (WYCA). There should be new Job description written for the Chairman and Vice Chairman of the board. The secretariat arrangements are under discussion as is the name and branding of the new Organisation.

Local Football Facilities Plan:

The Community, Partnerships and Customers team have supported the Football Foundation to develop a 10 year proactive investment plan to help identify where the FA can invest across Tadcaster, Sherburn, Selby and outlying areas. This ranges investment from All Weather pitches, changing pavilions, grass pitch improvement through to a new approach for the FA to invest in multi-use game space and parks and open green space. Local sports and community representatives have supported the development of the plan and will continue to be engaged in bringing forward projects over the short to long term. The plan can be found on their website (link [here](#))

I had the pleasure of awarding a Prime Minister’s Award alongside Nigel Adams MP this month to an inspirational Selby resident, Lesley Senior, founder of Bee Able – a

community organisation that provides short break respite and independent positive activities for young children and adults with additional needs across the District. Lesley was nominated for the Prime Minister's Points of Light Award by the Community, Partnerships and Customers team in recognition for the extraordinary lengths she goes to, to provide an alternative service to our young residents. Lesley is also a valued member of the Eastern Community Engagement Forum and supports other community groups in this role to contribute to making a difference and delivering services in their own local area.

Last but by no means least I am the Council's representative and nominated spokesman for the Rural Services Network and support their very important work. There will be some publicity to raise awareness and to promote a rural strategy campaign which will be launched in early March.

Councillor Mark Crane
Leader



Councillor John Mackman

Deputy Leader of the Council

Report to Council on Thursday 21 February 2019

This report covers the period from the Council meeting on 18 December 2018. During this period I have attended Executive and Executive Briefings and represented the Council at local and regional meetings including deputising for the Leader as required.

Reporting on the key items:-

1) Planning Service Review

Sustained progress has been made in the following areas:

In the period between 01.11.2018 to 31.01.2019, 80% of majors were determined within the statutory period or agreed extension of time. This equates to 15 determined, 12 within an extension of the time period agreed, 3 were out of time. This compares to 67% in the same period last year which equates to 21 determined, 2 within the statutory 13 weeks, 12 within the extension of time period agreed and 7 out of time. These figures are higher than the national designation targets set by the Government for majors which is 60%. The current performance is an improvement compared with the same period last year.

In the period between 01.11.2018 to 31.01.2019, 78% of non-majors (minors and others) were determined within the statutory period or agreed extension of time. This equates to 138 determined, 54 within the statutory 8 weeks and 53 within the extension of time period agreed and 31 out of time. This is compared with 90% in the same period last year. This equates to 202 determined, 97 within the statutory 8 weeks, 85 within the extension of time period agreed and 20 out of time. Current performance on non-major applications is down from last year however the figure is above the 70% national designation targets set by the Government target for non-majors. 5 appeals were determined in the period between 01.11.2018 to 31.01.2019 of which 100% were dismissed.

We currently have two vacant posts across the Planning service including a Development Control Planning Officer and a Principal Planning Policy Officer. We have started the recruitment process to permanently fill these two vacancies.

Over the past few months there has been a focus on reducing the backlog of planning enforcement cases. There are currently approximately 250 open cases which is around a 37% reduction in the number of live cases that were open in July 2018.

On the 29th January 2019 we held a Stakeholder and Planning Agent's Forum. This was a positive meeting in which Officers and Planning Agents discussed potential areas for improvement across the service. At the meeting Officers sought views on the Council's approach to conversions of agricultural building into dwellings. These discussions will help to feed into a guidance note so that both Officers and planning agents are clear on what is expected and there is a consistent approach to determining these types of applications.

Work is continuing to progress to install a new IT case load management tool/package which will be of great benefit to Planning Officers in managing their workloads and also to the Planning Enforcement Team in managing their workloads and communicating to complainants. We have set up a training session in February for a number of Officers across the service which will demonstrate how the software works and will provide the opportunity for Officers to input into the software's development.

2) Planning Enforcement Management Plan

As highlighted above service improvement has already increased case turnaround and substantially reduced the backlog of cases. It is, however, important to continue to improve the service provided for residents. The production and implementation of a Planning Enforcement Management Plan (PEMP) is a key step in achieving this objective. It is an important statement of the authority's commitment to planning enforcement and communicating levels of service to residents.

A draft PEMP was prepared and presented to Policy Review Committee in December 2018 and comments were provided for officers to consider. A revised PEMP has been produced and will be presented to Members at an all Member Briefing arranged for 4th March 2019 at 5pm.

3) PLAN Selby – next steps

Technical work to look at the deliverability and viability of sites in Tadcaster is still ongoing, with initial reports due shortly. Further work on the Site Allocations Local Plan will progress pending the outcome of these studies.

Work has been completed on the Annual Authority Monitoring Report which sets out progress between the 1st April 2017 and 31st March 2018, which will be published on the Council's website in March 2019.

The Planning Policy Team has provided a response to the Government's consultation on the Environmental Statement for the development of HS2. We have also provided input to the MHCLG's consultation on Reforming Developer Contributions.

Preparation of a Development Brief for the Olympia Park Site is underway. The document will include a Masterplan for the whole site and will meet the requirements of Core Strategy Policy SP7. The Development Brief will be subject to public consultation and help to inform any future planning applications for the site.

Feedback has been given on Church Fenton's Pre-Submission Neighbourhood Plan and will help to inform the final version of the plan which will be subject to independent examination.

4) Drax Power Station DCO

The Drax Repower project was received by the Planning Inspectorate (PINS) on 29 May and was 'accepted' (26 June) by PINS for 'Examination'.

The open floor/issue specific hearings commenced in the first week of December 2018 and the last of these sessions are due to take place in mid-February 2019. We have worked collaboratively with North Yorkshire County Council on a joint Planning Performance Agreement (PPA) and have fed initial joint comments into the process.

5) Ferrybridge Station

SSE is proposing to develop a new gas-fired power station and associated gas supply pipeline (together 'the project') at and near Ferrybridge, Knottingley, to be known as Ferrybridge D. The project will be located on and within the administrative boundaries of Wakefield Metropolitan District Council ('WMDC'), Selby District Council ('SDC') and North Yorkshire County Council ('NYCC').

The power station will be capable of producing up to 2,200 megawatts (MW). This means that the power station will be a nationally significant infrastructure project. SSE will require a Development Consent Order (DCO) under the Planning Act 2008.

In January 2019 Officers from both SDC and NYCC met with the applicants to discuss initial thoughts on the technical information that will be required for the DCO submission. We will work collaboratively with North Yorkshire County Council on a joint PPA and to respond as a statutory consultee.

6) Selby and District Housing Trust

I am pleased to report the recent progress in delivering new affordable housing in the District through Selby and District Housing Trust. Work is progressing on the construction of 12 homes for the Trust on the Ousegate site in Selby and these properties are due to be completed and handed over in March 2019. On the 11th December 2017 the Housing Trust Board approved the acquisition of 12 s106 homes from Berkley De Veer on a site at Orchard Park, Ulleskelf. These properties are now in development and are being phased to the Trust, with the first three completions on 19th October 2018 and three more two-bed properties handed over on Friday 7th December 2018, with tenants ready to move in immediately. The final six properties are being built out and will be handed over in April 2019.

John Mackman
Deputy Leader of the Council

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Councillor Cliff Lunn

Executive Member for Finance and Resources

Report to Council on 21th February 2019

Treasury Management Quarterly Update

Another relatively positive quarter for investment returns with cash balances remaining buoyant. The increase in the Bank of England rate earlier in the year has resulted in an average rate of 0.77% over the first three quarters of the year on an average investment value of £64.3m. Returns are forecast to be £491k (£343k for the General Fund and £148k for the Housing Revenue Account). For the General Fund any amounts above £300k will be transferred to the Contingency Reserve in line with the approved Medium Term Financial Strategy.

Investments in two property funds (£2.5m each) were secured on 31 October 2018.

Financial Results and Budget Exceptions to 31 December 2018

The General Fund outturn at Q3 is forecasting a £71k surplus, a positive change from the deficit predicted at Q2. The HRA continues to report a surplus at £401k.

On the General Fund, in year salary savings and higher investment interest are partly offset by the shortfall on planned savings and changes to the lifeline service. The HRA surplus is driven by lower external borrowing requirements.

The planned savings shortfall has increased a little since Q2 but planning and asset rationalisation are still the main drivers of the variance. In year savings, in particular on salaries, are helping to mitigate this.

The capital programme is showing in year underspends in both the General Fund (£4.8m) and the HRA (£3.6m). General Fund is due to lower loans to the Selby and District Housing Trust plus lower spend on Disabled Facilities Grants, asset maintenance and ICT. The HRA will underspend mainly in three areas, the Housing Development Programme, the roofing scheme in Tadcaster which is still in consultation and the Empty Homes Programme. All of these are also expected to be spent, and will therefore be carried forward.

Programme for Growth is showing good progress across a number of Projects. Projects are expected to be delivered over a number of years. A report on the Economic Development Framework Delivery Plan approved a change in existing budget allocations to finance the required staffing measures identified for the ongoing delivery of the plan.

Housing Rents

2019/20 will be the last year of the Government's 4 year policy to reduce housing rents by 1% year on year. From 2020/21 the Council will be allowed to increase rents by the level of the consumer price index (CPI) plus 1%.

Business Rate Retail Relief 2019/20

In the Autumn Budget 2018 the government announced further measures to assist small businesses in the coming financial year. Local authorities are compensated in full for the new relief through Section 31 grant funding from central government.

The value of the relief is one third of the business rates bill (after all other eligible discounts have been applied.) This will benefit occupied properties with an RV of less than £51,000 for 2019/20 and 2020/21 that are wholly or mainly being used for the sale of goods or food or drink or the provision of services to visiting members of the public.

It has been identified using the government's criteria of what it does and does not consider being retail that 200 businesses across Selby District will benefit from this relief. To an amount of approximately £450,000 for 2019/20, subject to state aid limits. This relief will be applied automatically to those that have been identified as eligible once the software is available. This will not be in time for the 2019/20 annual bills so a letter will be issued to eligible businesses to advise them accordingly.

Business Rate Relief - New Rural Mobile Infrastructure

It has been agreed across North Yorkshire and York to award a business rate relief for new rural mobile infrastructure where no mobile service is currently available. The relief will be from April 2019 for a period of seven years up to a value of £6,000 per year per mast to a maximum of £42,000. The relief will be awarded in accordance with Section 69 of the Localism Act and is therefore at a cost of 40% to the council.

Neighbourhood Officer (Local Taxation and Visiting) Progress Report

In August 2017 we recruited to a new role within the Taxation and Benefits team. The role is to ensure new builds and business rates increases are monitored regularly and reported to the Valuation Office Agency promptly to ensure the income stream of council tax and national non-domestic rates is protected and maximised.

In the first year of the post additional business rates and council tax totalling £390,124 was brought in (Selby district's share is £131,173).

Closer relationships have also been formed within the council and information is shared promptly and effectively between departments, including planning enforcement, contracts and environmental health, this ensures the customer is given a better service and the Council maximises income.

Treasury Management Strategy

The Executive considered the draft Treasury Management Strategy and the proposed strategy is presented later on this agenda.

Budget

The Executive's proposed budget for 2019/20 and the Medium Term Financial Plan (to 2021/2) are also presented later on this agenda.

The proposals have been subject to public consultation, have been scrutinised by Policy Review Committee and have been discussed at all member briefings.

Cliff Lunn

Lead Member for Finance and Resources

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Councillor Chris Metcalfe

Executive Member for Communities and Economic Development

Report to Council on Thursday 21 February 2019

This report covers the period from the Council meeting on 18 December 2018

Economic Development:

The Economic Development Framework Refresh was presented at the January Executive Committee where it was supported in full. Work is now underway to progress key projects in the new EDF Delivery Plan for 2019 and 2020:

- A brief has been agreed with NYCC, East Riding and Hull for the M62 Strategic Development Zone Study, which will look at opportunities to support longer term economic growth and improve infrastructure in the wider M62 / A63 corridor between the West Yorkshire boundary and Hull. This work will take place over the next 6 months.
- The District Council is also working with NYCC, with support from their partner consultants WSP, to develop the business cases for projects to improve access to Selby station, its facilities and the linkages with the town centre. These projects will be submitted for funding through the Transforming Cities Fund in June 2019.
- The inception meeting will take place in February 2019 for producing the Sherburn Growth and Infrastructure Plan in partnership with NYCC. This work will examine how local transport and infrastructure can be improved to provide better links to local employment and growth.

Strategic Employment Sites

Sherburn 2:

Work has now commenced on the site with road and paths being laid out.

Building work on the Cromwell Polythene site is now underway and was celebrated with a ground breaking ceremony attended by the Leader. It is anticipated that building will be completed ready for occupation mid-July 2019.

Cromwell's current premises have been acquired by Cranswick plc as part of their expansion on the Sherburn Enterprise Park.

The developer Glentool is also in advanced discussions with a number of investors and announcements are imminent. The Economic Development team and the Planning Development Management Team are working closely with the developer to ensure a smooth and professional transition for all the new investors.

Gascoigne Rail Freight Interchange:

The planning application for the Gascoigne Rail Freight Interchange presented at the December Planning Committee has been deferred due to a number of concerns associated with Highways and Infrastructure and will now be presented at the March Planning Committee.

Church Fenton:

The planning application for the Create Yorkshire film, creative and digital industries development at Church Fenton was submitted last year is scheduled to go to the March Planning Committee.

Elsewhere on the site there are two new occupiers both of whom were introduced by the Economic Development team, Cloud Coco and Air TV.

Cloud Coco has relocated from the centre of Leeds. They are a digital company involved in cloud computing, IT hardware, next generation managed services and connectivity. Cloud Coco is also interested in developing a 10Gigabit fibre network around the District's strategic sites.

Air TV has relocated from the Ron Cooke Hub at the University of York. They are a broadcast production company that undertakes significant work for the BBC and UKTV. Their amount of broadcast output for UKTV has increased significantly to the extent that UKTV are opening an office in Leeds to support this work.

Inward Investment

P3P Agri-Tech site, Camblesforth

There has been a rapid expansion on this site with the first of two Rolls Royce generators being tested in early February.

The Planning application on behalf of APS for the first 5000 square metres of vertical farming space will be submitted during February. The intention is to follow this with two further 5000 square metre units, combined these will create the largest area of vertical farming on a single site in Europe.

At a recent meeting between Economic Development, P3P and the Biorenewables Development Centre (BDC) at the University of York, a collaborative relationship has been set up with the opportunity for BDC to have a satellite laboratory based at Camblesforth.

Whitworth Bros Limited, Whitley

Planning has now been approved for the construction of a new, world leading milling facility based on a £40m investment in the site. Whitworth Bros have recently acquired the Hovis facilities on Barlby Road with a view to further investment in the future.

SME Support

Since the last report to Council, 18 SMEs with growth aspirations have been supported through face to face meetings, these are businesses who we have not previously

engaged with making a total of 56 SME's with growth aspiration that have been supported to date in 2018/19.

In addition to this, 16 retail, start up and non-growth businesses have had face to face meetings. During the period a further £11,500 in grants has been awarded via the Digital Enterprise grant scheme and £1500 via Ad:Venture

Events

The Council's Enterprise Café, our monthly SME networking event, is well attended with an average attendance of 25 small businesses each month.

Over 95 delegates have attended seminars since the last report in a wide range of subjects which include: use of LinkedIn, HR, Presentation Skills and Making Tax Digital, Networking Skills.

The Economic Development team are delivering the inaugural Selby District Business Week that will run from Monday 4th March until Friday 8th March.

The first event entitled 'The Importance of Apprenticeships'.is being hosted at Lambert Engineering in Tadcaster. And will be followed by events every day throughout the week across the District. The primary focus is on skills and training and this coincides nicely as this period is also National Apprenticeship week.

During the week we are also delivering our second Economic Partnership Forum, which will be held at Selby College with the theme around Future Skills, Training and Employment needs to support future growth.

Attended by business leaders from across the District, this event is a key opportunity for senior officers and Members to engage with business and give them a voice in how we support their growth aspirations for the future.

Future High Streets

The Autumn Budget Review 2018 included an 'Our Plan for the High Street' approach which raises the importance of understanding and supporting the revitalisation of town centre high streets. Some of the plan will be developed at national level but it is worth noting some local activity to support our high streets.

The Plan identifies a business rates relief to assist business ratepayers in the next financial year. This includes discounts for eligible retailers with a rateable value below £51,000 receiving a one third discount on their business rates bill. This includes extension of the £1500 discount to newspaper offices in 2019/20 and the intention to legislate to grant a 100% relief for all standalone public toilets.

We have identified approximately 200 properties in the District that will benefit from this relief, subject to state aid limits. It is the council's intention to apply this relief automatically to those who fulfil the eligibility criteria to be applied in time for the annual billing for 2019/20.

As part of the Plan a funding round opened to submit expressions of interest to the Future High Streets Fund (FHSF). This is a £675 million investment fund for town centre and related heritage development. We will be looking at our eligibility for the funds. They are in two phases: an expression of interest for capital funds up to £25 million per

successful Local Authority by 22nd March 2019 and an Architectural Heritage Fund (£55 million total) supported by Historic England to restore historic high street properties and equip communities to bring historic building back into economic use (date TBC 2019)

Revitalising our town centres is an identified priority of both our Corporate Plan and Economic Development Framework. approved There are a number of approved Programme for Growth projects to support our town town centres e.g. Town Masterplanning, , Visitor Economy Strategy & Action Plan, Retail Experience- STEP, Celebrating Selby 950, High street Shops support, and public realm, as well as a programme of investment to enhance our town centre car parks.

We have brought in Chris Wade of The People and Places Partnership (who wrote the LGA Town Revitalisation Handbook) a national expert in town centres, to help us take forward our work and to scope a potential FHSF bid. The approach to this is to first understand the various strategies, plans and evidence base we already have for our town centres and to create a coherent and collaborative vision for each, alongside our local, regional and potential investment stakeholders. The second stage is to have a clear deliverable list of projects/actions which are 'bid ready' and enable us to respond both at speed for relevant funding opportunities but also as our future agreed plans. A strong message in this is a partnership approach is paramount and we will want to work well together with other public sector and private partners on this initiative. Chris Wade has extensive experience of supporting places to produce a framework for delivery that presents a clear story for our place, based on solid evidence.

We will first focus on Selby town as the principal town and potentially the most eligible for current funds. However the work is about developing a clear narrative approach across all our towns. We would anticipate engagement with Tadcaster and Sherburn later in 2019.

The next steps are to engage the Local Enterprise Partnerships, local town centre business, council and community stakeholders in raising their awareness of the fund as well as using this as an opportunity to pull together a lot of the good work that has been happening in our towns so far.

Prevent:

The Community, Partnerships and Customers team recently held a planning workshop with local community, schools and organisations on the Counter Terror Local Profile. This is to get a greater insight into local concerns and strengths against radicalisation. The session was positive and showed how local groups work well to support inclusive community cultures. The information will be submitted to North Yorkshire Police to support the wider analysis of Prevent and then our local responses.

Chris Metcalfe
Executive Member for Communities and Economic Development



Councillor Christopher Pearson - Executive Member for Housing, Health, & Culture

Report to Council on Thursday 21 February 2019

Housing Development Programme

Delivery of the Council's Housing Development Programme took another step forward recently with the completion and handover of 13 high quality houses for local people at the Crawford Close scheme in Byram. The official opening was on Thursday 14 Feb. Cllrs Crane, Pearson, and Sage attended, along with Mrs Crawford, whose late husband was instrumental in bringing the scheme about in his role as a District Councillor.

Feasibility work is progressing for the Phase 2 and Phase 3 sites further reports will be made to the Executive as detailed information on site conditions and cost estimates are made available when feasibility works are completed.

Health

As part of the Selby Health Matters work we have been involved with North Yorkshire County Council Public Health team on the wider Healthy Weight Healthy Lives strategy work to tackle obesity. The partnership has been successful in the submission of an Expression of Interest to the Local Government Association to deliver a Childhood Obesity Trailblazer programme. This includes a focus on specific schools in the Scarborough and Selby areas to develop multi-disciplinary approaches to Healthy School Zones. This is a great opportunity to develop long term thinking to improve younger resident health and promote healthy eating, active travel and influence planning policy.

We are also working with North Yorkshire County Council Highways as part of a Better Together approach to identify key areas of the district that would benefit from a Local Cycling and Walking Infrastructure Plan. This project looks to establish a better understanding of how our transport infrastructure enables residents to move around the district through active travel means, as well as where there are gaps in opportunities to do this. The plan will give us an identified number of schemes which can then be used to go for external funding opportunities in a responsive and timely way. The plan will help support the development of a number of schemes and interventions associated with various infrastructure programmes, including recent work to unlock Transforming Cities Funds through the West Yorkshire Combined Authority around Selby Station. The work will include engagement with internal officers but also local, relevant stakeholders to support delivery.

Selby 950:

Planning for Selby 950 is well underway with a great response from local communities to celebrate the year of our Abbey. The list of events taking place this year is growing all the time and the Communications team have put together a plan so that we can use the

District Council's reach to help all the 950 delivery partners to get the word out about everything that's happening.

We've developed a marketing toolkit for community groups to use which is live on our website: <https://www.selby.gov.uk/selby-950-toolkit>. The Welcome to York digital team are supporting the events and have created a Selby 950 microsite which they are hosting. This will be live shortly and will hold the full digital events guide which can be showcased to the region and beyond.

The Abbey is hugely important for 950 and the Visitor Economy Strategy and Action Plan. We're doing everything we can to support the Abbey team this year and for their future development. This has recently included helping them to submit an application to the Heritage Lottery Fund for a project which will help them to develop capacity and skills. The Abbey should hear whether the application is successful by the end of March 2019. We're also supporting the Abbey on a day-to-day basis with, for example, their marketing materials through the Tourism Development Officer.

The Community, Partnerships and Customers team have also submitted funding applications to the Arts Council and the Heritage Lottery Fund to support Selby 950 (and beyond). If successful, this could bring an investment into the town circa £100k. We will hear mid/late March 2019. The process is extremely competitive and if successful will support a great range of quality events. If not, we still have a great list of activity borne of community involvement, as well as the illumination event planned for November 2019 supported by Drax Power Ltd.

Plans for the year also include a 'Selby Swan Off' which asks local businesses (large and small) to make a swan (from any materials which are appropriate to their business e.g. cardboard, metal). The best swans (in a number of categories) will be shown in the town and, we hope, join our Parade on July 31st (St Germain's Day). If you know of businesses who would be interested in getting involved and showcasing their industry then please let me know.

Tour de Yorkshire:

We are less than 100 days away from the Tour and there is a great buzz about it across the district. Welcome to Yorkshire report that the 9th January Roadshow hosted in Selby Abbey was one of their best ever attended and over 100 people turned out to hear more information on the TdY route, timings and how they can get involved. We also used the event to talk about Selby 950. There are two more Roadshows yet to come – one in Cawood on 21st Feb and one in Womersley on 6th Feb.

We've been working on a Community Engagement Pack which is nearly complete. This contains a wealth of information including ideas for ways that communities along the route can celebrate the event and animate the route. We're also working on the plans for the activity which will keep people entertained whilst they wait for the Finish. Much of this will be in partnership with local businesses, who we are encouraging to think about what they may like to do to maximise benefit from the huge opportunity that the Finish offers. This includes window-dressing workshops for local shops and high street businesses, as they all have a part to play in ensuring the town looks its very best. We've also sent out a community survey to ask people how they would like to celebrate the Tour within the town centre. We've had some great responses and people are suggesting they wish to engage

in activities, eat, watch the race and generally stay in the town area as long as activity is in place.

We are committed to delivering an engaging and safe event with Pennine Events appointed as the events management company for the Selby Stage 1 finish of the Tour de Yorkshire.

Yorkshire 2019 Para-cycling international

The Yorkshire 2019 para cycling event planning is also well underway in Tadcaster with representatives both from the local community group TEMPT, Tadcaster Town Council and the Selby District Disability Forum attending regular District Council planning meetings. The Forum are supporting us to deliver an inclusive and accessible event for both riders and spectators and we will also be gaining support for the Tour de Yorkshire to this effect.

The Tadcaster TEMPT group (volunteers running events in the town) are well-advanced in their planning for a festival of cycling for the UCI and para cycling events. The early events ideas (all on the theme of bicycles/cycling) are imaginative and will bring a great buzz to the town.

Waste Collection Over the Festive Period

Changes were made to waste services in a number of areas whose collections would have fallen on Christmas Day, Boxing Day or New Year's Day. In total around 12,000 properties were affected by the changes but all rounds were completed as scheduled. Our thanks go to the staff at Amey Plc who worked over three consecutive weekends during this time to ensure as little disruption to residents as possible.

Empty Homes

We continue to work across departments to encourage reoccupation of empty homes. We write to all owners of homes approaching 2 years empty to provide support and advice. Our Empty Homes Officer works on around 20 high profile empty homes at a time with a view to achieving reoccupation. At the end of Quarter 3 records show that there are 522 empty homes in Selby district, of which 191 have been empty for more than 2 years a net reduction of 18 from 2017.

At the end of Quarter 3 we had brought 24 empty homes back into use (the target for the year is 20). 22 of these were through advice, support and informal enforcement and 2 through the use of grant/loan assistance. There are a further 3 empty homes grants/loans currently being processed. We are taking Compulsory Purchase Order (CPO) enforcement action against 1 long term empty home owner. In addition we are discussing the possibility of voluntary purchase with the owners of 3 other empty homes.

Void properties

During 2018 the Council has seen an increase in the number of VOID properties and an increase in the work required to bring empty properties back to a lettable standard. This has led to an increase in the time taken to let voids. The Property team has responded to

this and have delivered 73 properties back to a let in Q3 compared to 61 in 2017 an increase of 12 properties.

The properties fall into 3 categories, a standard void which requires normal inspection and repairs, a major void which requires additional work such as a new kitchen or bathroom and a refurbishment void which require a full scheme of improvement, bathroom, kitchen, re-wiring, damp works etc.

In the short term additional staff are working on voids and more work has been commissioned from specialist sub-contractors. This has had an impact for example, the total number of 'active' voids currently requiring works is down from 66 to 46 since the beginning of January 2019. As this continues void completion times will reduce across the board and significantly in the 'Standard' void category.

For next year I am pleased to report that additional capital resources are being secured in the budget, subject to approval at this Council meeting, to provide resources to address the increase in voids and to carry out a proactive improvement programme for our council houses

Councillor Christopher Pearson
Executive Member for Housing, Health and Culture

Agenda Item 10



Councillor Wendy Nichols – Chair of Scrutiny Committee

The Scrutiny Committee has met once, on Friday 25 January 2019, since the last update to Council in December.

25 January 2019

The main items of business on the agenda for this meeting were attendance by Nigel Adams MP, the Housing Development Programme, Economic Development Framework – One Year On, Corporate Performance Report for Q2, North Yorkshire Safeguarding Adults and Children Board Annual Reports 2017-18 and the Committee's work plan for 2018-19 and draft for 2019-20.

Work Plan 2018-19 and draft for 2019-20

Members considered the work programme for 2018-19 and the draft programme for 2019-20 and queried when the review of Council-funded community centres would be considered, and asked the Democratic Services Officer to enquire about the matter further.

Nigel Adams MP

The Committee welcomed Nigel Adams MP to the meeting.

Mr Adams updated the Committee on his recent ministerial roles in government in housing (focusing on homelessness and rough sleeping) and health (mainly looking at mental health); he was currently a minister in the Wales Office.

Members noted that Brexit and the complicated arrangements for leaving the EU were taking up a lot of time and resources in government, but that the preparations were progressing steadily.

Mr Adams explained that his constituency casework continued as usual, and that he enjoyed working closely with Selby District Council to resolve issues for constituents.

Members asked Mr Adams a number of questions on a variety of topics, including availability of land for social housing and the need for new homes, the Council's future retention of the Drax Green Energy payments, the WASPI (Women Against State Pension Inequality) campaign at both a local and national level, Brexit and the economic future of Selby District, pupil referral units, homelessness, the impacts of Universal Credit on the use of food banks and parking provision for new housing developments.

Corporate Performance Report Q2

The Committee considered the Quarter 2 Corporate Performance Report and noted that performance had improved or exceeded targets in relation to emergency and urgent

repairs to Council-owned properties, empty homes, dealing with complaints, processing of major planning applications and sundry debt collection.

However, performance in relation to the re-letting of vacant Council homes, missed bins, staff sick days and health and safety incidents was not as positive.

The Committee were pleased that the number of empty homes brought back into use through direct action had increased, and felt that the target could be revised upwards; the Senior Policy and Performance Officer confirmed that KPIs were due for review and this revision would be considered.

Members again expressed their concern at the time taken to re-let Council properties, but acknowledged that some properties were in a dire state and required a lot of remedial work to bring them up to standard. The difficulty in recruiting to trade jobs for the Council was also causing delays.

Officers were asked to look into missed recycling collections in Selby which were exacerbated by the continuing problem of parked cars down some roads, making it difficult for the recycling vehicles to get down the road to collect the refuse.

Selby District Economic Development Framework 2017-2022 – One Year Review and Delivery Plan 2019 and 2020

The Committee considered the report and were asked to consider the contents and make any comments on the Council's Economic Development Framework (EDF) 2017-2022. The report provided further information requested by the Executive on 8 November 2018 in relation to the proposed EDF Delivery Plan 2019 and 2020, and the associated progress review and budgetary transfers.

The information was comprised of feedback from Members, external partners and stakeholders regarding the proposed delivery plan, details of the business case for recruitment and staffing measures and proposed key performance indicators to monitor progress of the delivery plan and framework.

The report also provided an update regarding opportunities and challenges that had become clearer since the priorities for 2019 and 2020 were last considered in early November 2018.

Members asked questions on a number of issues, including public realm works on New Lane in Selby, the future plans for the banks in Tadcaster and Selby that had been purchased by the Council, train and bus transport in Selby and Sherburn and subsequent connectivity for employment purposes, and traffic management issues in Selby.

Officers were keen to involve Members and draw upon their previous experience and local knowledge in order to further improve the EDF and its projects, and would continue to keep the Scrutiny Committee up to date with its progress.

North Yorkshire Safeguarding Children Board and North Yorkshire Safeguarding Adults Board Annual Reports 2017-18

Members considered the report and were asked to note the annual reports for the North Yorkshire Safeguarding Children and North Yorkshire Safeguarding Adult's Boards.

The Committee noted that the North Yorkshire Safeguarding Boards had a statutory duty to publish annual reports, accounting for the activities of the Boards for the previous year. The reports covered 2017/18 activity and also provided evidence of the key areas of focus for the current year.

Both reports set out the governance arrangements across North Yorkshire and outlined the activity and partnership working in the Selby District. The priority areas for the boards remained the same as those shared in the 2017 report to Scrutiny Committee. The Adults Board continued to prioritise awareness and empowerment, prevention of harm, protection and proportionality and partnership effectiveness. The Children's Board prioritised the coordination of the activities of the board and ensuring its effectiveness.

The Committee asked questions of Officers around current teenage pregnancy rates, the number of residential care homes in North Yorkshire and if the demographics of the county as described in the report were accurate, i.e. rural upbringing.

Housing Development Programme: PH2 Sites Detailed Business Cases

The Committee received the report and were asked to consider the contents and make any comments on the Housing Development Programme.

Members noted that the Housing Development Programme sought to provide 207 affordable homes for Selby District Council (SDC) and Selby District Housing Trust (SDHT) by 31 March 2020. The programme was based on three 'delivery pillars' that included direct development on SDC owned sites, the acquisition and development of new sites, and the acquisition of affordable homes constructed by other developers. The programme would generate revenue streams for the Council as a result of loans provided to the SDHT.

Members queried whether the delivery timescales described in the report were realistic; the Interim Development Surveyor advised Members that whilst they were optimistic, they were not unreasonable. The Committee also asked Officers to check the details relating to a location listed under Phase 3, specifically Benedicts Close in Selby.

Members were pleased that a number of sites that had been suggested over the years were appearing in the HDP, and were keen to see them delivered.

It was suggested by the Committee that the wording of the corporate priorities to 'Make Selby a Great Place to do Business' and 'Make Selby a Great Place to Enjoy Life' be amended to include the word 'District', to emphasise that Selby District was not only focused on Selby Town.

Future Meetings: The next meeting of the Committee will be on **12 March 2019**.

Councillor W Nichols
Chair, Scrutiny Committee

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Councillor Jim Deans – Chair of Policy Review Committee

The Policy Review Committee has met twice, on 17 December 2018 and 15 January 2019, since the previous update given to Council in December 2018.

17 December 2018

The main items of business on the agenda for this meeting were the draft Planning Enforcement Management Plan and the Committee's work programme 2018-19.

Planning Enforcement Management Plan

The Committee were asked to note the progress and provide comments on the draft Enforcement Management Plan, prior to its consideration by the Council's Executive, provisionally planned for February 2019. The report gave an up to date position on Planning Enforcement performance and provided an opportunity to comment on the draft Enforcement Management Plan (EMP).

The Committee noted that the overall caseload had been reduced by around 25% despite the generation of new cases on a weekly basis; response times and customer service was improving.

Members discussed the draft EMP in detail and made a number of comments and suggestions. The Committee felt it should be made clearer that whilst there was still a backlog of historic cases, these were continuing to be worked through whilst the future of the service and improvements to it were developed at the same time.

In relation to the timescales for dealing with cases, Members felt it should be clarified that the timescales listed in the EMP were the very maximum or 'worst case scenario', and it was likely that most cases would be responded to in a timelier manner. Members understood that some cases could take longer to resolve than others due to sensitive negotiations, and that flexibility was essential.

The listing of untidy land as a lower priority matter caused concern for some Members, as this was a topic that the public contacted their local Councillors about regularly. Officers explained that it was important to set realistic expectations for the public and Members, and that whilst every case would be taken on its own merit, there needed to be a framework to work within.

Unauthorised advertisements were also raised as an area of concern by the Committee, as they had a detrimental effect on the local area; Officers were asked to consider whether some forms of unauthorised advertising, i.e. in conservation areas, could be prioritised. However, Members did acknowledge that the prioritisation of some enforcement matters above others was difficult and there wasn't a 'one size fits all' that could be implemented across the whole District or within the EMP.

The Committee queried the resource available in the Planning Enforcement Team and asked Officers to confirm if they felt they had sufficient resource to tackle the existing backlog of cases, as well as dealing efficiently with new ones. Officers confirmed that they felt the service was now working efficiently, but that the matter should be monitored and looked at again around six to twelve months after implementation, to ensure that improvements within the service, as a result of the EMP, were continuing to be seen.

Members also indicated that some of the details and wording in the draft EMP could be streamlined and strengthened; the inclusion of elements replicating parts of the NPPF could offer opportunities to appellants where there was perceived to be a difference in the form of words on matters concerning responses to the processes for dealing with action. In order to keep the information in the EMP simple, further explanatory notes could be provided to accompany it when published online.

Proactive monitoring of the performance of the EMP and the Planning Enforcement Team was suggested as an essential component to the implementation and success of the plan. The Committee suggested that a Planning Sub-Committee be established to meet and monitor the progress of the enforcement caseload on a quarterly basis. The Committee also requested that an all-Member briefing to formally launch the document take place following agreement of the EMP by the Executive.

Work Programme 2018-19

The Chair took the Committee through the current work programme and noted the upcoming items for the January and April 2019 meetings.

The Committee asked that following the next Universal Credit update in September 2019, the matter then be considered every 6 months. Members also agreed that the Planning Enforcement Management Plan should be reconsidered by the Committee again six months after its initial implementation.

With reference to the other potential items for the future, Members agreed that Housing Need was an area they would like to consider in the future.

15 January 2019

The main items of business on the agenda for this meeting were the Taxi Licensing Policy, the draft Budget and the Committee's work programme for 2018-19 and draft programme for 2019-20.

Taxi Licensing Policy

The Committee received a report from the Licensing Manager which asked Members to note the contents of the report and to make any comments on the draft Taxi Licensing Policy.

Members noted that Selby District Council's Taxi Licensing Policy was being reviewed; a consultation on the proposed policy took place between 1 December 2018 and 12 January 2019. The Council had received 19 responses out of 192. The feedback received indicated a level of agreement with the Council's recommendations, which had been incorporated into the proposed new Taxi Licensing Policy which went out for public consultation in December 2018.

Members discussed the matter in details and considered a number of points, including the following:

- The introduction of an age limit on existing vehicles
- Ensuring the correct spelling of discrete was used in the policy.
- Inspections for vehicles applying for discrete licences.
- Fare levels for wheelchair accessible vehicles, and if they could charge a higher rate – Officers confirmed they could not.
- The importance of drivers informing the Council's Licensing Team if they developed a health condition that could affect their driving.

The Committee noted and endorsed the proposed amendments to the Taxi Licensing Policy and the recommendations by Officers.

Draft Revenue Budget and Capital Programme 2019-20 and Medium Term Financial Plan

The Committee received the report of the Chief Finance Officer and were afforded the opportunity to comment on the Draft Revenue Budget and Capital Programme 2019-20 and Medium Term Financial Plan.

The Chief Finance Officer updated the Committee on the discussions that were had at Executive meeting on 10 January 2019; the draft minutes of the meeting were circulated to the Committee. The Executive had resolved to amend the proposed increase in council tax to £3 for an average band D property. The Executive Member for Finance and Resources explained the financial impact of this amendment and that there would also be an ongoing impact to the council tax income base and required savings for future years.

Members debated the report in full and queried a number of issues, including the outcome of the government's upcoming Fairer Funding Review, the impact of the 1% reduction in housing rents on the Housing Revenue Account, the future of renewable energy business rates from Drax Power, the option of freezing council tax for one year, investment of the Council's reserves and returns on property funds, identification of new savings opportunities, levels of borrowing and the expected return in revenue of the Programme for Growth (P4G).

The Committee noted the Draft Revenue Budget, Capital Programme 2019-20 and Medium Term Financial Plan, including the amended proposed increase in council tax to £3 for an average band D property and the draft budgets, bids and savings for public consultation.

Work Programme 2018-19 and 2019-20

The Committee considered the work programme for the rest of the 2018-19 year, and the draft work plan for 2019-20.

Members noted the upcoming items for the next meeting of the Committee and were content with the draft work programme for 2019-20. It was expected that more items would be added to the 2019-20 draft work programme in the coming months.

Councillor J Deans
Chair, Policy Review Committee



Councillor Karl Arthur – Chair of Audit and Governance Committee

Update to the Council 21st February 2019

The Audit and Governance Committee has met once since the last update provided to the council on 18th December 2018. This meeting took place on Wednesday 30th January 2019.

Audit and Governance Committee – 30th January 2019

The Audit and Governance Committee agenda was once again very busy with no fewer than fourteen items on the agenda – and I would like to thank committee members and officers for their input and support during the course of the meeting. I would particularly like to thank Peter Williams (Head of Finance for the Council) who provided cover for the items that Karen Iveson would normally deal with whilst she was on annual leave.

The items covered during the course of this meeting included the Corporate Risk Register 2018/19 and the Information Governance Annual Report. In addition the committee also reviewed the Risk Management Strategy, the External Audit Progress Report and the Counter Fraud Framework Update as well as conducting the Annual Review of the Councils Constitution.

The committee was delighted to be joined by our Chief Executive, Janet Waggott, who provided a briefing to members on the MHCLG announcement on local government preparedness for Brexit and associated additional funding. She reported that for district councils this funding would amount to £17.5K for each of the financial years 2018/19 and 2019/20. A draft Corporate Risk around a no deal Brexit was appended to the briefing and the Chief Executive gave an overview of these risks to the committee and what we intended to do to meet these risks. The committee was asked to note the information on the report and provide comments if required.

Finally, in my previous report I stated that the report on local government ethical standards by the Committee for Standards in Public Life was due to be brought before the committee to discuss in its January meeting. Unfortunately, this report was not ready to be included for discussion on the agenda for the January meeting but it should be ready for a meeting in the near future.

I commend my statement to the Council.

Councillor Karl Arthur

Chair, Audit and Governance Committee

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Report Reference Number: C/18/08

To: Council
Date: 21 February 2019
Author: Karen Iveson – Chief Finance Officer
Lead Officer: Karen Iveson – Chief Finance Officer

Title: The Budget, Reserves and Balances 2019/20

Summary: This report confirms the robustness of the Council's budget and the adequacy of its reserves and balances having regard to a variety of factors.

Recommendations:

It is recommended that councillors consider the Chief Finance Officer's statements in paragraphs 2.6 and 2.12 when setting the Council Tax.

Reasons for recommendation

To provide Council with assurance on the proposed budget and the Council's reserves in order to formally set the budget and Council Tax for 2019/20.

1. Introduction and background

1.1 Section 25 of the Local Government Act 2003 requires the Chief Finance Officer to make a formal report to the Council on the robustness of the budget and adequacy of reserves.

2. The Report

Robustness of the Budget

- 2.1 The economic climate continues to impact upon the Council's financial position, and the Council's Financial Strategy and Medium Term Financial Plan (3 year budget) have been refreshed to take account of the on-going cuts and anticipated changes in public sector funding. Financial plans also include cautious assumptions on investment interest and income and include provision for rises in demand led services such as waste and recycling; and the Housing Revenue Account includes provision for a 1% reduction in rent levels (the final year of the Government's plan to reduce social housing rents by 1% p.a.). Cost pressures from changes in Government Policy (for example the apprenticeship levy and living wage) and increasing demand for services will continue to be closely monitored and will be managed through the Council's, base budget savings plans, whilst the medium term financial position will be kept under continuous review. The Medium Term Financial Plan includes an annual contingency to help mitigate risk to both income and expenditure. This includes an operational contingency, and a commissioning contingency.
- 2.2 From 2019/20 Revenue Support Grant will no longer feature in the Local Government Finance Settlement. The funding from central Government relating to the Business Rates Baseline (safety net) will be £2.427m for 2019/20. The 2019/20 Finance Settlement shows a reduction of £154k to settlement funding (including Rural Services Delivery Grant) and £414k increase to New Homes Bonus. Despite the significant strides we have made to reduce our cost base, further annual recurring General Fund savings of £2m are expected to be required over the next 3 years.
- 2.3 Looking ahead, the Government's plans for devolution and Brexit will undoubtedly impact on Local Government but it is impossible to estimate the impacts on resources and spending with any accuracy. The Council's reserves provide resources to mitigate any impacts in the short to medium term and the level and profile of the required savings will be kept under review as the longer term financial outlook beyond 2019/20 becomes clearer.
- 2.4 The forecast for savings over the next 3 years is £2m for the General Fund. There is an on-going risk that sufficient savings will not be delivered within the required timescales (in such circumstances reserves and balances would have to be used to bridge any funding gap) and therefore it would be prudent to prepare for further savings.
- 2.5 There is risk to the Council's share of Business Rates income although a large surplus on our Business Rates Collection Fund is forecast for 2019/20 as a result of the windfall from renewable energy. In accordance with the approved MTFs the budget transfers the related surplus funds to reserves for allocation as part of the next refresh of the MTFs. Looking forward it is expected that these receipts will cease following the reset of business rates baselines and therefore they are not assumed within our recurring resources.

- 2.6 In respect of the proposed Council Tax requirement for 2019/20, councillors are asked to consider the following statement:

“ The Chief Finance Officer reports that the estimates of income and expenditure forming the Council’s General Fund Revenue and Housing Revenue budgets for 2019/20 have been prepared on the basis of existing plans, known commitments and the financial implications of the proposals for savings and where necessary, service development and improvement. Where it has been necessary to do so, in the case of certain budgets such as contract payments, investment income and income from fees and charges, assumptions have been used for inflation, interest rates and demand for services which are considered to be reasonable and prudent. In addition a risk assessment is undertaken for these budgets and reserves are available to mitigate the risk within the budget and savings plan. In view of this, the Chief Finance Officer considers the Council’s budget estimates for 2019/20 to be robust.”

Reserves and Balances

- 2.7 As with most local authorities, the Council maintains a range of reserves and balances to help manage its finances over the medium to longer term. These can be analysed into three main types:
- i) General Fund (Working) Balance – comprises of a non-earmarked balance (currently set at a minimum of £1.5m) which is set aside to cover the risk of excess inflation or unforeseen events;
 - ii) Housing Revenue Account - as with the General Fund balance but this time relating to a local authority’s housing function whilst it operates a Housing Revenue Account. The minimum balance is currently set at a £1.5m, which is set aside to cover the risk of excess inflation or unforeseen events within the HRA service;
 - iii) Specific reserves – amounts earmarked for specific items of expenditure to meet known or predicted liabilities and future investment.
- 2.8 Appendix A provides an assessment of the appropriate level of balances for the General Fund and HRA. Appendix H of the Budget and Council Tax report next on this agenda shows the estimated balance on each reserve at the end of 2019/20 after taking into account the impact of the agreed budget and provides a brief summary of the purpose of each reserve.

The General Fund (Working) Balance

- 2.9 As indicated above, the General Fund Balance is an un-earmarked balance. Following a review of the adequacy of this balance there are no proposals to change the minimum of £1.5m. The approved Medium Term Financial Strategy recognises that use of reserves to support day to day service costs is unsustainable and therefore the routine use of General Fund Balances stopped with effect from 2013/14.

Housing Revenue Account Balance

- 2.10 The current minimum balance on the Housing Revenue Account is £1.5m which equates to £494 per property as at 1 April 2019 and is considered to be sufficient to cover a reasonable level of risk within the HRA.

Specific Earmarked Reserves

- 2.11 In relation to reserves set aside for specific items of expenditure, a review has also been conducted to determine adequate levels. This forms part of the Council's Medium Term Financial Strategy and recommendations on the use of these reserves to support the 2019/20 revenue budget and capital programme and programme for growth proposals are included with the budget report.
- 2.12 In respect of the adequacy of the Council's proposed financial reserves and balances councillors are asked to consider the following statement:

“The Chief Finance Officer reports that, having conducted a review of the Council's requirement for the minimum working balance, taking into consideration various matters including:-

- **the Council's spending plans for 2019/20 and the medium term financial position;**
- **a risk assessment of the main items of income and expenditure;**
- **a risk assessment of the savings plan;**
- **adequacy of estimates of inflation, interest rates;**
- **treatment of demand led pressures;**
- **the need to respond to emergencies, and**
- **other potential calls on balances.**

Therefore a minimum amount of £1.5m for the General Fund balance and a minimum of £1.5m for the Housing Revenue Account are considered adequate for this purpose.

The Chief Finance Officer also reports that the Council's earmarked reserves have been reviewed and approved as part of the Medium Term Financial Strategy and remain adequate.”

3. Legal/Financial Controls and other Policy matters

3.1 Legal Issues

3.1.1 This report complies with Section 25 of the Local Government Act 2003, which requires the Chief Finance Officer to make a formal report to the Council on the robustness of the budget and adequacy of reserves.

3.2 Financial Issues

3.2.1 There are no financial implications as a direct result of this report.

4. Conclusion

4.1 The Council's 2019/20 budgets are robust, and based on current assumptions regarding the economic climate the Council has adequate levels of reserves and balances, however reductions in Government funding will require significant savings to be made during 2019/20. Plans are in place to achieve these savings and reserves are available to mitigate the assessed risk within these plans.

5. Background Documents

Budget reports to and associated minutes of the Executive

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Appendices:

Appendix A – Review of General Fund and HRA Balances

Review of General Fund and HRA Balances

Introduction

1. The Chartered Institute of Public Finance and Accountancy (CIPFA) considers that a case for introducing a statutory minimum level of reserves, even in exceptional circumstances, has not been made. The Institute believes that Local Authorities, on the advice of their Chief Finance Officer, should make their own judgements on such matters taking into account all the relevant local circumstances. Such circumstances vary, and there is a broad range within which authorities might reasonably operate depending on their particular circumstances.
2. There is no definitive guidance as to the minimum level of balances or reserves, either as an absolute amount or as a proportion of expenditure, since each local authority is independent, operates in a unique local environment and the decision is one of a number of inter-related decisions taken as part of its financial strategy. Section 32 of the Local Government Act 1992 requires billing authorities (such as Selby) to have regard to the level of reserves needed for meeting estimated future expenditure when calculating the budget requirement. Budgets are based upon forecasts of pay and price inflation, changes in interest rates, and the demand for and levels of service to be provided. The existence of balances provides for unexpected changes from these forecasts. Consequently, the provision of an appropriate level of balances is a fundamental part of prudent financial management over the medium and longer term.

Principles to Assess the Adequacy of Reserves

3. Setting the level of general reserves is just one of several related decisions in the formulation of the Medium Term Financial Strategy and the budget for a particular year. Account should be taken of the key financial assumptions underpinning the budget alongside a consideration of the authority's financial management arrangements. In addition to the cash flow requirements of the authority, the following factors should be considered:

Budget Assumptions

- Impacts of Brexit on inflation, interest rates and supply chain prices
- treatment of inflation and interest rates
- a risk assessment of the main items of income and expenditure
- Staff turnover rates and appropriate level of salary vacancy factor
- estimates of the level of and timing of capital receipts and general cashflows
- treatment of demand-led pressures (e.g. take-up of housing benefits and Council Tax Support)
- treatment of planned efficiencies and savings

- financial risks inherent in significant funding partnerships or major capital developments
- the availability of other funds to deal with major contingencies and the adequacy of provisions

Financial Standing and Management

- the overall financial standing of the authority
- the authority's track record in budget and financial management
- the capacity to manage in-year budget pressures
- the strength of financial information and reporting arrangements
- the authority's financial procedure rules and budgetary flexibility
- the adequacy of insurance arrangements to cover major unforeseen risks

Use of any "excess" balances

4. Any use of excess balances (i.e. those above the agreed minimum working balance) needs to be carefully considered in association with the Council's Medium Term Financial Strategy. Balances are a finite resource and can only be used once. Any application of balances should be focused on support for short-term budget restructuring and not ongoing 'base' items of expenditure. Ideally balances should be used to fund one-off expenditure, time-limited expenditure or 'invest to save' type spending.

The impact of the reductions in public sector funding will require significant savings to be made and there is an on-going risk that sufficient savings will not be delivered within the required timescales – reserves and balances would have to be used to bridge any gap between net spending and grant.

What is an appropriate level of Balances for Selby District Council?

General Fund

5. The current Council policy is for the General Fund Balance to be a minimum £1.5m. This represents approximately 13% of net service expenditure.

- *Adequacy of inflation*

Generally budgetary provision is made for inflation in respect of pay, prices and contract expenditure (in 2019/20 a 2% allowance for pay inflation has been included within the budget). It remains unclear what the impact on the Council will be as a result of the withdrawal from the EU. Some level of economic volatility would be reasonable to expect and there may be impacts as suppliers seek to recover additional costs from their customers. Reserves are available to support the revenue budget in the short to medium term. An adverse variance of 1% in the

assumptions made to these forms of expenditure would result in additional expenditure of **£85k** in any one year.

- *Adequacy of interest rate assumption*

The Council is a net lender. An adverse variance of 0.5% in interest rates would increase the budgeted expenditure by approximately **£230k**.

- *Treatment of demand led pressures*

Demand volatility can affect both expenditure (e.g. housing benefit claims or property growth in our waste collection service) and income (e.g. number of planning applications). Housing Benefits are a significant item of expenditure estimated at almost £15m in 2019/20 the majority of which is met by government subsidy. The estimate of subsidy is complex and is therefore relatively 'high risk'. There had also been a number of regulatory changes in recent years affecting the take up and it is considered prudent therefore to allow for some fluctuation in the net cost of benefits either reflecting subsidy variations, demand changes and changes in regulations. A figure of **£100k** is considered adequate for this purpose.

Provision for growth within our street scene service has been incorporated into the revenue budget.

With regard to income from fees and charges the major income budgets are those relating to:

- Trade waste
- Car Parks
- Planning
- Land Charges
- Industrial Unit Rents
- Court Costs

There is a risk that expected income will not materialise and a fall in demand beyond that predicted for 2019/20 of say a further 10% would lead to a reduction in income of around **£250k**.

- *Responding to emergencies*

Examples include flooding, and the outbreak of foot and mouth disease. As a local authority, the Council can, in certain cases, gain protection through the Government's Bellwin Scheme although it is prudent to allow for expenditure which would not be covered by the scheme – for example the fire at Great Heck in 2015/16. A figure of **£300k** is considered adequate to cover for emergencies.

- *Savings delivery*

The Council has a strong track record for savings delivery but as the target increases it becomes more challenging to deliver. A degree of headroom is factored into the savings plans but it would be prudent to provide for a level of slippage. A figure of **£300k** is considered reasonable to provide temporary cover should the need arise.

- *Other Issues*

The Council also has an unusually large Non Domestic Rate debit to collect due to the power industries. The timing of receipts and any changes in debit could have a major impact on the Council's cash flow and Business rates income – an issue which will require particularly close monitoring during the economic recession. The current Business Rates Retention scheme guarantees a level of income for the Council through 'safety net' arrangements leaving around £100k funding at risk for the coming year. At the end of 2018/19 the Council will have circa £3.6m set aside in a Business Rates Equalisation Reserve but would need to draw on balances if there were insufficient resources set aside whilst revenue savings were identified – based on the 75% business rates retention pilot scheme approximately **£100k** would provide 1 year cover.

Taking all of these factors into account it would be prudent to maintain the current policy of holding minimum General Fund balances of £1.5m. This combined with the Council's internal financial controls should ensure the authority recognises financial 'issues' early and has the capacity to respond accordingly.

HRA

6. The Housing Revenue Account (HRA) minimum working balance is currently £1.5m which equates to £494 per property at 1 April 2019 which represents 17% of the net HRA budget. The estimated HRA balance at 1 April 2018 is projected to be £2.26m.

A £75k contingency is included within the HRA budget. An assessment has been made of the HRA budgets which are subject to external influence. This assessment includes the impact of additional expenditure against revenue budgets, variations in the capital programme, the impact of limiting growth bids, reduced income collection rates and an assessment of risk of the age of the stock and vulnerability for repairs planned for future years having to be brought forward.

- *Adequacy of inflation*

Generally budgetary provision is made for inflation in respect of pay, prices and contract expenditure (in 2019/20 a 2% allowance for pay

inflation has been included within the budget). An adverse variance of 1% in the assumptions made to these forms of expenditure would result in additional expenditure of **£88k** in any one year.

- *Treatment of demand led pressures*

Demand volatility can affect expenditure (e.g. requests for housing repairs). Housing repairs are a significant item of expenditure estimated at £2.4m in 2019/20. The age of the stock and winter weather conditions affects the need for repairs year on year. It is considered prudent therefore to allow for some fluctuation in the cost of repairs. A figure of **£300k** is considered adequate for this purpose.

- *Capital Programme*

The HRA has a substantial capital programme each year. This is based on an estimate of the amount of work and costs at a point in time. Until the programme commences and a full assessment is made of properties in the relevant element of the programme there is a degree of uncertainty to the volume of work. In addition until the contract for the works is let the costs can only be estimated. It is considered prudent to allow for some fluctuation in the capital programme for additional costs through either additional works or costs or both. A figure of **£300k** is considered adequate for this purpose.

The capital programme is spread across a number of years and elements of the programme due to resources available will be deferred until later years this in itself carries a risk that works may need to be undertaken sooner than expected or that the cost of repairs increases until such time as a particular element of the programme is delivered. It is considered prudent to allow for some fluctuation in the capital programme. A figure of **£500k** is considered adequate for this purpose.

- *Other Issues*

The value of bad debts requiring write off within the HRA is currently rising due to the current economic climate. These bad debts are met from HRA income. It is considered prudent to allow for some fluctuation in bad debts levels. A figure of **£260k** is considered adequate for this purpose.

Taking all of these factors into account it would be prudent to maintain the current policy of holding minimum HRA balances of £1.5m. This combined with the Council's internal financial controls should ensure the authority recognises financial 'issues' early and has the capacity to respond accordingly.



Report Reference Number: C/18/09

To: Council
Date: 21 February 2019
Ward(s) Affected: All
Author: Karen Iveson, Chief Finance Officer
Lead Executive Councillor Cliff Lunn, Lead Executive
Member: Member for Finance and Resources
Lead Officer: Karen Iveson, Chief Finance Officer

Title: Revenue Budget and Capital Programme 2019/20 and Medium Term Financial Plan

Summary: This report presents the Executive's proposed revenue budget; capital programmes and latest forecast for the Programme for Growth for 2019/20 to 2021/22. The 2019/20 budgets show a forecasted balanced budget after taking into account planned savings and reserve drawdowns.

A Band D Council Tax increase of £3 is proposed for 2019/20 - £2 less than the approved MTFS.

Following a change in legislation, the proposals also include an increase in the Council Tax empty homes premium - from 50% to 100% from April 2019.

General Fund efficiency savings and income generation plans totalling £1.972m p.a. by 2021/22 are included in the budget proposals with a further circa £65k required from 2020/21 and a residual £300k required beyond 2021/22. HRA savings of £214k are also planned.

In 2019/20 it is proposed that £3.3m is transferred to the Business Rates Equalisation Reserve to provide future revenue support in line with the previously approved MTFS policy. In 2020/21 £745k will be drawn down from this reserve and a further £294k will be required in 2021/22. The on-going use of reserves to support the revenue budget in this way is not a long term sustainable solution and therefore achievement of efficiency savings and additional income generation remain crucial as plans for Business Rates and Council Tax growth are brought to fruition.

The budget also includes Capital Programme proposals for the General Fund and HRA which, (with the exception of housing development loans and programmes which are funded through borrowing) are funded from reserves and external funding.

Subject to the outcome of the 2019 Spending Review, Fairer Funding Review and wider economic risks, plans are in place to deliver a sustainable budget going forward, although this is reliant on focussed action to deliver the savings required.

Recommendations:

It is recommended that

- i. the revenue budgets, savings, capital programme and programme for Growth at Appendices E to K be approved;**
- ii. Council Tax is increased by £3 to £178.22 for a Band D property for 2019/20;**
- iii. Council confirm an empty homes premium equivalent to 100% of the Council Tax charge i.e. to charge 200% of the Council Tax liability on a property that has been empty and substantially unfurnished for more than 2 years, with effect from 1 April 2019;**
- iv. The formal Council Tax resolution set out in Appendix B be considered and approved;**
- v. The Surplus of £3.219m on the HRA be transferred to the Major Repairs Reserve to support the capital programme;**

Reasons for recommendation: To ensure the Executive's budget proposals are fully funded for 2019/20.

1. Introduction and background

- 1.1 The Council approved its Medium Term Financial Strategy (MTFS) on 18 September 2018. The MTFS covers both General Fund activities and the Housing Revenue Account, and provides the strategic financial framework for medium term financial planning and annual budget setting.
- 1.2 The Housing Revenue Account (HRA) and Housing Investment Programme (HIP) are covered in more detail by the Housing Business Plan (HBP). The current HBP was approved by Council on 24 February 2015 – a refresh is currently in progress which will align with the overarching financial framework set out in the MTFS.
- 1.3 The MTFS takes account of the Government's offer of a multi-year finance settlement for Local Government which showed core General Fund funding reducing by £1m from £3.4m in 2016/17 to £2.4m in 2019/20 and a further reduction of around £500k in New Homes Bonus. The MTFS recognises on-going reductions to Government funding (Revenue Support Grant and New Homes Bonus) along with risk and uncertainty surrounding the fair funding review and the business rates retention system reset from 2020/21 as the key issues for the Council's finances.

- 1.4 The MTFS highlights the wider economic risks associated with the UK's exit from the European Union although realistic quantification of those risks is not possible at this stage.
- 1.5 The MTFS also confirms the Council's strategic approach to securing financial sustainability by reducing its base net revenue budget in order to deliver services within its in-year resources; and investing 'one-off' or finite resources to stimulate local economic growth and achieve sustainable income through Council Tax and Business Rates growth.
- 1.6 From the HRA perspective the MTFS includes a 1% reduction in housing rents – 2019/20 is the final year of the Government's 4 year plan to reduce social housing rents by 1% year on year.
- 1.7 The MTFS also confirms the Council's reserves strategy - fundamentally avoiding the use of balances to support the on-going revenue budget which is not sustainable in the long term. Instead it seeks to balance the set aside of sums to cover known commitments and financial risk, as well as earmarking resources to support delivery of the Council's Corporate Plan.
- 1.8 The budget proposals have been subject to public consultation, which closed on 3 February 2019 – the single response and an extract of the minutes from Policy Review Committee on 22 January is attached at **Appendix K**.
- 1.9 The proposed revenue budgets for the 3 years from 2019/20 to 2021/22 are presented at **Appendix E**, the proposed capital programmes are shown at **Appendix H** and the current Programme for Growth is at **Appendix I**.

2. The Report

General Fund Revenue Budget

- 2.1 The budget includes provision for inflation where considered necessary and provision for the agreed pay award plus provision for the subsequent 2 years – a 5% vacancy factor has also been included to help mitigate the rising pay bill and manage other cost pressures within the budget. Committed growth, (for example the reduction in recycling credits and demand led pressures within our street scene contract) is also included where necessary along with some relatively minor proposals for discretionary growth. **Appendix F** identifies revenue and capital proposals for approval.
- 2.2 The budget includes an assumed £7.98m from renewable energy business rates in 2019/20 although it is understood that Drax Power Station is subject to a revaluation. In accordance with the MTFS after allowing for the revenue budget requirements these receipts will be transferred to the Business Rates Equalisation Reserve and the Special Projects Reserve. In accordance with the approved MTFS, the allocation of such receipts will be subject to confirmation as part of the next MTFS refresh and budget for 2020/21.

Local Government Finance Settlement

2.3 The final settlement was announced on 29 January which for Selby confirmed the detail within the provisional settlement. The settlement confirms the 75% business rates retention pilots in 2019/20 – Selby is part of a combined North and West Yorkshire pool. Key changes included in the settlement from the MTFS assumptions are:

- New Homes Bonus – an additional £340k for 2019/20;
- Business Rates Baseline funding increased to £2.427m (safety net level) to reflect the 75% pilot in 2019/20 and the rolling-in of Rural Services Delivery Grant;
- Rural Services Delivery Grant maintained at 2018/19 level (subject to safety net);
- Additional £37k share of levy surplus

Beyond 2019/20 the funding system is subject to review and for 2020/21 onwards current baselines (plus inflation) are assumed. In 2019/20 the revenue budget requirement for Business Rates includes £128k to bring in-year Business Rates Income up to Baseline.

Council Tax

2.4 The approved MTFS assumes a Council Tax increase of £5 for a Band D property for 2019/20. A £5 increase would take the Council average Band D charge from £175.22 to £180.22 – a rise of under 10p per week. This assumption is slightly below that used by the Government in their local government funding assessment, which assumes a maximum of 3%. However given the on-going challenges for residents the Executive propose to increase the Band D charge by £3 for 2019/20 – to £178.22 – a rise of under 6p per week.

2.5 The tax base for Council Tax setting purposes has been calculated at 31,395.19 - a 1.81% increase on 2018/19. The MTFS assumed a 1% increase, so this additional growth will generate a further £45k towards the cost of Council services in 2019/20. In total therefore, the Council Tax yield is estimated at £5.595m for 2019/20. Supporting Council Tax information is set out at **Appendix A**, the formal Council Tax resolution at **Appendix B** and parish details at **Appendices C and D**. At the time of writing this report major preceptors have yet to confirm their precepts and Council Tax, and proposals from the Police and Crime Commissioner are awaited. Updated appendices will be circulated as soon as available but should this information not be available for Selby's Council meeting, the Council Tax decision will have to be deferred. A reserve meeting of full Council is planned for the 27 February should this be necessary.

2.6 It is also proposed that the current Council Tax empty homes premium be increased from 50% to 100% following the Rating (Property in Common Occupation) and Council Tax (Empty Dwellings) Act 2018. The Council has been committed to reducing the number of empty properties in the District in order to increase the supply of housing. In implementing this change in legislation the expectation is that the premium will incentivise owners to bring property back into use, so increasing the

supply of homes for sale or rent.

- 2.7 Taking the Council's overall service requirements and funding assumptions together, the estimated position for 2019/20 is summarised overleaf with more detail at **Appendix E**:

General Fund	2019/20 £000's
Net Budget before contribution to/(from) Reserves	12,119
Contributions to Reserves	9,606
Contributions from Reserves	(2,545)
Net Draft Revenue Budget (including reserve transfers)	19,180
RSG(per multi-year finance settlement)	0
Business Rates Baseline (safety net) - final settlement	(2,427)
New Homes Bonus	(1,955)
Special & Specific Grants	(105)
Renewable Business Rates Income	(7,980)
Council Tax	(5,595)
Collection Fund Deficit – Council Tax	23
Total Funding	(18,039)
Planned savings	(1,141)
Net Budget (Surplus)/Deficit	(0)

- 2.8 Subject to the assumptions and risks within the budget, the estimated savings required for 2019/20 are therefore £1.1m, with a further £531k for 2020/21, £367k for 2021/22 and a residual circa £300k beyond 2021/22 (see **Appendix E**).

Housing Revenue Account

- 2.9 The HRA budgets have been prepared using assumptions on rent changes based on the Government's formula. In 2019/20 the 1% reduction (part of the Government's 4 year plan) has been applied.
- 2.10 The estimated position on the HRA for 2019/20 is shown below, which is around £67k short of the position estimated when the forecasts were updated in February 2018. The HRA savings plan is on track to overachieve but opportunities for further efficiency will continue to be sought in order to maximise the resources available for investment in the service.

HRA	2019/20 £000's
Total Net Budget	8,835
Less Dwelling Rents	(11,840)
Less Savings	(214)
Net Surplus available for Major Repairs	(3,219)

- 2.11 Before consideration of the Housing Investment Programme requirements, a surplus position is anticipated for 2019/20. HRA surpluses are used to fund the HRA investment programme, which are smoothed annually through transfers to and from the Major Repairs Reserve. Investment proposals for 2019/20 total £4.369m (£2.725m previously approved and £1.644m new bids) which, if approved, will require a £1.151m drawdown from the Major Repairs Reserve. **Appendix J** shows the forecast on this reserve assuming all bids are approved.
- 2.12 Looking ahead the refreshed HRA Business Plan will set out the long term requirements for the Housing Revenue Account whilst balancing savings and investments within the context of a sustainable HRA.

Savings

- 2.13 The MTFS emphasises the careful balance that is required between savings and investment in order to ensure the Council's finances remain sustainable. Delivering on-going efficiencies is a key part of the Council's 'Great Value' priority – being as efficient as possible and living within our means, whilst using the financial capacity created to generate long-term gains to improve outcomes for citizens. An approved efficiency plan is a requirement of the multi-year finance settlement.
- 2.14 The Council has made good progress against its targets to date, but inevitably it is increasingly challenging to achieve further savings from a reducing cost base. However, the focus on delivering planned efficiency savings must be maintained, given their importance in achieving the Council's financial (and wider) objectives and to avoid the use of balances to support on-going spending which is unsustainable in the longer term. The Council's approach to savings covers three key strands:
- **Transforming** our business through the use of technology and flexible working to meet citizen and customer needs;
 - **Growing** our resources through investment in economic and housing growth to drive growth in Council Tax and Business Rates and through charging for services and trading externally;
 - **Commissioning** from and with partners to achieve shared efficiencies and reduce the demand for public sector services.
- 2.15 Taking the proposals for Council Tax, growth, and reserve transfers and assumptions on Formula Grant, the draft budget includes savings proposals of £1.1m for 2019/20 rising to £1.6m for 2020/21 and to £2m by 2021/22, with a further £65k still to be identified by 2020/21 and a further £300k to be identified beyond 2021/22. The plan will continue to be monitored closely and opportunities for further savings will be

considered as part of the next refresh of the MTFs. Progress against the latest savings plan is presented at **Appendix G**.

GF Savings Summary	2019/20 £000's	2020/21 £000's	2021/22 £000's	Beyond 2021/22 £00's
Low risk/completed	580	500	500	500
Medium risk/in progress	459	747	797	797
High risk/not started	102	360	675	675
To be identified		65	67	367
Cumulative Savings	1,141	1,672	2,039	2,339
Annual Savings	1,141	531	367	300

HRA Savings Summary (Cumulative)	2019/20 £000's	2020/21 £000's	2021/22 £000's	Beyond 2021/22 £000's
Low risk/completed	12	12	12	12
Medium risk/in progress	194	194	194	194
High risk/not started	8	8	8	8
Cumulative Savings	214	214	214	214
Annual Savings	214	0	0	0

General Fund Capital Programme

- 2.16 The General Fund capital programme includes previously approved projects as well as new growth – a summary of the growth proposals is shown at **Appendix F** and the draft capital programme is attached at **Appendix H**.
- 2.17 Much of the programme is of a relatively routine nature and accordingly, subject to Council approval, officers will be given authority to progress schemes in 2019/20 based on the information contained within **Appendices F and H**. There are however, projects for which Detailed Business Cases will be required for Executive consideration before actual work commences. These are:
- Industrial Units improvement programme
 - Selby and District Housing Trust loans

For these 'non-routine' schemes, detailed business cases will be brought to the Executive for approval in due course.

- 2.18 There is limited room for additional revenue contributions to support the capital programme and therefore it is largely supported by capital receipts, external grants and earmarked reserves. Housing development loans are mainly funded through borrowing. The following table presents a summary of the proposed programme:

Programme	2019/20 £000's	2020/21 £000's	2021/22 £000's
Asset Management works	494	126	50
Grants & Loans	377	377	347
ICT Replacement	321	149	150
Housing Development Loans	7,694	0	0
Total Programme	8,886	652	547
Capital Receipts	30	30	0
Grants	347	347	347
Reserves	815	275	200
S106 Commuted Sums	220	0	0
Borrowing	7,474	0	0
Total Funding	8,886	652	547

- 2.19 Projects include enhancement of existing assets such as the car parks, the Civic Centre and industrial units, Disabled Facilities Grants, Selby and District Housing Trust development loans, and ICT projects. The latter cover a range of replacement and new systems, hardware and infrastructure – funding for ICT projects is covered by the ICT Replacement Reserve.

Housing Investment Programme

- 2.20 The Housing Investment Programme (HIP) includes a number of growth proposals to ensure our homes continue to meet the decency standard – these proposals are shown at **Appendix F** and the updated HIP is at **Appendix H**. The following is a summary of the draft programme:

Programme	2019/20 £000's	2020/21 £000's	2021/22 £000's
Decent Homes Programme	3,681	2,893	2,843
Community Centre Refurb	30		
Sheltered Homes Adaptations	165	150	
Empty Homes Programme	700	700	
Estate Enhancements	100		
St Wilfred's Court Refurb	100		
Footpath Repairs	173	173	173
Pumping Station Replacement	120	120	120
New Build Programme	2,280		
Total Programme	7,349	4,036	3,136

Funding	2019/20 £000's	2020/21 £000's	2021/22 £000's
Major Repairs Reserve	4,369	3,336	3,136
Capital Receipts	340	280	
HCA Grant	210	210	
S.106 Commuted Sums	530	210	
Borrowing	1,900		
Total Funding	7,349	4,036	3,136

2.21 As with the General Fund, much of the HRA programme is of a relatively routine nature and again, subject to Council approval, officers will be given authority to progress schemes in 2019/20 based on the information contained within Appendices B and D. Projects for which Detailed Business Cases will be required for Executive consideration before actual work commences are:

- HRA new build programme

For these 'non-routine' schemes, detailed business cases will be brought to the Executive for approval in due course.

Programme for Growth

- 2.22 The 'Programme for Growth' is the Council's strategic programme to support delivery of its Corporate Plan. The programme comprises a range of cross cutting projects designed to 'make Selby a great place'. The current Programme was approved as part of the 2018/19 budget and in-year progress reports have been presented to both Executive and the Overview and Scrutiny Committee (both separately and as part of the quarterly finance updates).
- 2.23 Following a Corporate Peer Challenge in November 2017, the Programme was reviewed and refocussed. Prioritisation of resources is crucial to ensure delivery of the intended outcomes within the budget available.
- 2.24 The approved budget totals £10.9m and has been committed to funding the new Economic Development and Regeneration Service and other internal capacity across the Council required to deliver the growth ambitions set out in the Corporate Plan (including the Economic Development Framework and Action Plan and the Programme for Growth).
- 2.25 The programme is funded by New Homes Bonus (to date up to £880k p.a.), and business rates receipts from renewable energy facilities.
- 2.26 Following Executive approval (at their meeting on 10 January 2019) to reprioritise available resources to sustain internal capacity, the Programme budget is summarised overleaf:

Special Projects/Programme for Growth	Programme Budget £000's
Staffing Resources	3,643
Project Delivery	7,119
Unallocated	172
Total Programme	10,934

2.27 **Appendix I** sets out the current programme.

Reserves

2.28 The Council has a robust reserves strategy which is reviewed annually as part of the refresh of the MTFS. A forecast of reserve balances based on the MTFS assumptions and draft budget, is set out at **Appendix J**. As at 31 March 2019 reserves are forecast at:

Reserves	31 March 2019 £000's
General Fund	
Commitments	4,259
Growth and improvement	4,851
Risk	5,776
Total General Fund Reserves	14,886
HRA	
Balances	2,267
Major Repairs	3,478
Total HRA Reserves	5,745
Capital receipts (from asset sales)	4,468

2.29 Reserves to fund commitments are replenished by regular revenue contributions to ensure they remain sustainable.

2.30 Reserves for growth and improvement include £688k for the Programme for Growth (from New Homes Bonus and the Business Rates windfall and subject to spend profile) and £3.6m in S106 affordable housing commuted sums, which must be spent on affordable homes. Reserves to manage risk include £3.6m from Business Rates to support the revenue budget (per MTFS) and £1.5m General Working Balance.

2.31 The HRA reserves are General Balances and the Major Repairs Reserve (MRR) which are ring-fenced for the HRA. The HRA capital programme will require £4.4m from the MRR in 2019/20.

2.32 These earmarked reserves provide the financial capacity to fund the capital

programmes and other irregular expenditure. Including the proposals within this draft budget it is estimated that in total £8.3m will be required from reserves to fund on-going projects and new proposals.

- 2.33 Contributions to reserves (including capital receipts) of £16.1m are forecast for the year which includes resources set aside to support future revenue budgets and subject to savings delivery, future investments.

3. Alternative Options Considered

- 3.1 The MTFS sets out scenarios and options for key assumptions and the options considered for Council Tax are set out in paragraph 2.4.

4. Implications

4.1 Legal Implications

- 4.1.1 None as a result of this report.

4.2 Financial Implications

- 4.2.1 As set out in the report.

4.3 Policy and Risk Implications

- 4.3.1 As part of the annual budget process a risk assessment of the Council's major budgets is undertaken. The continuing uncertainty in the wider economy as Brexit approaches, cuts to public sector funding and the uncertainty within the funding regime, mean greater financial risk for the Council. Areas that are particularly high risk are central government funding and income generation (across key services such as planning, car parking and leisure) along with savings, and inflationary and demand led cost pressures – in services such as waste and recycling.
- 4.3.2 The Council's contingency budgets, earmarked reserves and general balances provide a buffer for these risks and are crucial to ensure sustained financial resilience and viability.

4.4 Corporate Plan Implications

- 4.4.1 The budget proposals support delivery of the Council corporate objectives and priorities.

4.5 Resource Implications

- 4.5.1 The draft budget proposals include provision for the resources necessary to deliver the Council's objectives.

4.6 Other Implications - None.

4.7 Equalities Impact Assessment

- 4.7.1 There are no particular equality implications arising from the proposals set out in the report.

5. Conclusion

- 5.1 The proposed General Fund Net Revenue Budget for 2019/20 totals £19.180m (£18,039 after planned savings of £1.141m). It includes a Council Tax rise of £3 for a Band D property and after the application of Central Government funding, transfers to reserves, and savings is a 'balanced budget'. Savings of £214k are forecast for the HRA.
- 5.2 Plans are in place to deliver a range of General Fund and HRA savings through a combination of efficiency and income generation but more will be required over the medium term. The pace of savings is such that reserves will be required to support the revenue budget in the shorter term. The MTFs provides resources in the Business Rates Equalisation Reserve for this support – subject to delivery of savings, £1m is planned to be drawn down over the 2 years 2020/21 and 2021/22.
- 5.3 Progress is being made against the proposals identified within the approved plan but with risk to the Council's core funding further opportunities for efficiency will continue to be sought.
- 5.4 The budget also provides for a capital programme to meet General Fund and HRA needs and includes the remaining resources to support the Programme of Growth – the Council's strategic programme which aims to deliver its Corporate Plan priorities, generating economic growth and sustainable income for the Council as core government funding reduces.

6. Background Documents

Executive report - Revenue Budget and Capital Programme 2019/20 and Medium Term Financial Plan - 6 February 2019

7. Appendices

- A – Council Tax Supporting Information
- B – Formal Council Tax Resolution
- C – Council Tax Schedule by Town and Parish Areas
- D – Town and Parish Precepts
- E – Revenue estimates
- F – Growth bids
- G – Savings
- H – GF Capital programme and Housing Investment Programme
- I – Programme for Growth
- J – Reserves
- K- Consultation response and extract from Policy Review Minutes 22/01/2019

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Council Tax - Supporting Information

PURPOSE

1. The purpose of this Appendix and other Appendices and Schedules is to enable the Council to calculate and set the Council Tax for 2019/20.

BACKGROUND

2. The Localism Act 2011 has made significant changes to the Local Government Finance Act 1992, and now requires the billing authority to calculate a Council Tax requirement for the year, not its budget requirement as previously.
3. The precept levels of other precepting bodies have been received. These are detailed below:

Town & Parish Councils

4. The Town and Parish Council Precepts for 2019/20 are detailed in Appendix D and total **£1,840,613** The increase in the average Band D Council Tax for Town and Parish Councils is **0.5%** and results in an average Band D Council Tax figure of **£58.63**

North Yorkshire County Council (PROVISIONAL)

5. North Yorkshire County Council met on **20th February 2019** and set their precept at **£38,224,271.73** This results in a band D Council Tax of **£1,217.52**
- 5a. In addition the County Council also set a precept relating to Adult Social Care of **£2,939,845.59** This results in an additional Band D charge of **£93.64**

North Yorkshire Police and Crime Commissioner (NOT YET AVAILABLE)

6. The North Yorkshire Police and Crime Commissioner held a meeting on **XX February 2019** and set their precept at **£X,XXX,XXX** This results in a band D Council Tax of **£XXX.XX**

North Yorkshire Fire & Rescue Authority

7. North Yorkshire Fire & Rescue Authority met on **5th February 2019** and set their precept at **£2,237,535**. This results in a band D Council Tax of **£71.27**

Conclusions

8. The recommendations are set out in the formal Council Tax Resolution in Appendix B
9. If the formal Council Tax Resolution at Appendix B is approved, the total Band D Council Tax will be as follows:

	2018/19 £	2019/20 £	Increase %
Selby District Council	175.22	178.22	1.71
North Yorkshire County Council	1,180.18	1,217.52	*2.99
North Yorkshire County Council - Adult Social Care	68.67	93.64	*2.00
North Yorkshire Police and Crime Commissioner	232.82		
North Yorkshire Fire & Rescue Authority	69.20	71.27	2.99
Sub Total	1,726.09		
Town & Parish Councils (Average)	58.33	58.63	0.51
Total	1,784.42		

* NYCC Precept increases have been calculated on the total combined precept of £1,311.16

APPENDIX B

The Council is recommended to resolve as follows:

1. It be noted that the Council has calculated the Council Tax Base 2019/20
 - (a) for the whole Council area as 31,395.19 [Item T in the formula in Section 31B of the Local Government Finance Act 1992, as amended (the "Act")]; and
 - (b) for dwellings in those parts of its area to which a Parish Precept relates as in the attached Appendix D
2. Calculate that the Council Tax requirement for the Council's own purpose for 2019/20 (excluding Parish Precepts) is **£5,595,251**
3. That the following amounts be calculated for the year 2019/20 in accordance with Sections 31 to 36 of the Act:
 - a) **£60,188,790** being the aggregate of the amounts which the Council estimates for the items set out in Section 31A(2) of the Act taking into account all precepts issued to it by Parish Councils.
 - b) **£52,752,926** being the aggregate of the amounts which the Council estimates for the items set out in Section 31A(3) of the Act.
 - c) **£7,435,864** being the amount by which the aggregate at 3(a) above exceeds the aggregate at 3(b) above, calculated by the Council, in accordance with Section 31A(4) of the Act, as its Council Tax requirement for the year. (Item R in the formula in 31B of the Act).
 - d) **£236.85** being the amount at 3(c) above (Item R), all divided by Item T (1(a) above), calculated by the Council, in accordance with Section 31B of the Act, as the basic amount of its Council Tax for the year (including Parish Precepts).
 - e) **£1,840,613** being the aggregate amount of all special items (Parish Precepts) referred to in Section 34(1) of the Act (as per the attached Appendix C).
 - f) **£178.22** being the amount at 3(d) above less the result given by dividing the amount at 3(e) above by Item T (19a) above), calculated by the Council, in accordance with Section 34(2) of the Act, as the basic amount of its Council Tax for the year for dwellings in those parts of its area to which no Parish Precept relates.
4. To note that the County Council, the Police Commissioner and the Fire & Rescue Authority have issued precepts to the Council in accordance with Section 40 of the Local Government Finance Act 1992 for each category of dwellings in the Council's area as indicated in the table below.
5. That the Council, in accordance with Sections 30 and 36 of the Local Government Finance Act 1992, hereby sets the aggregate amounts shown in the tables below as the amounts of Council Tax for 2019/20 for each part of its area and for each of the categories of dwellings.

The Council is recommended to resolve as follows:

North Yorkshire Precepts

Valuation Band	SDC £ p	NYCC £ p	NYCC ASC £ p	NY Fire Authority £ p	NYPCC £ p	Aggregate £ p
A-	99.01	676.40	52.02	35.59	0.00	
A	118.81	811.67	62.43	47.51	0.00	
B	138.62	946.96	72.83	55.43	0.00	
C	158.42	1,082.24	83.24	63.35	0.00	
D	178.22	1,217.52	93.64	71.27	0.00	
E	217.82	1,488.08	114.45	87.11	0.00	
F	257.43	1,758.64	135.26	102.95	0.00	
G	297.03	2,029.20	156.07	118.78	0.00	
H	356.44	2,435.04	187.28	142.54	0.00	

6. In accordance with principles approved under Section 52ZB Localism Act 2011, the Council determines it's relevant basic amount of Council Tax for the year 2019/20 is not excessive.

	2018/19	2019/20
Council Tax Requirement	£7,202,070	£7,435,864
less:- Parish Precepts	-£1,798,846	-£1,840,613
	£5,403,224	£5,595,251
Council Tax Base	30837.00	31395.19
Relevant Basic Amount*	£175.22	£178.22
Percentage Increase		1.71%

COUNCIL TAX SCHEDULE BY TOWN & PARISH AREAS

APPENDIX C

2019/20	BANDS							
	A £ p	B £ p	C £ p	D £ p	E £ p	F £ p	G £ p	H £ p
Selby District Council	118.81	138.62	158.42	178.22	217.82	257.43	297.03	356.44
North Yorkshire County Council	811.67	946.96	1082.24	1217.52	1488.08	1758.64	2029.20	2435.04
North Yorkshire County Council - ASC	62.43	72.83	83.24	93.64	114.45	135.26	156.07	187.28
N Yorkshire Police & Crime Commissioner	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
North Yorkshire Fire & Rescue Authority	47.51	55.43	63.35	71.27	87.11	102.95	118.78	142.54
Town/Parish only (a)								
Parish/Town & District (b)								
Total including County, Police & Fire (c)								
Appleton Roebuck & Acaster Selby (a)	20.43	23.84	27.23	30.65	37.45	44.27	51.08	61.28
(b)	139.24	162.46	185.65	208.87	255.27	301.70	348.11	417.72
(c)								
Balne (a)	22.55	26.30	30.06	33.82	41.34	48.85	56.37	67.64
(b)	141.36	164.92	188.48	212.04	259.16	306.28	353.40	424.08
(c)								
Barkston Ash (a)	23.03	26.87	30.71	34.54	42.23	49.91	57.57	69.10
(b)	141.84	165.49	189.13	212.76	260.05	307.34	354.60	425.54
(c)								
Barlby (a)	64.22	74.93	85.63	96.33	117.74	139.15	160.56	192.67
(b)	183.03	213.55	244.05	274.55	335.56	396.58	457.59	549.11
(c)								
Barlow (a)	45.14	52.66	60.19	67.70	82.76	97.80	112.85	135.41
(b)	163.95	191.28	218.61	245.92	300.58	355.23	409.88	491.85
(c)								
Beal (a)	49.72	58.01	66.30	74.59	91.16	107.73	124.31	149.17
(b)	168.53	196.63	224.72	252.81	308.98	365.16	421.34	505.61
(c)								
Biggin (a)	13.17	15.36	17.56	19.75	24.13	28.52	32.92	39.49
(b)	131.98	153.98	175.98	197.97	241.95	285.95	329.95	395.93
(c)								

COUNCIL TAX SCHEDULE BY TOWN & PARISH AREAS

APPENDIX C

2019/20		BANDS							
		A £ p	B £ p	C £ p	D £ p	E £ p	F £ p	G £ p	H £ p
Cawood	(a)	34.00	39.67	45.33	51.00	62.33	73.67	85.00	101.99
	(b)	152.81	178.29	203.75	229.22	280.15	331.10	382.03	458.43
	(c)								
Chapel Haddlesey	(a)	38.45	44.86	51.27	57.68	70.50	83.32	96.13	115.36
	(b)	157.26	183.48	209.69	235.90	288.32	340.75	393.16	471.80
	(c)								
Church Fenton	(a)	27.04	31.54	36.05	40.55	49.56	58.58	67.59	81.11
	(b)	145.85	170.16	194.47	218.77	267.38	316.01	364.62	437.55
	(c)								
Cliffe	(a)	29.98	34.97	39.97	44.97	54.96	64.95	74.95	89.94
	(b)	148.79	173.59	198.39	223.19	272.78	322.38	371.98	446.38
	(c)								
Cridling Stubbs	(a)	45.56	53.15	60.73	68.34	83.51	98.71	113.88	136.66
	(b)	164.37	191.77	219.15	246.56	301.33	356.14	410.91	493.10
	(c)								
Drax	(a)	31.70	36.99	42.26	47.55	58.11	68.69	79.25	95.09
	(b)	150.51	175.61	200.68	225.77	275.93	326.12	376.28	451.53
	(c)								
Eggborough	(a)	22.15	25.84	29.53	33.22	40.61	47.99	55.36	66.45
	(b)	140.96	164.46	187.95	211.44	258.43	305.42	352.39	422.89
	(c)								
Escrick	(a)	27.45	32.03	36.61	41.18	50.32	59.49	68.63	82.36
	(b)	146.26	170.65	195.03	219.40	268.14	316.92	365.66	438.80
	(c)								
Fairburn	(a)	26.46	30.87	35.28	39.69	48.51	57.33	66.15	79.38
	(b)	145.27	169.49	193.70	217.91	266.33	314.76	363.18	435.82
	(c)								
Gateforth	(a)	32.33	37.72	43.11	48.50	59.27	70.06	80.83	96.99
	(b)	151.14	176.34	201.53	226.72	277.09	327.49	377.86	453.43
	(c)								

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COUNCIL TAX SCHEDULE BY TOWN & PARISH AREAS

APPENDIX C

2019/20		BANDS							
		A £ p	B £ p	C £ p	D £ p	E £ p	F £ p	G £ p	H £ p
Hambleton	(a)	28.23	32.92	37.62	42.33	51.73	61.14	70.55	84.66
	(b)	147.04	171.54	196.04	220.55	269.55	318.57	367.58	441.10
	(c)								
Healaugh & Catterton	(a)	3.28	3.83	4.37	4.92	6.01	7.10	8.20	9.85
	(b)	122.09	142.45	162.79	183.14	223.83	264.53	305.23	366.29
	(c)								
Heck	(a)	32.98	38.49	43.99	49.48	60.48	71.48	82.46	98.96
	(b)	151.79	177.11	202.41	227.70	278.30	328.91	379.49	455.40
	(c)								
Hemingbrough	(a)	21.10	24.62	28.13	31.65	38.68	45.72	52.75	63.30
	(b)	139.91	163.24	186.55	209.87	256.50	303.15	349.78	419.74
	(c)								
Hensall	(a)	32.31	37.70	43.08	48.47	59.24	70.01	80.78	96.94
	(b)	151.12	176.32	201.50	226.69	277.06	327.44	377.81	453.38
	(c)								
Hillam	(a)	29.06	33.90	38.75	43.59	53.29	62.98	72.65	87.19
	(b)	147.87	172.52	197.17	221.81	271.11	320.41	369.68	443.63
	(c)								
Hirst Courtney	(a)	55.53	64.79	74.04	83.30	101.81	120.32	138.83	166.60
	(b)	174.34	203.41	232.46	261.52	319.63	377.75	435.86	523.04
	(c)								
Huddleston with Newthorpe	(a)	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
	(b)	118.81	138.62	158.42	178.22	217.82	257.43	297.03	356.44
	(c)								
Kelfield	(a)	19.69	22.97	26.27	29.54	36.11	42.67	49.23	59.08
	(b)	138.50	161.59	184.69	207.76	253.93	300.10	346.26	415.52
	(c)								
Kellington	(a)	36.89	43.04	49.19	55.34	67.64	79.94	92.23	110.68
	(b)	155.70	181.66	207.61	233.56	285.46	337.37	389.26	467.12
	(c)								

Page 19 of 29

COUNCIL TAX SCHEDULE BY TOWN & PARISH AREAS

APPENDIX C

2019/20		BANDS							
		A £ p	B £ p	C £ p	D £ p	E £ p	F £ p	G £ p	H £ p
Kirk Smeaton	(a)	26.29	30.68	35.06	39.44	48.20	56.97	65.73	78.88
	(b)	145.10	169.30	193.48	217.66	266.02	314.40	362.76	435.32
	(c)								
Little Fenton	(a)	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
	(b)	118.81	138.62	158.42	178.22	217.82	257.43	297.03	356.44
	(c)								
Little Smeaton	(a)	14.69	17.14	19.59	22.04	26.94	31.84	36.73	44.08
	(b)	133.50	155.76	178.01	200.26	244.76	289.27	333.76	400.52
	(c)								
Long Drax	(a)	16.66	19.44	22.21	24.99	30.55	36.09	41.66	49.98
	(b)	135.47	158.06	180.63	203.21	248.37	293.52	338.69	406.42
	(c)								
Monk Fryston	(a)	30.05	35.06	40.07	45.08	55.11	65.13	75.13	90.17
	(b)	148.86	173.68	198.49	223.30	272.93	322.56	372.16	446.61
	(c)								
Newland	(a)	15.69	18.30	20.93	23.55	28.78	34.01	39.23	47.08
	(b)	134.50	156.92	179.35	201.77	246.60	291.44	336.26	403.52
	(c)								
Newton Kyme cum Toulston	(a)	24.96	29.13	33.29	37.45	45.77	54.10	62.42	74.90
	(b)	143.77	167.75	191.71	215.67	263.59	311.53	359.45	431.34
	(c)								
North Duffield	(a)	23.14	26.99	30.86	34.70	42.42	50.13	57.84	69.41
	(b)	141.95	165.61	189.28	212.92	260.24	307.56	354.87	425.85
	(c)								
Oxton	(a)	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
	(b)	118.81	138.62	158.42	178.22	217.82	257.43	297.03	356.44
	(c)								
Riccall	(a)	68.77	80.23	91.69	103.15	126.07	149.00	171.92	206.30
	(b)	187.58	218.85	250.11	281.37	343.89	406.43	468.95	562.74
	(c)								

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COUNCIL TAX SCHEDULE BY TOWN & PARISH AREAS

APPENDIX C

2019/20	BANDS								
	A £ p	B £ p	C £ p	D £ p	E £ p	F £ p	G £ p	H £ p	
Tadcaster	(a)	37.30	43.52	49.73	55.95	68.38	80.82	93.25	111.90
	(b)	156.11	182.14	208.15	234.17	286.20	338.25	390.28	468.34
	(c)								
Temple Hirst	(a)	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
	(b)	118.81	138.62	158.42	178.22	217.82	257.43	297.03	356.44
	(c)								
Thorganby	(a)	28.13	32.81	37.50	42.19	51.57	60.94	70.33	84.38
	(b)	146.94	171.43	195.92	220.41	269.39	318.37	367.36	440.82
	(c)								
Thorpe Willoughby	(a)	33.97	39.63	45.29	50.95	62.27	73.59	84.92	101.90
	(b)	152.78	178.25	203.71	229.17	280.09	331.02	381.95	458.34
	(c)								
Towton (with Grimston, Kirby Wharfe & North Milford)	(a)	8.45	9.87	11.27	12.68	15.49	18.32	21.14	25.36
	(b)	127.26	148.49	169.69	190.90	233.31	275.75	318.17	381.80
	(c)								
Ulleskelf	(a)	38.30	44.68	51.08	57.45	70.23	82.98	95.76	114.91
	(b)	157.11	183.30	209.50	235.67	288.05	340.41	392.79	471.35
	(c)								
West Haddlesey	(a)	28.34	33.06	37.78	42.50	51.95	61.40	70.84	85.01
	(b)	147.15	171.68	196.20	220.72	269.77	318.83	367.87	441.45
	(c)								
Whitley	(a)	14.78	17.26	19.71	22.17	27.10	32.03	36.95	44.35
	(b)	133.59	155.88	178.13	200.39	244.92	289.46	333.98	400.79
	(c)								
Wistow	(a)	20.05	23.39	26.73	30.07	36.75	43.43	50.12	60.14
	(b)	138.86	162.01	185.15	208.29	254.57	300.86	347.15	416.58
	(c)								
Womersley	(a)	88.49	103.25	117.99	132.75	162.23	191.73	221.23	265.48
	(b)	207.30	241.87	276.41	310.97	380.05	449.16	518.26	621.92
	(c)								

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TOWN & PARISH COUNCIL PRECEPTS

APPENDIX D

Town / Parish Council	2018/19					2019/20					Council Tax Increase %
	Tax Base	Total Parish Funding £	Grant £	Precept £	Council Tax Band D (£)	Tax Base	Total Parish Funding £	Grant £	Precept £	Council Tax Band D (£)	
Appleton Roebuck & Acaster Selby	394.11	12,000.00	57.43	11,942.57	30.30	391.57	12,000.00	0.00	12,000.00	30.65	1.13
Balne	94.44	3,250.00	56.34	3,193.66	33.82	96.25	3,254.98	0.00	3,254.98	33.82	0.00
Barkston Ash	170.73	5,000.00	39.00	4,961.00	29.06	173.69	6,000.00	0.00	6,000.00	34.54	18.88
Barlby	1,592.29	153,900.00	3,506.58	150,393.42	94.45	1,675.43	161,400.00	0.00	161,400.00	96.33	1.99
Barlow	281.63	19,108.19	164.20	18,943.99	67.27	282.24	19,108.19	0.00	19,108.19	67.70	0.65
Beal	257.00	19,414.41	672.86	18,741.55	72.92	260.28	19,414.41	0.00	19,414.41	74.59	2.28
Biggin	61.74	1,200.00	4.41	1,195.59	19.36	70.70	1,396.38	0.00	1,396.38	19.75	2.00
Billbrough	178.82	5,581.88	0.00	5,581.88	31.21	179.44	5,581.88	0.00	5,581.88	31.11	-0.34
Birkin	55.50	0.00	0.00	0.00	0.00	54.77	0.00	0.00	0.00	0.00	0.00
Bolton Percy, Colton & Steeton	239.45	5,000.00	68.39	4,931.61	20.60	243.89	5,250.00	0.00	5,250.00	21.53	4.52
Brayton	1,892.76	72,000.00	1,520.22	70,479.78	37.24	1,987.15	73,994.36	0.00	73,994.36	37.24	0.00
Brotherton	216.36	13,500.00	601.82	12,898.18	59.62	224.38	13,837.50	0.00	13,837.50	61.67	3.45
Burn	184.26	12,922.15	205.01	12,717.14	69.02	179.17	13,104.80	0.00	13,104.80	73.14	5.98
Burton Salmon	188.08	6,522.00	44.34	6,477.66	34.44	186.62	8,957.10	0.00	8,957.10	48.00	39.36
Byram cum Sutton	452.35	20,918.16	1,183.60	19,734.56	43.63	439.35	20,918.16	0.00	20,918.16	47.61	9.13
Camblesforth	506.70	21,591.67	446.29	21,145.38	41.73	508.91	22,239.40	0.00	22,239.40	43.70	4.72
Carlton	610.20	23,656.98	836.39	22,820.59	37.40	650.87	24,341.46	0.00	24,341.46	37.40	0.00
Cawood	625.83	31,795.07	563.04	31,232.03	49.90	627.45	32,000.00	0.00	32,000.00	51.00	2.20
Chapel Haddlesey	85.26	4,981.00	63.82	4,917.18	57.68	84.50	4,873.57	0.00	4,873.57	57.68	0.00
Chapel Fenton	506.16	20,879.00	379.02	20,499.98	40.50	517.84	21,000.00	0.00	21,000.00	40.55	0.13
Cliffe	502.02	22,818.40	559.60	22,258.80	44.34	507.44	22,818.40	0.00	22,818.40	44.97	1.42
Cridling Stubbs	70.62	4,997.40	54.81	4,942.59	69.99	73.13	4,997.40	0.00	4,997.40	68.34	-2.37
Drax	140.47	6,500.00	132.80	6,367.20	45.33	158.60	7,540.96	0.00	7,540.96	47.55	4.90
Eggborough	712.95	23,836.93	615.10	23,221.83	32.57	703.59	23,375.28	0.00	23,375.28	33.22	2.00
Escrick	457.72	19,000.00	163.05	18,836.95	41.15	461.36	19,000.00	0.00	19,000.00	41.18	0.07
Fairburn	334.03	12,273.82	322.88	11,950.94	35.78	331.22	13,146.00	0.00	13,146.00	39.69	10.93
Gateforth	113.86	5,366.00	0.00	5,366.00	47.13	113.41	5,500.00	0.00	5,500.00	48.50	2.90
Hambleton	747.92	31,753.88	717.29	31,036.59	41.50	767.13	32,470.29	0.00	32,470.29	42.33	2.00
Healaugh & Catterton	100.97	507.75	8.25	499.50	4.95	103.23	507.75	0.00	507.75	4.92	-0.58
Heck	90.45	4,447.97	36.61	4,411.36	48.77	89.06	4,407.00	0.00	4,407.00	49.48	1.46
Hemingbrough	696.18	22,717.54	685.17	22,032.37	31.65	703.91	22,277.02	0.00	22,277.02	31.65	0.00
Hensall	311.58	14,925.00	188.55	14,736.45	47.30	307.95	14,925.00	0.00	14,925.00	48.47	2.47
Hillam	334.06	14,327.04	50.05	14,276.99	42.74	337.07	14,693.58	0.00	14,693.58	43.59	2.00
Hirst Courtney	111.21	9,444.45	181.31	9,263.14	83.30	113.37	9,443.23	0.00	9,443.23	83.30	0.00
Huddleston with Newthorpe	36.61	0.00	0.00	0.00	0.00	38.15	0.00	0.00	0.00	0.00	0.00
Kelfield	170.47	4,895.67	88.70	4,806.97	28.20	169.27	5,000.00	0.00	5,000.00	29.54	4.75
Kellington	298.61	17,299.67	775.80	16,523.87	55.34	292.09	16,163.01	0.00	16,163.01	55.34	0.00
Kirk Smeaton	201.93	8,000.00	36.20	7,963.80	39.44	200.67	7,913.94	0.00	7,913.94	39.44	0.00
Little Fenton	44.94	0.00	0.00	0.00	0.00	46.65	0.00	0.00	0.00	0.00	0.00
Little Smeaton	136.11	3,000.00	0.00	3,000.00	22.04	137.08	3,021.39	0.00	3,021.39	22.04	0.00
Long Drax	42.19	975.00	0.00	975.00	23.11	42.02	1,050.00	0.00	1,050.00	24.99	8.14
Monk Fryston	445.14	20,020.00	315.67	19,704.33	44.27	439.42	19,809.00	0.00	19,809.00	45.08	1.84
Newland	82.99	5,250.00	0.00	5,250.00	63.26	84.94	2,000.00	0.00	2,000.00	23.55	-62.78

TOWN & PARISH COUNCIL PRECEPTS

APPENDIX D

Town / Parish Council	2018/19					2019/20					Council Tax Increase %
	Tax Base	Total Parish Funding £	Grant £	Precept £	Council Tax Band D (£)	Tax Base	Total Parish Funding £	Grant £	Precept £	Council Tax Band D (£)	
Newton Kyme & Toulston	243.34	10,000.00	0.00	10,000.00	41.10	267.05	10,000.00	0.00	10,000.00	37.45	-8.88
North Duffield	493.11	37,000.00	328.80	36,671.20	74.37	489.87	17,000.00	0.00	17,000.00	34.70	-53.34
Oxton	10.39	0.00	0.00	0.00	0.00	10.38	0.00	0.00	0.00	0.00	0.00
Riccall	911.10	93,979.00	1,839.70	92,139.30	101.13	916.37	94,525.21	0.00	94,525.21	103.15	2.00
Ryther	108.23	4,500.00	7.26	4,492.74	41.51	108.90	4,500.00	0.00	4,500.00	41.32	-0.46
Saxton & Lead	286.97	24,950.00	19.54	24,930.46	86.87	285.78	24,950.00	0.00	24,950.00	87.30	0.50
Selby	4,695.29	531,914.00	39,074.49	492,839.51	104.96	4,721.32	495,608.00	0.00	495,608.00	104.97	0.01
Sherburn in Elmet	2,454.62	176,950.40	5,398.99	171,551.41	69.89	2,589.92	181,007.10	0.00	181,007.10	69.89	0.00
Skipwith	132.43	0.00	0.00	0.00	0.00	126.11	0.00	0.00	0.00	0.00	0.00
South Milford	1,061.20	24,660.69	585.33	24,075.36	22.69	1,063.89	24,660.69	0.00	24,660.69	23.18	2.17
Stapleton	29.80	0.00	0.00	0.00	0.00	30.06	0.00	0.00	0.00	0.00	0.00
Stillingfleet	189.50	4,440.13	63.16	4,376.97	23.10	191.64	4,551.45	0.00	4,551.45	23.75	2.83
Stubbs Walden	35.18	0.00	0.00	0.00	0.00	35.58	0.00	0.00	0.00	0.00	0.00
Stutton with Hazlewood	358.61	8,752.40	384.23	8,368.17	23.34	355.06	9,000.00	0.00	9,000.00	25.35	8.62
Tadcaster	2,096.39	116,278.36	4,582.85	111,695.51	53.28	2,091.07	116,995.37	0.00	116,995.37	55.95	5.01
Temple Hirst	43.54	0.00	0.00	0.00	0.00	42.98	0.00	0.00	0.00	0.00	0.00
Thorsanby	166.57	6,115.05	57.11	6,057.94	36.37	161.56	6,816.21	0.00	6,816.21	42.19	16.01
Thorne Willoughby	1,037.69	54,000.00	1,126.50	52,873.50	50.95	1,111.96	56,657.58	0.00	56,657.58	50.95	0.00
Towton (Grimston, Kirkby Wharfe & Towton)	178.69	2,300.00	38.42	2,261.58	12.66	181.45	2,300.00	0.00	2,300.00	12.68	0.15
Ullenshelf	342.80	19,994.32	301.60	19,692.72	57.45	373.14	21,436.89	0.00	21,436.89	57.45	0.01
West Haddlesey	98.22	4,000.00	13.28	3,986.72	40.59	99.99	4,250.00	0.00	4,250.00	42.50	4.71
Whitley	406.04	10,934.85	329.70	10,605.15	26.12	405.90	9,000.00	0.00	9,000.00	22.17	-15.11
Wistow	504.03	15,000.00	141.24	14,858.76	29.48	502.92	15,122.68	0.00	15,122.68	30.07	2.00
Womersley	176.53	17,500.00	363.17	17,136.83	97.07	177.03	23,500.00	0.00	23,500.00	132.75	36.75
Total / Average	30,837.00	1,868,846.23	69,999.97	1,798,846.26	58.33	31,395.19	1,840,612.62	0.00	1,840,612.62	58.63	0.51

REVENUE ESTIMATES 2019/2020 To 2021/2022

GENERAL FUND

	2019/2020 Estimate £	2020/2021 Estimate £	2021/2022 Estimate £
Net Revenue Budget	19,179,812	9,798,343	10,385,770
<u>Funding</u>			
Council Tax	(5,595,251)	(5,763,662)	(5,937,143)
Grant RSG / NDR	(2,426,683)	(2,363,000)	(2,410,000)
New Homes Bonus	(1,954,761)	-	-
Other Specific Grants	(105,117)	-	-
Collection Fund Deficit - Council Tax	23,000	-	-
Collection Fund Surplus - Business Rates	(7,980,000)	-	-
Total Funding	(18,038,812)	(8,126,662)	(8,347,143)
Deficit / (Surplus) before planned	1,141,000	1,671,681	2,038,627
Planned Savings	(1,141,000)	(1,607,000)	(1,972,000)
Net (Surplus) / Deficit in MTFP	-	64,681	66,627

REVENUE ESTIMATES 2019/2020 To 2021/2022

HOUSING REVENUE ACCOUNT

	2019/2020 Estimate £	2020/2021 Estimate £	2021/2022 Estimate £
Net Revenue Budget	8,835,320	8,575,794	8,629,808
Dwelling Rents	(11,840,000)	(12,143,000)	(12,452,000)
(Surplus) / deficit	(3,004,680)	(3,567,206)	(3,822,192)
Planned savings	(214,000)	(214,000)	(214,000)
(Surplus) / deficit transferred (to) / from Major Repairs Reserve	(3,218,680)	(3,781,206)	(4,036,192)

GENERAL FUND NEW BIDS 2019/20 - 21/22

Description	Strategic Theme / Priority	Revenue			Capital			Comments	Term	Funded From
		19/20	20/21	21/22	19/20	20/21	21/22			
Transforming Customer Services - To make the necessary alterations to the Civic Centre reception area to ensure it is fit for purpose for face to face contact with the customer	Councils budget proposals and MTFS include a savings target to be achieved through relocating the CCC				110,000	0	0	Moving the CCC is a stand-a-lone project but it is inextricably linked with the Council's ambition to channel shift providing access to services 24/7 online, but it will also ensure customers are our focus removing the disconnect between the current Market Cross location and the civic centre. CCC staff will be able to more easily discuss customer issues with service areas and service areas will reconnect with their customers increasing the accountability of each business area to manage customer experience. Negotiations with Dransfield (the Landlord) have commenced to seek an alternative tenant for the property from July 2019. (the earliest date a move could take place) Based on indicative costing provided and based on exiting the lease, Payback on the capital investment required to alter the Civic Centre reception could be achieved within 2 years. The full year saving on this will be £220k per annum from 20/21 which will contribute to the asset rationalisation and transformation savings identified within the savings plan	One off	Asset Mgmt
Net Cost of Bid		0	0	0	110,000	0	0			
Implementation of CivicaPay -Initial software licence -Conversion of existing PARIS solution to CivicaPay -50,000 transactions p/a -Hosting -Maintenance and Support	ICT Strategy 2018-2020 sets a programme for delivery of a digital workforce Success would be demonstrated by the increase number of services available to customers to complete transactions online and the measured 'take up' of customer transactions.				11,100 25,000			- The ability to take payment online (epayments) is a central strand of the Council's Digital Strategy. It is cheaper for the Council and often more convenient for the customer - who now expect to be able to transact with service providers 24/7 - SDC currently use Northgate Paris Software to process epayments, currently running at almost 4000 transactions per month. the 2 main drivers for using an alternative provider are - 1 - Paris is not compliant with PCI-DSS regulations. There are considerable fines associated with non-compliance following data compromise (from ten to hundreds of thousands of pounds). - 2 Paris has been bought by Civica and is being phased out. it is expected to become unsupported within 18 months. - The proposal is to move from Paris to Civica's own epayments software - Civica Pay - CivicaPay is used in over 150 local authority sites, serving over 15m UK citizens, processing 16m payments annually, a service with 99.99% availability. By implementing the hosted e-payments and income management solution this will help SDC deliver greater automation, efficiency gains and cost savings whilst at the same time providing service improvements to the customer working towards the Digital Transformation agenda. Civica Pay is fully PCI DSS and PA DSS compliant. - Whist Civica initially proposed to move current Paris customers to Civica Pay for no additional costs, it has become apparent that this is not the case. However, the costs are significantly better than procuring new software from scratch - several years ago SDC were quoted c. £80k for Civica Pay. - This bid is a like for like replacement whist bringing in additional security & functionality. - Software maintenance is currently predicted to be only slightly higher than the current provision, mainly driven by increases in our projected number of transactions.	One off	ICT
-Savings		3,500 6,000 6,685	3,500 6,000 6,685	3,500 6,000 6,685					One off	ICT
									Perm	Revenue
									Perm	Revenue
Net Cost of Bid		625	625	625	36,100	0	0			
Selby Town additional maintenance programme	The work supports the corporate and economic development priority to help the district's market towns reach their potential and supports delivery of two time restricted P4G initiatives - Selby 950 and potentially the Tour de Yorkshire in 2019.	18,500						Review and where needed paint railings in Selby Abbey grounds Review and where needed paint or replace 16 x benches in Micklegate, Church Hill, Portholme Road field, James Street Replace 5 x litter bins on the Market Place - 2019 sees a principal focus on Selby town. The works will support the town to enhance its reputation, encourage footfall and increase dwell time. Positive responses can be monitored through public feedback, social media, snap surveys and resident and business surveys. - Any works can ensure street furniture remains aesthetically pleasing as well as safe to use/experience. - All works would be completed within 2019 - most preferably by end April 2019 to support the beginning of Selby950 activity and hosting the Tour de Yorkshire.	One off	P4G
Net Cost of Bid		18,500	0	0	0	0	0			
Replacing microphone system in the Council Chamber	Working with others and co-developing the way in which services are delivered		6,000	6,000	40,000			The current microphone system is very out dated and has now become not cost effective to repair the faults that occur due to the excessive costs of repair. This is further compounded by the fact that there is no maintenance contract. There are now only 37 working microphones which does not even equal the number of Members on the Council which is 31. If any more microphones stop working, it would have a major impact on Council meetings with particular concern over public involvement and the ability to understand the business which goes on in meetings. This presents a great risk on the Council's reputation with the public and with Members. A more robust and modern system is required that can also able the feature of electronic voting. This feature now comes as standard in many modern systems and is a feature at many other authorities. A new system also gives the Council an opportunity to explore other functionality such as audio recording of meetings which can assist the decision making process. - Currently, estimated process have been sought from companies and if the bid is approved, a more detailed specification will be compiled. - This bid meets the Council's priorities by working with others and co-delivering the way in which services are delivered. This work will help to continually improve value for money in the business.	Perm	Revenue
									One off	ICT
Net Cost of Bid		0	6,000	6,000	40,000	0	0			

Description	Strategic Theme / Priority	Revenue			Capital			Comments	Term	Funded From	
		19/20	20/21	21/22	19/20	20/21	21/22				
Implementation of MyView	- Empowering and involving people in decisions about their area and their services - Facilitating people to access and use alternative service delivery channels - By devolving the right amount of responsibility, to the right people, at the right time. - Use Self Service to heighten employees' engagement with HR and communication throughout the council Savings on the current maintenance costs Initial Licensing & Implementation	5,000	5,000	5,000				- 'Digital workforce' is one of the three key priorities of the Digital Strategy agreed by Executive in July. - MyView (or similar) would provide employees with self service functionality to process common HR transactions - such as the approval of leave, absence management and management of the expenses claim process. Hundreds of such transactions take place every month and currently these are all processes that are paper based and undertaken manually. - Automating these transactions would increase efficiency and help create the technology enabled culture that we seek for employees - which would help with our aim of also encouraging customers to take up digitally enabled services. - MyView is currently used by NYCC and it is expected that - whilst an exercise would be undertaken to assess the full VFM of MyView - NYCC would provide SDC with access to MyView under the Better Together collaboration. - Not only would it be expected that both parties would benefit from economies of scale and pace of implementation but the adoption of MyView by SDC would also help streamline the payroll process as SDC staff would essentially connect directly to NYCC HR system. NYCC have already indicated that this would significantly reduce our payroll costs based on the current provision and their may be scope for further savings, e.g. via use of electronic payslips. Until this is confirmed the bid reflects the worst case. - Links directly to the corporate priority of delivering great value - Use of self service to heighten employees engagement with HR and communication throughout the Council - The impact on other service areas are that HR would be affected as they will have completed a full reworking of their service delivery model based on the implementation of MyView - the lack of revenue to support this would not realise the return on investment for the project. - Not implementing HR self service will limit the scope for increased efficiency and prevent SDC from realising savings on the provision of payroll services from NYCC.	Perm	Revenue	
										Perm	Revenue
										One off	ICT
Net Cost of Bid		3,500	3,500	3,500	0	0	0				
Equipment Refresh	- The Corporate Plan sets out that the Council will 'deliver great value' and modern, secure devices, suitable for officers and councillors to undertake their roles, are crucial to use systems effectively and ensuring services are efficient, delivering value for money. - The ICT Strategy 2018-2020, sets a programme for delivery of a digital workforce and this bid ensures the benefits continue to be realised in the future.						49,500	Perm	ICT		
Net Cost of Bid		0	0	0	0	0	49,500				
Replacement of repair diagnostic tool Purchase of customer repair diagnostic tool and surveying tool	Essential to maintain the existing level of service Section Improvement Plan Initiative Savings on the current maintenance costs	6,075	6,075	6,075				An up to date diagnostic tool allows for repairs to link to our schedule of rates and ensures accuracy in diagnosing repairs / costs and the correct resource to carry out the work - resulting in more repairs completed right first time. Two additional options are available: 1. To allow customers to use a version of the diagnostic tool through the tenant portal which would increase options for self serve and save time for the back office team in diagnosing repairs 2. Provision of a surveying tool for trades teams to complete asset surveys electronically and allow updates to transfer automatically to the back office system therefore reducing administrative time The software potentially would reduce reliance upon the contact centre for customers to report repairs as this would enable self service. The software would link directly to the new schedule of rates so that job costing is more accurate and the right trade is applied to the job Applying the right trade first time results in improved customer service Failure to replace the diagnostic software would impact on the time for back office staff to correctly diagnose repairs - this tool simplifies the procedure meaning that non-technical staff can raise works orders. failure to implement the customer facing diagnostics would reduce available functionality through the new tenant portal	one off	ICT	
										perm	Revenue
Net Cost of Bid		1,075	1,075	1,075	0	0	0				
Industrial unit improvement programme	Making the district a great place to do Business Previous bid in 2018/19 GF21 £25000				50,000	50,000	50,000	This is a replacement bid. The stock condition survey completed in 2014/15 vastly underestimated the levels of works required to ensure the units continue to offer a viable option for small businesses. Costs are estimates only. Works include the following:- - Internal refurbishment of communal areas (Prospect and Vivars Centre). - Refurbishment of individual unit facilities as they become void to provide an attractive proposition for potential tenants. - Replacement of corroding roof sheeting and failing skylights.	Fixed Term	Asset Mgmt	
Net Cost of Bid		-20,000	-20,000	0	50,000	50,000	50,000				
Works to South Milford Retaining Wall					15,000			One Off	Asset Mgmt		
On-Going Maintenance Programme		18,000	18,000	18,000				Perm	Revenue		
Net Cost of Bid		18,000	18,000	18,000	15,000	0	0				
Total Value of new GF Bids		21,700	9,200	29,200	251,100	50,000	99,500				

Page 76

Funding	19/20	20/21	21/22	19/20	20/21	21/22
ICT Reserve				76,100	0	49,500
Asset Management Reserve				175,000	50,000	50,000
P4G	18,500					
Revenue	3,200	9,200	29,200			
Total	21,700	9,200	29,200	251,100	50,000	99,500

HRA NEW BIDS 2019/20 - 21/22

Description	Strategic Theme / Priority	Revenue			Capital			Comments	Term	Funding
		19/20	20/21	21/22	19/20	20/21	21/22			
To procure the services of an appropriately qualified and competent Fire Risk Assessment specialist to complete individual assessments of circa 230 communal areas across SDC stock, providing legislatively compliant assessments and action plans for each property Capital improvement works resulting from FRA action plans (estimated as based on findings) Ongoing revenue budget implications to maintain stock to correct standard once achieved	SDC are required under the Regulatory Reform (Fire Safety) Order 2005 to complete and maintain Fire Risk Assessments for all communal areas located within our properties and to ensure we have a best practice approach to fire safety Compliance with the Regulatory Reform (Fire Safety) Order 2005 is a statutory responsibility, with penalties for non-compliance including unlimited fines and imprisonment.				75,000			- In the wake of Grenfell we have reviewed our approach to fire risk prevention for our flats and communal areas. - Although NYCC have undertaken fire risk assessments on some of our properties (offices, commercial units, community centres, Ousegate Lodge etc.) through our health and safety contract, it is evident that assessments relating to the communal areas in our domestic stock has not been updated and maintained. - Since it could be argued the Council does not currently comply with the requirements of the Regulatory - The bid for capital funding will result in an ongoing maintenance responsibility for the Council in order to maintain the required standards moving forwards. This is difficult to quantify, but is estimated to be circa £10,000 per annum initially. - The Council will also need to ensure at least one member of staff undertakes appropriate training to enable review of the FRA's every 12 months. - Procurement colleagues have identified a fully compliant framework (which SDC can access at no additional cost) for undertaking the assessment part of the programme.	One off	Major Repairs Reserve
Net Cost of Bid		0	2,500	10,000	100,000	50,000	0			
To undertake a complete assessment of all SDC properties to provide a legislatively compliant record of asbestos containing materials. To provide funding to facilitate removal of asbestos containing materials where their condition or location is considered inappropriate for management in situ.	Compliance with the Control of Asbestos Regulations 2012 is a statutory responsibility, with penalties for non-compliance including unlimited fines and imprisonment. The programme will deliver a complete assessment of our stock and ensure SDC is able to manage asbestos containing materials within our property portfolio in a legislatively compliant manner.				120,000	120,000	120,000	- The Council has an obligation under legislation to monitor the condition of asbestos containing materials within its property portfolio. - This will necessitate re-inspection of properties on an annual basis by a competent individual. - To ensure the Council complies with the requirements of the Control of Asbestos Regulations 2012, appropriate resource should be secured as soon as possible. - The risk of not undertaking this work is that we may fail in our statutory duty as a landlord, potentially exposing customers, visitors, employees and contractors to the risk of exposure to asbestos fibres.	Perm	Major Repairs Reserve
Net Cost of Bid		10,000	10,000	10,000	120,000	120,000	120,000			
Door replacement programme.	Effectively maintain the condition of the SDC housing stock				197,600	197,600	197,600	This is a replacement bid based on replacing the doors to 5% of our properties per year. Costs are based on currently procured rates (circa £650/door). Previous Cyclical Repairs bid £160K perm.	Perm	Major Repairs Reserve
Net Cost of Bid		0	0	0	37,600	37,600	37,600			
Window Replacement programme	Effectively maintain the condition of the SDC housing stock				453,300	453,300	453,300	This is a replacement bid based on replacing windows to 5% of our properties per year. Costs are based on currently procured rates (circa £2,200/property). Previous bid in 17/18 £130K 18/19 £120K perm.	Perm	Major Repairs Reserve
Net Cost of Bid		0	0	0	333,300	333,300	333,300			
Kitchen Replacements	Effectively maintain the condition of the SDC housing stock				180,000	180,000	180,000	This is a replacement bid based on replacing kitchens in 2% of our properties per year. Costs are based on most recently procured rates +2.5% for inflation (circa £3,000/property). Previous bid in 17/18 £140K 18/19 £130K perm.	Perm	Major Repairs Reserve
Net Cost of Bid		0	0	0	50,000	50,000	50,000			
Bathroom Replacements	Effectively maintain the condition of the SDC housing stock				134,400	134,400	134,400	This is a replacement bid based on replacing bathrooms in 2% of our properties per year. Cost are based on most recently procured rates +2.5% for inflation (circa £2,152.50/property) Previous bid in 17/18 £30K 18/19 £30K perm.	Perm	Major Repairs Reserve
Net Cost of Bid		0	0	0	104,400	104,400	104,400			
CO detection installation system	Effectively maintain the condition of the SDC housing stock				226,600	0	0	Installation of mains powered CO detection (assumes 75% of properties require new installation) to deliver best practice level of detection across property portfolio.	One off	Major Repairs Reserve
Net Cost of Bid		0	0	0	226,600	0	0			
CO detection replacement system	Effectively maintain the condition of the SDC housing stock				0	37,800	37,800	Installation of replacement mains powered CO detection (assumes 25% of properties with existing installation require replacement) to deliver best practice level of detection across property portfolio.	One off	Major Repairs Reserve
Net Cost of Bid		0	0	0	0	37,800	37,800			
Communal area refurbishment programme					230,000	230,000	230,000	Links to sustainable tenancies. Estimated costs for refurbishing the communal entrances and staircases of our domestic blocks across the district. The programme will tie in with potential works identified through the FRA process. Estimated costs are based on completing 10% of our blocks per annum (circa £10,000/block).	Perm	Major Repairs Reserve
Net Cost of Bid		0	0	0	230,000	230,000	230,000			
Footpath Repairs					172,500	172,500	172,500	Refurbishment of Council owned footpaths across the district. Inspections in recent years have identified circa 4,000 metres of path which is in need of replacement. Bid based on replacing circa 1,500m/annum @ approximately £112.20/metre)	Perm	Major Repairs Reserve
Net Cost of Bid		0	0	0	172,500	172,500	172,500			
Energy efficiency programme - pilot programme of replacing solid fuel or electric only heating with air source heat pump systems.					150,000	0	0	Links to sustainable tenancies. Estimated costs for pilot programme of switching 12 to 15 properties from solid fuel or electric only heating to energy efficient air source heat pump systems. Programme would look to upgrade other energy efficiency measures at the same time to maximise benefits e.g. doors, windows, cavity wall insulation etc.) Estimated costs circa £10,000/property).	One off	Major Repairs Reserve
Net Cost of Bid		0	0	0	150,000	0	0			
Sewage pumping station replacement programme					120,000	120,000	120,000	Many of our sewage pumping stations are reaching the end of their lifecycles and are in need of replacement. The programme is aimed at replacing 2 stations per annum based on estimated costs received from our existing contractor of £60,000 per station. This bid covers SDC funding all works pending a report to assess if we fully fund or recharge private owners connected	Perm	Major Repairs Reserve
Net Cost of Bid		0	0	0	120,000	120,000	120,000			
Total Value of new HRA Bids		10,000	12,500	20,000	1,644,400	1,255,600	1,205,600			

Funding	19/20	20/21	21/22	19/20	20/21	21/22
Revenue	10,000	12,500	20,000			
HRA Major Repairs Reserve				1,644,400	1,255,600	1,205,600
	10,000	12,500	20,000	1,644,400	1,255,600	1,205,600

Savings Plan

Strategic Category	Lead	General Fund - Potential Saving	2018/19 Forecast £000's	2019/20 Target £000's	2020/21 Target £000's	2021/22 Target £000's	Update/Comments
Growing resources	Leadership Team	Income generation	0	12	120	185	Proposals to be considered for 2019/20 including. Further opportunities to be identified for 2020/21 onwards.
Growing resources	Julie Slatter	Asset rationalisation - Ex Profiles Gym	14	28	28	28	Ex Profiles Gym let to a charity for a term to early 2020 then rolling annually thereafter.
Growing resources	Julie Slatter	Asset rationalisation - Market Cross	0	48.5	97	97	Achieving this saving is dependent upon the contact centre move from Market Cross. This will require redevelopment of the Civic Centre to accommodate and finding a tenant to replace us. This remains under discussion but works are unlikely to be completed in the current financial year and this savings plan assumes the move happening half way through 2019/20. Police co-location is now expected in February 2019, this saving reflects the new rent level following negotiations.
Growing resources	Dave Caulfield	New SDHT Loans	1.3	100	100	100	Loans currently made to the Selby District Housing Trust will generate £18.3k of interest returns in 2018/19. From 19/20 loans include Riccall, Ulleskelf, and Ousegate. The revised and expanded Housing Development Programme agreed by Executive in January 2018 identifies a significant role for the SDHT in delivery which will provide further loan opportunities for SDC. Targets will be updated as new loans are approved.
Growing resources	Dave Caulfield	Commercial property acquisition	0	50	100	250	The current programme for growth has £3.5m earmarked for commercial property acquisition which will generate a direct return on investment. At this level, a return of circa 7% would be required on these acquisitions to achieve the full £250k target. Current market conditions suggest that this level of return is unlikely in the short to medium term. Two former bank buildings have been purchased and plans for their redevelopment are in progress - together these are targeted to achieve £100k of net income per annum. In order to achieve the £250k target it is likely that additional investment funds would be needed but this will be kept under review as the programme moves through delivery. Indicatively with a return of 4%-5%, a further £1.5m - £3m invested would be needed to achieve the £250k return in 20/21. Progress will be monitored as projects are delivered - subject to availability and should it be considered beneficial to increase the funds available for investment, a business case would be brought for consideration.

Strategic Category	Lead	General Fund - Potential Saving	2018/19 Forecast £000's	2019/20 Target £000's	2020/21 Target £000's	2021/22 Target £000's	Update/Comments
Growing resources	Dave Caulfield	Business Rates Growth	0	0	100	200	The Economic Development team will deliver the Council's Economic Development Strategy and proactively foster new inward investment and indigenous business growth. This is however high risk due to uncertainties regarding the BRR system reset from 20/21. This cautious target assumes that the reset brings the Council out of its current safety net position and enables modest year on year growth to be realised. The pipeline of business growth forecast through the Economic Development Framework suggests significant opportunities ahead but the level of funding that will ultimately be delivered to the Council is subject to the future Local Government financing system. Post the system reset and next spending review, a clearer forecast of the potential for this income will be established.
Growing resources	Karen Iveson	Property Fund Investment	0	200	200	200	Investment of £5m in 2 property funds at an estimated net return of 4% p.a. - actual returns subject to fund performance. Funds placed at the end of October 2018. 2018/19 returns offset by entry fees.
Growing resources	Karen Iveson	Increase cap on investment income - NEW	0	50	50	50	£300k cap included in MTFS - potential to reassess and increase if outlook for interest rates remains high but reducing balances will counteract so this brings some risk. Balances and expected rates for 2019/20 suggest that this is low risk for that year. Thereafter this will be kept under review and confirmed as cashflow forecasts are updated and interest rates are known.
Total Growing Resources			15.3	488.5	795	1110	
Transforming	Leadership Team	Process improvements /on-line transactions	42.5	200	250	300	Channel shift project on track with PID and funding approved and additional savings identified for delivery in next two years. Quick wins already being delivered in phase 1 with implementation of Revs & Bens online forms - latest information shows half of all new benefit claims being made online. The new housing/asset management system will be fully implemented by early 19/20 with online self-serve functionality for tenants. Potential savings are currently being collated but the savings remain at risk until these are confirmed. Savings expected from changes in DR arrangements, new Licensing System, roll out of tablet devices and modern.gov software for councillors and IDOX environmental health system. Project brief for 'Digital Workforce Project' to support a more flexible and mobile workforce currently being developed. The savings represent approximately 12 FTE most of which should be achievable through natural turnover. Should there be transition costs the Spend to Save Reserve remains available to cover such costs.
Transforming	Dave Caulfield	Planning service review	60	100	100	100	This saving, which was targeted to achieve £200k by 2018/19, has been reviewed following the Government's increase of planning fees and with it the requirement to reinvest in the service. Some internal efficiencies have been achieved in 2018/19 and further are planned for 2019/20.

Strategic Category	Lead	General Fund - Potential Saving	2018/19 Forecast £000's	2019/20 Target £000's	2020/21 Target £000's	2021/22 Target £000's	Update/Comments
Transforming	Dave Caulfield	Planning service review			100	100	This saving is part of the planning service review above - longer term savings require benefits to be realised from the Enterprise system.
		Total Transforming	102.5	300	450	500	
Commissioning	Julie Slatter	Environmental contract		40	40	40	The Environmental service contract could deliver savings but this would be dependent on approval for changes to the provision of clinical waste. A report on options will be brought forward for consideration by the Executive.
Commissioning	Julie Slatter	Procurement partnership		12	12	12	Selby is exiting the North Yorkshire Procurement Partnership from April 2019, which will achieve £12k saving in the general fund. Approved by the Executive 4/10/2018.
Collaboration	Julie Slatter	Work carried out for third parties	30	30	30	30	Work for another District Council has been agreed and at present is expected to continue.
Commissioning	Julie Slatter	Contract renewals		10	20	20	A saving is expected from five contract renewals due in 19/20.
		Total Collaboration & Commissioning	30	92	102	102	
Technical/housekeeping	Karen Iveson	Remove contributions to pension reserve - NEW	0	100	100	100	This mitigates above inflationary rises in future pension contributions - risk to be managed within base budget from 2019/20
Technical/housekeeping	Karen Iveson	Reduce contingencies - NEW	0	160	160	160	£260k is included in the revenue budget to cover unforeseen items - £110k for operational items and £150k for additional commissions from the Executive. This option would reduce the operational contingency to £100k (the minimum advisable for operational purposes) and draw down funding from the Contingency reserve for additional Executive Commissions as part of the annual budget process. The Contingency reserve would be topped up through windfalls/in-year surpluses.
		Total Technical/Housekeeping	0	260	260	260	
		To be delivered not budgeted	148	1,141	1,607	1,972	

HRA - Potential Saving	2018/19 Forecast £000's	2019/20 Target £000's	2020/21 Target £000's	2021/22 Target £000's	Update/Comments
Process improvements /on-line transactions	0	194	194	194	The new housing/asset management system will be fully implemented by early 19/20 with online self-serve functionality for tenants and streamlined back office processes. Potential savings are currently being collated but the savings remain at risk until these are confirmed. Project brief for 'Digital Workforce Project' to support a more flexible and mobile workforce currently being developed.
Commissioning & collaboration	0	8	8	8	Further saving still to be identified.
NYCC Procurement Partnership		12	12	12	Selby is exiting the North Yorkshire Procurement Partnership from April 2019, which will achieve £12k saving in the general fund. Approved by the Executive 4/10/2018.
To be delivered not budgeted	-	214	214	214	

CAPITAL EXPENDITURE
APPENDIX H

The tables below shows projected expenditure against available spending powers for 2019/20 Under the Prudential Code for capital finance the Council may also borrow additional funds so long as it is able to afford the repayments.

General Fund	2019/20 £'000	2020/21 £'000	2021/22 £'000
<u>Expenditure:</u>			
Asset Management Plan Leisure Centres & Park	19	76	1
Enhancement of Car Parks	300		
Transforming Customer Services	110		
Industrial Unit Improvement Programme	50	50	50
Works to South Milford Retaining Wall	15		
Housing Development (Loans to SDHT)	7,694		
Repair Assistance Loans	30	30	
Disabled Facilities Grant	347	347	347
Virtual Servers, Software & Storage	25		
Northgate Benefits & Taxation system development	15	15	15
Disaster Recovery Improvements	20		
Microsoft Licensing	85	85	85
Laptop Refresh	40	33	49
Civica Pay	36		
Microphone System	40		
Mobile Working Solution / Digital Workforce	60	16	
Projected Expenditure	8,886	652	547
<u>Funding Sources:</u>			
Capital Receipts	30	30	
Grants and Contributions	347	347	347
Reserves	815	275	200
S106 Commuted Sums	220		
Borrowing	7,474		
Projected Funding	8,886	652	547

Housing Revenue Account	2019/20 £'000	2020/21 £'000	2021/22 £'000
<u>Expenditure:</u>			
Electrical Rewires	240	240	240
Central Heating Systems	545	545	545
Roof Replacement	400		
Damp Surveys & Works	220	220	220
Door & Window Replacements	491	491	491
Kitchen Replacements	180	180	180
Pre Paint & Cyclical Repairs	160	160	160
Void Property Repairs	145	145	145
Fencing & Gates	40	40	40
Bathroom Replacements	134	134	134
Pointing Works	300	300	300
Community Centre Refurbishment	30		
Sheltered Homes Adaption	165	150	
Empty Homes Programme	700	700	
Estate Enhancements	100		
St Wilfrids Court Refurbishment	100		
New Build Projects	2,280		
Fire Risk Assessments	100	50	
Asbestos Assessmentss	120	120	120
Co Detection Installation Programme	227		
Co Detection Replacement Programme		38	38
Communal Area Refurbishment Programme	230	230	230
Footpath Repairs	172	173	173
Energy Efficiency Programme	150		
Sewage Pumping Station Replacement Programme	120	120	120
Projected Expenditure	7,349	4,036	3,136
<u>Funding Sources:</u>			
Revenue	4,369	3,336	3,136
Major Repairs Reserve			
Borrowing	1,900		
Capital Receipts	340	280	
HCA Grant Funding	210	210	
S.106 Commuted Sums - affordable housing subsidy	530	210	
Projected Funding	7,349	4,036	3,136

Programme for Growth Project Updates

Project	Lead Officer	Budget £	Update
Healthy Living Concepts Fund	Angela Crossland	82,176	The project has now been initiated with North Yorkshire County Council (NYCC) to develop Local Cycle and Walking Infrastructure Plans for the 3 towns. Project will be delivered over 2018-19/2019-20. Sustainable Travel Packs and cycle maps also being developed in 2018-19. The remaining £27,000 is earmarked for projects related to Selby Health Matters Action Plan (3 year plan). A Workshop with Inspiring Healthy Lifestyles (IHL) and NYCC Public Health will take place in January 2019 which should support identification of further potential IHL initiatives.
Visitor Economy (Tourism & Culture)	Angela Crossland	542,193	This is a multi-year fund covering 3 years of projects to deliver the Visitor Economy Strategy & Action Plan agreed by Executive in March 2018. The staffing is now in place and a 3 year costed work plan has been finalised. We are currently looking at commissioning baseline activity data.
Celebrating Selby 950	Angela Crossland	50,000	The contract for a 950 Co-ordinator/Curator is in place and will result in be a spend of £5k in this financial year. The second part of this contract will begin in April 2019. The remaining £45k will be carried into 2019/20 as match funding for bids to the Art Council and Heritage Lottery Fund to deliver a dynamic and exciting programme of events.
Retail Experience - Tadcaster Linear Park	Angela Crossland	160,003	Moving to final design and costing. Draw down of YorVenture grant expected early 2019 to support Final scheme design checks underway.
Growing Enterprise	Iain Brown	76,761	Phase 2 of Ad: Venture and Digital Enterprise match-funded fees results in forecast expenditure of £55K in Q4. Selby District Business Week may now be funded by Leeds City Region (LCR) Growth Service giving a forecast revised down to £1K in Q4. Final payment on CoStar license is £4K in Q3 with contract terminating in Oct '19.
Marketing Selby's USP	Mike James	78,108	We have invested in creating new material to tell the story of our strategic big development sites, which will be ready to share from the New Year. This now includes a focus on material that can tell the positive benefits of growth for people already living and working in the area e.g. access to higher skilled jobs and a wider range of employment opportunities. Meanwhile we have continued our engagement with LCR LEP to ensure that Selby's story is included in the regional campaign in the lead-up to MIPIM 2019.
Tour De Yorkshire	Angela Crossland	150,000	Selby town is hosting the SDC to host the finish of the first stage of Tour de Yorkshire (TdY) in May 2019, which will give the town a massive publicity boost in the year of the Abbey's 950 celebrations
Retail Experience - STEP	Angela Crossland	108,340	The Pop-up installations have now been moved to other locations in the town centre to complement/test the ideas proposed for the car park refurbishment project. A networking/membership drive event for the Selby Town Enterprise Partnership (STEP) is proposed for March 2019. There is a re-focusing of STEP priorities to align with the Tourism and Culture and Towns Regeneration work streams.
Towns Masterplanning (Regeneration)	Angela Crossland	120,000	Brief in draft for approval to for next stage of work. Brief to include 2 phases of approach. Phase 1 - stakeholder and literature review of previous work/data. Phase 2 will be a deliverables plan for each town centre. An internal Project Delivery scoping meeting is scheduled for early in the New Year and it will be aligned to work around potential Future High Street Fund bids. It is anticipated that the project will split into separate work streams for each town and across financial years.

Project	Lead Officer	Budget £	Update
Strategic Sites Masterplanning	Iain Brown	200,613	Funded due diligence work on Olympia Park, Portholme Road, Edgerton Lodge and Selby Station Masterplan. Likely future projects will include strategic infrastructure response to Sherburn Employment sites, improvements to the area around the railway station in Selby and the Crosshills site. Planned Q4 expenditures include £30K consultant work on Station Cycle and walk ways to support a future Transforming cities Fund bid; £25K funding for Church Fenton to jointly commission a detailed business plan for the Create Yorkshire film and creative industries hub.
Access to Employment	Iain Brown	40,000	Liaison with local businesses has emphasised the increasing severity of labour market challenges at Sherburn-in-Elmet. This will likely be exacerbated by the impending development of S2. Through collaboration managed by the Economic Development team between Arriva, WYCA, and Sherburn based businesses, we are close to a transport solution to improve scheduled public transport services. The option for Selby District Council to underwrite short term risk using P4G funding is being considered if necessary to achieve a collective agreement between all stakeholders. Forecast spend - £25k in Q4.
Empty Homes	June Rothwell Simon Parkinson	115,475	Overall the project is progressing well and there have been some good early results and the Empty Homes Officer has directly helped bring empty homes back into use by offering advice and assistance to owners. Homes England Grant funding has been secured to support the options of voluntary and compulsory purchase. A total of £390,000 has been secured, subject to individual business cases for the properties, to purchase and repair the empty homes, bringing them to a habitable standard. This indicative funding is to bring back in to use 10 empty properties up to 2020, providing up to £39,000 per property. We are currently pursuing our first Compulsory Purchase Order and a report will be taken to executive in December 2018. The process can be long and quite complex but a successfully CPO will send the message that this is a priority for us. We can also use the funding to purchase 'right to buy' buy backs and this is something we will consider on a case by case basis.
Selby District Housing Trust	Iain Brown	38,300	This fund is to support SDHTs role in the more ambitious HDP approved by Executive in January 2018 a new post of Trust Housing officer has been established but is currently unfilled. The post will be advertised again in the New Year.
Stepping Up' Housing Delivery	Iain Brown	24,862	The Project will support the implementation of the Housing Development Programme approved by the Executive in January 2018.
Olympia Park	Iain Brown	435,000	The majority of the surveys and reports have now been completed on the site, and the lead developer is using these to inform the a review of the potential viability of alternative engineering design solutions to address the flood and ground condition issues identified through this up to date survey work. This will inform the creation of a comprehensive masterplan for the development of the whole site. This evidence base and masterplan will support the submission of a planning application. The Council has a dedicated project manager to lead the delivery of this key site. We are also continuing to work with our legal and property advisers to explore strategies for the delivery of the site, ensuring we maintain a number of options. The Council has secured £8.878m Housing Infrastructure Funding and is now progressing discussions with Homes England regarding the agreement of grant conditions and drawdown of the Housing Infrastructure Fund investment.
Making our Assets work	Iain Brown	180,000	The budget is targeted at funding due diligence work to bring the Council's assets to the market. These include small garage sites, Portholme Road, Edgerton Lodge, Barlby Road depot and Bondgate. The Executive has recently authorised the former Barlby Road Depot site to be marketed for employment use. £1.7k valuation fees for Barlby Depot during Q4.

Project	Lead Officer	Budget £	Update
Commercial property acquisition fund	Iain Brown	3,500,000	Two additional units are under review and are subject of discussions around developing a business case. £650K planned to cover further potential acquisition.
High Street shop fronts	Angela Crossland	100,000	Scope in place and workshop arranged with Historic England to explore heritage development initiatives. This initiative is also interdependent with the Towns Masterplanning project. Funds are allocated to be spent within next 2 financial years and as such £50k is to be carried forward to support year 2. A project officer has now been assigned to lead this from within the Communities and Partnerships team.
New lane - Public Realm	Iain Brown	200,000	This project has been delayed and new timelines are to be determined because of current capacity issues at both SDC and NYCC. The design work will be completed in 2018/19. No expenditure anticipated in 18/19.
		6,201,831	

P4G Budget Position	£'000
P4G Investment Fund Fund - Per MTFS	10,934
Less 2017/18 spend	-666
	10,268
Projects	6,202
HDP Feasibility & SDHT Support Post	251
Balance Before Salaries	3,815
P4G Salaries 17/18	635
P4G Salaries 18/19 (Forecast)	988
Remaining Salaries	2,020
P4G Contingency	172

Reserve Balances 2018 - 2022

Description	Estimated Balance 31 March 18 £	Use £	Transfers £	Contribs £	Estimated Balance 31 March 19 £	Use £	Contribs £	Estimated Balance 31 March 20 £	Use £	Contribs £	Estimated Balance 31 March 21 £	Use £	Contribs £	Estimated Balance 31 March 22 £	Comments				
Revenue Reserves																			
General Fund																			
Reserves to fund future commitments:																			
PFI Scheme	3,643,442	-	418,430	292,169	3,517,181	-	426,788	295,156	3,385,549	-	435,323	302,759	3,252,985	-	444,030	309,672	3,118,627		
ICT	573,571	-	1,068,272	500,000	191,000	196,299	-	321,100	191,000	66,199	-	149,000	191,000	108,199	-	149,500	191,000	149,699	
Asset Management	1,004,960	-	1,057,848	250,000	200,000	397,112	-	497,002	200,000	100,110	-	128,998	200,000	171,112	-	53,825	200,000	317,287	
Election	113,934	-	-	34,000	147,934	-	136,000	34,000	45,934	-	-	34,000	79,934	-	-	38,000	-	117,934	
	5,335,908	-	2,544,550	750,000	4,258,527	-	1,380,890	720,156	3,597,793	-	713,321	727,759	3,612,231	-	647,355	738,672	-	3,703,548	
Reserves to fund growth and improvement:																			
Special Projects/Unallocated	-	-	5,000,000	5,000,000	-	-	-	4,192,250	4,192,250	-	-	4,192,250	-	-	-	-	-	4,192,250	Assumes £5m of renewable energy income is allocated to Property Funds in 2018/19 and remainder to BRER to support savings plan. Subject to confirmation of receipts in 2019/20 the remainder of renewable energy receipts less £3.2m which is held in BRER to support the revenue budget and £25k which is allocated to P4G, is available for allocation.
Special Projects / Programme for Growth	7,307,569	-	7,499,598	880,000	687,971	-	1,066,745	1,273,414	894,640	-	594,820	-	299,820	-	299,820	-	-	-	P4G resources/spend 2018/19 to 2021/22 = £9.461m
S106 Affordable Housing Commuted Sums	3,490,610	-	1,098,940	1,218,744	3,610,414	-	750,000	2,437,488	5,297,902	-	210,000	1,223,266	6,311,168	-	-	-	-	6,311,168	Funds ring-fenced and spend subject to progress on housing developments
Discretionary Rate Relief Fund	268,492	-	100,000	-	168,492	-	-	-	168,492	-	-	-	168,492	-	-	-	-	168,492	
NYCC Collaboration	50,000	-	-	-	50,000	-	-	-	50,000	-	-	-	50,000	-	-	-	-	50,000	
Spend To Save (Business Development)	498,452	-	313,924	150,000	334,528	-	-	-	334,528	-	-	-	334,528	-	-	-	-	334,528	
	11,615,123	-	14,012,462	150,000	7,098,744	-	1,816,745	7,903,152	10,937,812	-	804,820	1,223,266	11,356,258	-	299,820	-	-	11,056,438	
Reserves to mitigate financial risk:																			
Pensions Equalisation Reserve	741,643	-	-	750,000	100,000	91,643	-	100,000	191,643	-	-	100,000	291,643	-	-	100,000	-	391,643	
Business Rates Equalisation	1,604,415	-	845,751	2,804,000	3,562,664	-	-	3,320,595	6,883,259	-	745,349	-	6,137,910	-	293,504	-	-	5,844,406	Resources held to support revenue budget to 2021/22 - drawdown is subject to savings delivery
Local Plan	550,231	-	479,360	250,000	50,000	370,871	-	97,500	50,000	-	167,500	50,000	205,871	-	-	50,000	-	255,871	
Contingency	497,600	-	-	250,000	247,600	-	-	247,600	247,600	-	-	-	247,600	-	-	-	-	247,600	
General Fund	1,653,222	-	-	150,000	1,503,222	-	-	1,503,222	1,503,222	-	-	-	1,503,222	-	-	-	-	1,503,222	Minimum working balance £1.5m
	5,047,111	-	1,325,111	900,000	2,954,000	-	97,500	3,470,595	9,149,095	-	912,849	150,000	8,386,246	-	293,504	150,000	-	8,242,742	
Total GF Revenue reserves	21,998,142	-	17,882,123	-	10,769,913	-	3,295,135	12,093,903	23,684,700	-	2,430,990	2,101,025	23,354,735	-	1,240,679	888,672	-	23,002,728	
HRA																			
HRA Unallocated Balance	2,266,697	-	-	-	2,266,697	-	-	-	2,266,697	-	-	-	2,266,697	-	-	-	-	2,266,697	
C/fwd Budgets (HRA)	1,651,796	-	1,651,796	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Major Repairs Reserve - Capital Programme	4,330,024	-	3,922,796	3,070,443	3,477,671	-	4,369,400	3,218,680	2,326,951	-	3,335,600	3,781,206	2,772,557	-	3,135,600	4,036,192	-	3,673,149	
Sub Total	8,248,517	-	5,574,592	-	3,070,443	-	4,369,400	3,218,680	4,593,648	-	3,335,600	3,781,206	5,039,254	-	3,135,600	4,036,192	-	5,939,846	
Total Revenue Reserves	30,246,659	-	23,456,715	-	13,840,356	-	7,664,535	15,312,583	28,278,348	-	5,766,590	5,882,231	28,393,989	-	4,376,279	4,924,864	-	28,942,574	
Capital Reserves																			
General Fund Receipts (after P4G removed)	1,220,043	-	-	-	1,220,043	-	-	-	1,220,043	-	-	-	1,220,043	-	-	-	-	1,220,043	
HRA Receipts	3,205,327	-	625,000	500,000	3,080,327	-	370,000	500,000	3,210,327	-	310,000	500,000	3,400,327	-	-	500,000	-	3,900,327	
Other Capital Receipts	493,000	-	325,000	-	168,000	-	-	-	168,000	-	-	-	168,000	-	-	-	-	168,000	
Capital Receipts (HRA Reserved)	23,205	-	253,205	230,000	0	-	250,000	250,000	0	-	-	-	0	-	-	-	-	0	
Total GF Capital Receipts	4,941,575	-	1,203,205	-	730,000	-	620,000	750,000	4,598,370	-	310,000	500,000	4,788,370	-	-	500,000	-	5,288,370	

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Report Reference Number: C/18/10

To: Council
Date: 21 February 2019
Ward(s) Affected: All
Author: Michelle Oates, Senior Accountant
Lead Executive Member: Councillor Lunn, Executive Member for Finance and Resources
Lead Officer: Karen Iveson, Chief Finance Officer

Title: Treasury Management – Treasury Management Strategy Statement 2019/20, Minimum Revenue Provision Policy Statement 2019/20, Annual Investment Strategy 2019/20 and Prudential Indicators 2019/20.

Summary:

This report presents for approval the proposed Treasury Management Strategy together with the Minimum Revenue Provision Policy Statement, Annual Investment Strategy for 2019/20, Capital Strategy 2019/20 and Prudential Indicators 2019/20 as required by the Department of Communities and Local Government and CIPFA (as updated 2017).

Recommendations:

It is recommended that:

- i) The Operational Borrowing Limit for 2019/20 is set at £85m
- ii) The Authorised Borrowing Limit for 2019/20 is set at £90m
- iii) Councillors delegate authority to the Chief Finance Officer to effect movement within the agreed authorised boundary limits for long-term borrowing for 2019/20 onwards.
- iv) Councillors delegate authority to the Chief Finance Officer to effect movement within the agreed operational boundary limits for long-term borrowing for 2019/20 onwards.
- v) The treasury management strategy statement 2019/20 be approved.

- vi) **The minimum revenue provision policy statement for 2019/20 be approved.**
- vii) **The treasury management investment strategy for 2019/20 be approved.**
- viii) **The prudential indicators for 2019/20 which reflect the capital expenditure plans which are affordable, prudent and sustainable be approved.**
- ix) **The Capital Strategy for 2019/20 be approved.**

Reasons for recommendation:

To ensure the Council's Treasury Management Strategy and associated policies are prudent and affordable.

1. Introduction and background

- 1.1 The Council is required to operate a balanced budget, which broadly means that cash raised during the year will meet cash expenditure. Part of the treasury management operation is to ensure that this cash flow is adequately planned, with cash being available when it is needed. Surplus monies are invested to maximise returns within a policy which prioritises security of capital and liquidity of funds.
- 1.2 The second main function of the treasury management service is the funding of the Council's capital programmes. These capital programmes provide a guide to the borrowing need of the Council, essentially the longer term cash flow planning to ensure that the Council can meet its capital spending obligations. This management of longer term cash may involve arranging long or short term loans, or using longer term cash flow surpluses. On occasion any debt previously drawn may be restructured to meet Council risk or cost objectives.
- 1.3 The Council's Treasury Management Strategy is attached at Appendix A. The strategy sets out the limits to borrowing and investments that officers will apply over the coming year in order to ensure the Council's capital investments plans are affordable, prudent and sustainable.
- 1.4 The strategy incorporates Statutory MRP guidance where it has been updated in 2018, which has largely had little impact for this Council. The key difference within the strategy is disclosures relating to Voluntary Revenue Provision payments, (VRP).

2. The Report

2.1 Treasury Management Strategy

- The Council's 'Authorised Limit for External Debt' is £90m for 2019/20, which is the maximum that can be borrowed in the year;
- The 'Operational Boundary' (the maximum amount that is expected to be borrowed) is £85m in 2019/20, which includes £5m headroom for any unusual cashflow purposes, should this be required;
- The increase in borrowing limits reflects the stepping up of the Housing Delivery Programme, which includes HRA investment and loans to Selby & District Housing Trust.
- Within its Treasury Management Strategy, the Council will contain its exposure to the possibility of loss that might arise as a result of having to seek early repayment or redemption of principal sums, by setting limits for the amounts that can be invested from 1 up to 5 years (ranging from £20m down to £5m respectively);
- The Council operates 2 borrowing pools – one for the General Fund and one for the HRA.
- The Council has a range of loans with differing maturity limits in order to smooth out the repayment profile – the value of loans at 31/12/18 is £59.3 at an average rate of 4.19%;
- Total investments are around £64m at an average rate of 0.89%.
- Investment rates available continue to remain at relatively low levels as a result of the historically low Bank Rate. Whilst the Council is experiencing exceptional annual receipts as a result of Renewable Energy Business Rates, options to earmark some of those receipts for Commercial Investment have been developed, with £5m invested in property funds, and a further £3.5m fund earmarked for direct Commercial Property Investment. Whilst the latter is not strictly classified as Treasury Investment, it is important to recognise the inter-relationship with the Treasury function and the impacts on cashflow and revenue returns. .

2.2 Minimum Revenue Provision (MRP) Policy

- The Council is required to determine the amount of MRP it considers prudent for each financial year. The MRP policy is based on the Government's statutory guidance. Under the new guidance, any amount charged above the statutory minimum provision as voluntary payments (VRP), can if needed be reclaimed for use in future years, if required and prudent, providing the cumulative amounts are disclosed each year in the policy.
- MRP for new borrowing will be based on the asset life;

- Total MRP for 2019/20 is £0.255m (£0.179m internal borrowing, and £0.076 for leases).
- VRP for 2019/20 is £1.26m, in relation to HRA external borrowing.

2.3 Annual Investment Strategy

- The Council's day to day investments are now managed as part of an overall investment pool operated by North Yorkshire County Council (NYCC);
- In order to facilitate the pooling of investments with NYCC, the Council's Annual Investment Strategy and Lending List has been aligned to that of NYCC;
- While it is recognised that there is value in pooling investments, responsibility for risk management lies wholly with the Council and officers of the Council and NYCC are explicitly required to follow Treasury Management policies and procedures;
- The priorities for investing the Council's cash reserves remain the security of capital and liquidity of funds;
- Cash balances for investment are expected to range between £36m and £51m over the coming year dependent upon cashflows;
- An average rate of return of 1% has been estimated for 2019/20. and loans to Selby District Housing Trust will help to increase overall returns.
- NYCC have included a range of alternative options, including Certificates of Deposit, Bonds and UK Government Gilts within its Investment Strategy in order to improve returns over the coming year.
- In addition to the types of investment set out in Schedule A and B, Treasury Management staff are currently investigating a number of alternative options, in order to assess whether they meet the Councils investment priorities and criteria list.
- As part of the monitoring and review of investment options, Property Funds were identified as an instrument for investment following discussions with the County Councils Treasury Management consultants. £5m was placed during 2018/19 and consideration will be given to further investment.

2.4 Prudential Indicators

- The Council plans to spend £18.6m on capital projects in 2019/20;
- This expenditure will be funded from the HRA major repairs reserve, earmarked revenue reserves, capital receipts, grants or revenue resources & borrowing;

- Principle (Minimum Revenue Provision or MRP) and interest repayments on current and proposed borrowing, less interest on investments, equate to 0.18% of the General Fund Budget and 35.65% of the HRA net budget in 2019/20.
- Taking into account all capital spending plans during 2019/20 there is a borrowing requirement of £7.474m for the General Fund and £1.900m for the HRA.

2.5 Capital Strategy

- In December 2017, CIPFA issued a revised Treasury Management Code of Practice and Prudential Code. The revised Codes require all local authorities to produce a Capital Strategy. The Capital Strategy provides a high level overview of how capital expenditure, capital financing and treasury management contribute to the provision of Corporate and service objectives and takes account of stewardship, value for money, prudence, sustainability and affordability. As a result, a Capital Strategy is now included as **Appendix F** to this report.
- The current economic environment is resulting in low returns on traditional treasury management investments. As a result, the Council is currently progressing an alternative strategic approach to managing cash resources through alternative, non-core investments, in addition to the Extended Housing Delivery Programme, encompassing loans to SDHT. Alternative investments are currently earmarked as capital expenditure and as such are included in the Capital Programme.
- The Capital Strategy provides a projection of how capital expenditure plans, including alternative investment plans, impact on capital borrowing and repayment plans.
- The Capital Programme currently includes existing investment in Property Funds, a Commercial Property investment fund and further loans to support the Housing Delivery Programme. Whilst there are no plans at present to place further investments with Property Funds, it will remain a consideration, subject to performance of current investment and pending purchase of commercial property

3. Alternative Options Considered

A range of investment and borrowing options are available within the proposed strategy.

4. Implications

4.1 Legal Implications

There are no legal issues as a result of this report.

4.2 Financial Implications

There are no direct financial implications as a result of this report. However, the Chief Finance Officer will, with advice from the Council's advisor (Link) look to maximise opportunities with the Council's investment and borrowing position.

4.3 Policy and Risk Implications

Effective management of the Council's treasury activities seeks to minimise the cost of borrowing and maximise investment returns within a framework where surplus monies are invested to maximise returns and commensurate with a policy which prioritises security of capital and liquidity of funds. The setting and monitoring of Prudential Indicators, long term cash flow forecasting, the appropriate spread of borrowing and investment terms, investment in approved investment types and adherence to a risk assessed counter party list provides a robust framework for managing treasury related risk.

4.4 Corporate Plan Implications

There are no Corporate Plan implications as a result of this report – the proposed strategy is in accordance with current Corporate Plan objectives and seeks to support delivery of 'Great Value'.

4.5 Resource Implications

The resources to manage the Council's treasury activities are contained within the Better Together collaboration agreement with North Yorkshire Council and funded from existing budgets.

4.6 Other Implications

None

4.7 Equalities Impact Assessment

There are no equalities impacts as a result of this report

5. Conclusion

- 5.1** The Council has a statutory duty to produce its annual treasury management and investment strategies. The strategy proposed aims to effectively manage the Council treasury activities in order to deliver 'Great Value' in support of the Council's corporate priorities.

6. Background Documents

Accountancy treasury management files

7. Appendices

Appendix A – Treasury Management Strategy 2019/20
Appendix B – Minimum Revenue Provision Policy 2019/20
Appendix C – Capital Prudential Indicators 2019/20
Appendix D – Borrowing Strategy 2019/20
Appendix E – Annual Investment Strategy 2019/20
Appendix F – Capital Strategy 2019/20

Contact Officer:

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TREASURY MANAGEMENT STRATEGY STATEMENT 2019/20**1.1 Introduction**

The Council is required to operate a balanced budget, which broadly means that cash raised during the year will meet cash expenditure. Part of the treasury management operation is to ensure that this cash flow is adequately planned, with cash being available when it is needed. Surplus monies are invested in low risk counterparties or instruments commensurate with the Council's low risk appetite, providing adequate liquidity initially before considering investment return.

The second main function of the treasury management service is the funding of the Council's capital plans. These capital plans provide a guide to the borrowing need of the Council, essentially the longer-term cash flow planning, to ensure that the Council can meet its capital spending obligations. This management of longer-term cash may involve arranging long or short-term loans, or using longer-term cash flow surpluses. On occasion, when it is prudent and economic, any debt previously drawn may be restructured to meet Council risk or cost objectives.

The contribution the treasury management function makes to the authority is critical, as the balance of debt and investment operations ensure liquidity or the ability to meet spending commitments as they fall due, either on day-to-day revenue or for larger capital projects. The treasury operations will see a balance of the interest costs of debt and the investment income arising from cash deposits affecting the available budget. Since cash balances generally result from reserves and balances, it is paramount to ensure adequate security of the sums invested, as a loss of principal will in effect result in a loss to the General Fund Balance.

Whilst any commercial initiatives or loans to third parties will impact on the treasury function, these activities are generally classed as non-treasury activities, (arising usually from capital expenditure), and are separate from the day to day treasury management activities.

CIPFA defines treasury management is as:

"The management of the local authority's borrowing, investments and cash flows, its banking, money market and capital market transactions; the effective control of the risks associated with those activities; and the pursuit of optimum performance consistent with those risks."

Revised reporting is required for the 2019/20 reporting cycle due to revisions of the MHCLG Investment Guidance, the MHCLG Minimum Revenue Provision (MRP) Guidance, the CIPFA Prudential Code and the CIPFA Treasury Management Code. The primary reporting changes include the introduction of a capital strategy, to provide a longer-term focus to the capital plans, and greater reporting requirements surrounding any commercial activity undertaken under the Localism Act 2011.

1.2 Reporting requirements

1.2.1 Capital Strategy

The CIPFA revised 2017 Prudential and Treasury Management Codes require, for 2019-20, all local authorities to prepare an additional report, a capital strategy report, which will provide the following:

- a high-level long term overview of how capital expenditure, capital financing and treasury management activity contribute to the provision of services
- an overview of how the associated risk is managed
- the implications for future financial sustainability

The aim of this capital strategy is to ensure that all elected members on the full council fully understand the overall long-term policy objectives and resulting capital strategy requirements, governance procedures and risk appetite.

1.2.2 Treasury Management Reporting

The Council is currently required to receive and approve, as a minimum, three main treasury reports each year, which incorporate a variety of policies, estimates and actuals.

a. Prudential and treasury indicators and treasury strategy (this report) - The first, and most important report covers:

- the capital plans (including prudential indicators);
- a minimum revenue provision (MRP) policy (how residual capital expenditure is charged to revenue over time);
- the treasury management strategy (how the investments and borrowings are to be organised) including treasury indicators;
- an investment strategy (the parameters on how investments are to be managed).

b. A Mid Year Treasury Management Report – This will update members with the progress of the capital position, amending prudential indicators as necessary, and whether the treasury strategy is meeting the strategy or whether any policies require revision. In addition the Executive will receive quarterly update reports.

c. An Annual Treasury Report – This year end report provides details of a selection of actual prudential and treasury indicators and actual treasury operations compared to the estimates within the strategy.

Scrutiny – The above reports are required to be adequately scrutinised by committee before being recommended to the Council. This role is undertaken by the Executive.

1.3 The suggested Treasury Management Strategy for 2019/20 covers the two main areas:

Capital issues

- the capital plans and the prudential indicators;
- the minimum revenue provision (MRP) policy.

Treasury management issues

- the current treasury position;
- treasury indicators which limit the treasury risk and activities of the Council;
- prospects for interest rates;
- the borrowing strategy;
- policy on borrowing in advance of need;
- debt rescheduling;
- the investment strategy;
- creditworthiness policy; and
- policy on use of external service providers.

These elements cover the requirements of the Local Government Act 2003, the CIPFA Prudential Code, MHCLG MRP Guidance, the CIPFA Treasury Management Code and MHCLG Investment Guidance.

1.4 Training

The CIPFA Code requires the Chief Finance Officer to ensure that members with responsibility for treasury management, particularly those with responsibility for scrutiny, receive adequate training in treasury management. Training has been provided to members by Link Asset Services and further training will be arranged as required.

1.5 Treasury Management Consultants

The Council uses Link Asset Services, Treasury Solutions as its external treasury management advisors.

The Council recognises that responsibility for treasury management decisions remains with the organisation at all times and will ensure that undue reliance is not placed upon the services of our external service providers. All decisions will be undertaken with regards to all available information, including, but not solely, our treasury advisers.

It also recognises that there is value in employing external providers of treasury management services in order to acquire access to specialist skills and resources. The Council will ensure that the terms of their appointment and the methods by which their value will be assessed are properly agreed and documented, and subjected to regular review.

MINIMUM REVENUE PROVISION POLICY STATEMENT 2019/20**1. Introduction**

- 1.1 The Council is required to pay off an element of the accumulated General Fund capital spend each year (the CFR) through a revenue charge (the minimum revenue provision - MRP), although it is also allowed to undertake additional voluntary payments if required (voluntary revenue provision - VRP).

MHCLG regulations have been issued which require the full Council to approve **an MRP Statement** in advance of each year. A variety of options are provided to councils, so long as there is a prudent provision. The Council is recommended to approve the following MRP Statement

2. Minimum Revenue Provision Policy

- 2.1 The Council's MRP policy is based on the Governments Statutory Guidance and following a review no further changes are considered necessary and the policy for 2019/20 is therefore as follows:

(a) For all **Capital expenditure incurred before 1 April 2008** which formed the General Fund Capital Financing Requirement (CFR) that is capital expenditure funded through borrowing will be charged at 4% of the outstanding balance each year.

(b) From 1 April 2008 for all unsupported borrowing (including PFI and finance leases) the MRP policy will be *either*:

- **Asset life method** – MRP will be based on the estimated life of the assets, in accordance with the regulations (this option must be applied for any expenditure capitalised under a Capitalisation Direction) (option 3);
- **Depreciation method** – MRP will follow standard depreciation accounting procedures (option 4);

These options provide for a reduction in the borrowing need over approximately the asset's life.

There is no requirement on the HRA to make a minimum revenue provision but there is a requirement for a charge for depreciation to be made. Although there were transitional arrangements in place up to the end of 2016/17, the Council already adopted the full requirements and therefore had no impact on the revenue budget.

Total General Fund MRP for 2019/20 is estimated at £0.255m (£0.179m internal borrowing, and £0.076 for leases).

- 2.2 **MRP Overpayments** - A change introduced by the revised MHCLG MRP Guidance was the allowance that any charges made over the statutory minimum revenue provision (MRP), voluntary revenue provision or overpayments (VRP), can, if needed, be reclaimed in later years if deemed necessary or prudent. In order for these sums to be reclaimed for use in the budget, this policy must disclose the cumulative overpayment made each year. Up until the 31 March 2019 the total VRP overpayments were £11.28m. This relates to VRP charged for the repayment of HRA self-financing debt of £8.32m, and additional

payments of £2.96m in relation to General Fund liabilities.

THE CAPITAL PRUDENTIAL INDICATORS 2019/20 – 2021/22**1. Introduction**

- 1.1 The 'Prudential Code' provides Council's with a regime of self-regulation for borrowing money for capital purposes. A local authority can borrow as much as it wishes as long as it can afford the repayments. The Code outlines four key objectives relating to the capital investment plans and treasury management procedures of local authorities. To demonstrate that these objectives are being fulfilled the Prudential Code sets out the indicators that must be used, and the factors that must be taken into account.
- 1.2 The Code prescribes how the issue of affordability is measured using a set of prudential indicators. The four key objectives of the Code are to ensure that capital investment plans of local authorities are affordable, prudent and sustainable, and to ensure that treasury management decisions are taken in accordance with good professional practice. The indicators are mandatory but the figures used in the calculations are a matter for each local authority.
- 1.3 The prudential indicators required by the Code are designed to support and record local decision-making. They are not designed to be comparative performance indicators and the use of them in this way would be likely to be misleading and counter-productive.
- 1.4 The Council's capital expenditure plans are the key driver of treasury management activity. The output of the capital expenditure plans is reflected in prudential indicators, which are designed to assist members' overview and confirm capital expenditure plans.

2. Capital Expenditure:

- 2.1 This prudential Indicator is a summary of the Council's capital expenditure plans. Members are asked to approve the capital expenditure forecasts summarised in Table 1.

Table 1: Capital Expenditure

Capital Expenditure	2017/18 Actual £'000	2018/19 Est. £'000	2019/20 Est. £'000	2020/21 Est. £'000	2021/22 Est. £'000
General Fund	771	4,092	1,412	652	547
HRA	2,721	5,157	7,349	4,036	3,136
Commercial activities / Non-financial Investments*	114	12,077	9,874	0	0
Total	3,606	21,326	18,635	4,688	3,683

* Commercial activities / non-financial investments relate to areas such as capital expenditure on investment properties, loans to third parties etc.

- 2.2 Other long term liabilities. The above financing need excludes other long term liabilities, such as leasing arrangements which already include borrowing instruments (this includes the leases the councils contractors have for vehicles and equipment within the Street Scene and Leisure Contracts). Table 2 below includes these costs.
- 2.3 As part of our aspirations for Selby District the Council has approved a ‘Programme for Growth’ which includes a number of revenue and capital initiatives aimed at stimulating activity associated with jobs, housing, infrastructure, retail and leisure. While these strategic initiatives have been included in the capital expenditure plans shown in Table 1, any changes may require the Council to reconsider its borrowing requirements, depending on the external resources it is able to lever towards the programme.
- 2.4 An updated Housing Delivery Programme is currently in progress which sets out ambitions to extend the programme for both the Council and Selby & District Housing Trust. The forecast capital spend and loans to the Trust are included in Capital estimates shown in Table 1. In addition, a refresh of the HRA business plan is currently being updated which will require a review of the Council’s borrowing requirement, which depending on timing, will be brought as a mid-year update to this strategy or included in the 2020/21 strategy.
- 2.5 Capital expenditure plans at present include Alternative Investments in Property Funds (invested £5m in 2018/19) and a Commercial Property Acquisition Fund (£3.5m spread across 2018/19 – 2019/20).

Table 2: Financing of Capital Expenditure

- 2.6 Table 2 summarises the above capital expenditure plans and how these plans are being financed by capital or revenue resources. Any shortfall of resources results in a funding need (borrowing).

Capital Expenditure	2017/18 Actual £'000	2018/19 Est. £'000	2019/20 Est. £'000	2020/21 Est. £'000	2021/22 Est. £'000
General Fund	771	4,092	1,412	652	547
HRA	2,721	5,157	7,349	4,036	3,136
Commercial Activities / Non-financial Investments	114	12,077	9,874	0	0
Total	3,606	21,326	18,635	4,688	3,683
Financed By:					
Revenue & Reserves	-756	-9,210	-3,965	-485	-200
Capital Receipts	-274	-496	-370	-310	0
Grants	-179	-597	-557	-557	-347
Major Repairs Reserve	-1,364	-2,530	-4,369	-3,336	-3136
Borrowing - Leases					
Net Financing Need	1,033	8,493	9,374	0	0

- 2.7 The net financing need for commercial activities / non-financial investments included in the above table against expenditure is shown below:

Commercial activities / non-financial investments £m	2017/18	2018/19	2019/20	2020/21	2021/22
	Actual £'000	Est. £'000	Est. £'000	Est. £'000	Est. £'000
Capital Expenditure	0	5,977	7,474	0	0
Financing costs	0	0	0	0	0
Net financing need for the year	0	5,977	7,474	0	0
Percentage of total net financing need %	-	70%	80%	-	-

3. **The Council's Borrowing Need (the Capital Financing Requirement):**

- 3.1 The second prudential indicator is the Council's Capital Financing Requirement (CFR). The CFR is simply the total historic outstanding capital expenditure which has not yet been paid for from either revenue or capital resources. It is essentially a measure of the Council's underlying borrowing need. Any capital expenditure above, which has not immediately been paid for, will increase the CFR. This is summarised in Table 3.
- 3.2 The CFR does not increase indefinitely, as the minimum revenue provision (MRP) is a statutory annual revenue charge which broadly reduces the borrowing need in line with each assets life. The Council is asked to approved the CFR projections below:

Table 3: Capital Financing Requirement

	2017/18 Actual £000	2018/19 Est. £000	2019/20 Est. £000	2020/21 Est. £000	2021/22 Est. £000
CFR General Fund	1,937	1,756	1,577	1,399	1,221
CFR GF Leases	232	158	82	3	3
CFR Commercial / Non-financial investments	558	6,516	13,923	13,820	13,568
Total CFR General Fund	2,726	8,430	15,582	15,222	14,793
CFR HRA	51,067	52,323	52,963	51,703	50,443
Total CFR	53,793	60,752	68,544	66,924	65,236
Movement in CFR	-608	6,959	7,792	-1,620	-1,689
Movement in CFR represented by:-					
Net Financing need for the year	1,033	8,493	9,374	0	0
Less MRP & Other Financing movements	-1,645	-1,534	-1,582	-1,620	-1,689
Movement in CFR	-612	6,959	7,792	-1,620	-1,689

2.8 Following accounting changes the CFR includes any other long term liabilities (e.g. finance leases) brought onto the balance sheet. Whilst this increases the CFR, and therefore the Council's borrowing requirement, these types of scheme include a borrowing facility and so the Council is not required to separately borrow for these schemes. These are also shown in Table 3.

3. Affordability Prudential Indicators

3.1 The previous sections cover the overall capital and control of borrowing prudential indicators, but within this framework prudential indicators are required to assess the affordability of the capital investment plans. These provide an indication of the impact of the capital investment plans on the Council's overall finances. The Council is asked to approve the following indicators:

3.2 The indicator of actual and estimates of the ratio of financing costs to net revenue stream identifies the trend in the cost of capital (borrowing and other long term obligation costs net of investment income) against the net revenue stream. These are shown in Table 5. The estimates of financing costs include current commitments and the proposals in this report.

Table 5: Ratio of Financing Costs to Net Revenue Stream

	2017/18 Actual %	2018/19 Est. %	2019/20 Est. %	2020/21 Est. %	2021/22 Est. %
General Fund	1.02	0.19	0.18	0.22	-0.63
Housing Revenue Account	35.51	33.91	35.65	30.64	30.32

HRA figures reflect the impact of the HRA settlement. The Council no longer pays into the housing subsidy system and keeps all of its income stream to service the debt, plus makes voluntary revenue contributions (VRP).

BORROWING STRATEGY 2019/20

- 1.1 The capital expenditure plans set out in Appendix D provide a summary of the service activity of the Council. The treasury management function ensures that the Council's cash is organised in accordance with relevant professional codes, so that sufficient cash is available to meet this service activity. This will involve both the organisation of the cash flow and, where capital plans require, the organisation of appropriate borrowing facilities. The strategy covers the relevant treasury / prudential indicators, the current and projected debt positions and the annual investment strategy.

Table 1: Current Treasury Portfolio at 31/12/18

		Principal		Ave. rate
		£m	£m	%
Fixed rate funding	PWLB	52.8		
	Market	<u>6.5</u>	59.3	4.19
Variable Rate Funding	PWLB	0		
	Market	0	0	0
Other long term liabilities	Leases	0.2	0.2	4.51
TOTAL DEBT			59.6	4.19
TOTAL INVESTMENTS			69.2	0.89

- 1.2 The Council's treasury portfolio position as at 31 December 2018 is shown in Table 1 and the forecasted position at 31 March 2018, with forward projections summarised in Table 2. The table shows the actual external borrowing (the treasury management operations), against the capital borrowing need (the Capital Financing Requirement - CFR), highlighting any over or under borrowing.

Table 2: Forecasted Portfolio Position

	2017/18 Actual £000	2018/19 F'cast £000	2019/20 F'cast £000	2020/21 F'cast £000	2021/22 F'cast £000
External Borrowing					
Borrowing at 1 April	59,333	59,333	59,333	59,333	52,833
Expected Change in Borrowing	0	0	0	-6,500	0
Leases	232	158	82	3	3
Actual Borrowing at 31 March	59,565	59,491	59,415	52,836	52,836
CFR - the borrowing need	53,793	60,752	68,544	66,924	65,236
Under / (over) borrowing	-5,772	1,262	9,130	14,088	12,400
Investments					
Total Investments	55,092	57,849	50,056	40,053	42,301
Investment Change	18,002	2,757	-7,793	-10,003	2,249
Net Borrowing	4,473	1,642	9,359	12,783	10,535

2.**Treasury Limits for 2019/20 to 2021/22**

- 2.1 Selby District Council has, at any point in time, a number of cash flows both positive and negative, and manages its treasury position in terms of its borrowings and investments in accordance with its approved treasury management strategy and practices. In day-to-day cash management, no distinction can be made between revenue and capital cash. External borrowing arises as a consequence of all the financial transactions of the authority and not simply those arising from capital spending.
- 2.2 CIPFA's Prudential code for Capital Finance in Local Authorities' includes the following key indicator of prudence;
"In order to ensure that over the medium term net borrowing will only be for a capital purpose, the local authority should ensure that net external borrowing does not, except in the short term, exceed the total of capital financing requirement in the preceding year plus the estimates of any additional capital financing requirement for the current and the next two financial years."
- 2.3 The Chief Finance Officer reports that the authority (General Fund) had no difficulty meeting this requirement in 2017/18, nor are any difficulties envisaged for the current (2018/19) or future years (2020/21 – 2021/22). This view takes into account current commitments, existing plans and the proposals in the budget.
- 2.4 It is a statutory duty under Section 3 of the Local Government Act 2003 and supporting regulations, for the Council to determine and keep under review how

much it can afford to borrow. The amount so determined is termed the “Affordable Borrowing Limit”. In England and Wales the authorised limit represents the legislative limit specified in the Act.

- 2.5 The Council must have regard to the Prudential Code when setting the Authorised Limit, which essentially requires it to ensure that total capital investment remains within sustainable limits and, in particular, that the impact upon its future council tax and council rent levels is ‘acceptable’. It reflects the level of external borrowing which, while not desired, could be afforded in the short term, but is not sustainable in the longer term.
- 2.6 Whilst termed an “Affordable Borrowing Limit”, it incorporates the capital plans to be considered for inclusion in corporate financing by both external borrowing and other forms of liability, such as credit arrangements.
- 2.7 The Authorised Limit for external borrowing is a key prudential indicator and represents a control on the maximum level of borrowing. It is a limit beyond which external borrowing is prohibited, and this limit needs to be set or revised by the full Council on a rolling basis, for the forthcoming financial year and two successive financial years. This information is shown in table 3.

Table 3: Authorised Borrowing Limit

Authorised Limit for External Debt	2017/18 £'000	2018/19 £'000	2019/20 £'000	2020/21 £'000	2021/22 £'000
Borrowing	77,000	83,000	89,000	89,000	79,000
Other Long Term Liabilities	1,000	1,000	1,000	1,000	1,000
Total	78,000	84,000	90,000	90,000	80,000

- 2.8 The Operational Boundary is the limit beyond which external borrowing is not normally expected to exceed and within which officers will manage the Council’s external debt position. In most cases, this would be a similar figure to the CFR, but may be lower or higher depending on the levels of actual borrowing. This information is shown in table 4.

Table 4: Operational Borrowing Limit

Operational Boundary	2017/18 £'000	2018/19 £'000	2019/20 £'000	2020/21 £'000	2021/22 £'000
Borrowing	72,000	78,000	84,000	84,000	74,000
Other Long Term Liabilities	1,000	1,000	1,000	1,000	1,000
Operational Boundary Total	73,000	79,000	85,000	85,000	75,000

- 2.9 In respect of its external debt, table 3 details the proposed authorised limits for the Council’s total external debt gross of investments for the next three financial

years which councillors are recommended to approve. These limits separately identify borrowing from other long-term liabilities such as finance leases. The 2017/18 and 2018/19 figures shown above are for comparative purposes. It is also recommended that members continue to delegate authority to the Chief Finance Officer, within the total limit for any individual year, to effect movement between the separately agreed limits for borrowing and other long term liabilities. Any such changes made will be reported to the Executive at its next meeting following the change.

- 2.10 The Chief Finance Officer reports that these authorised limits are consistent with the authority’s current commitments, existing plans and the proposals in the budget for capital expenditure and financing, and with its approved treasury management policy statement and practices. The Chief Finance Officer confirms that they are based on the estimate of the most likely, prudent but not worst-case scenario, with sufficient headroom over and above this to allow for operational management, for example unusual cash movements. Risk analysis and risk management strategies have been taken into account; as have plans for capital expenditure, estimates of the capital financing requirement and estimates of cash flow requirements for all purposes.

3. Prospects for Interest Rates

- 3.1 The Council appointed Link Asset Services as a treasury adviser to the Council and part of their service is to assist the Council to formulate a view on interest rates. Annex 1 draws together a number of current City forecasts for short term (bank rate) and longer fixed interest rates. Table 5 gives the Link central view.

Table 5: Link View interest rate forecast – January 2019

	Bank Rate	PWLB Borrowing Rates (including 0.2% discount)			
		5 year	10 year	25 year	50 year
	%	%	%	%	%
Mar 2019	0.75	2.10	2.50	2.90	2.70
Sept 2019	1.00	2.20	2.60	3.10	2.90
Mar 2020	1.25	2.30	2.80	3.20	3.00
Sept 2020	1.25	2.50	2.90	3.30	3.10
Mar 2021	1.50	2.60	3.00	3.40	3.20
Sept 2021	1.75	2.70	3.10	3.50	3.30

4 Borrowing Requirement

- 4.1 The Council is currently forecasting a marginally under-borrowed position in 2018/19. This means that the Council’s capital borrowing is lower than the underlying need to borrow. As a result of the capital expenditure plans set out in **Appendix C, Table 1** the Council is expected to be maintain an under-borrowed position from 2019/20 onwards as shown in **Table 5** below. This is a prudent strategy as investment returns are low and counterparty risk is relatively high – this approach will be carefully monitored during 2019/20.

Under / (Over) Borrowing	2017/18 £000	2018/19 £000	2019/20 £000	2020/21 £000	2021/22 £000
General Fund	1,126	6,830	13,982	13,622	13,193
HRA	-6,666	-5,410	-4,770	470	-790
Overall Position	-5,540	1,419	9,211	14,091	12,403

* The table above excludes leases from the under / over borrowed position, unlike table 2 – Forecasted Portfolio Position.

- 4.2 Against this background and the risks within the economic forecast, caution will be adopted with the 2019/20 treasury operations. The Chief Finance Officer will monitor interest rates in financial markets and adopt a pragmatic approach to changing circumstances.
- 4.3 If it was felt that there was a significant risk of a sharp fall in long and short term rates, e.g. due to a marked increase of risks around relapse into recession or of risks of deflation, then long term borrowings will be postponed, and potential rescheduling from fixed rate funding into short term borrowing will be considered.
- 4.4 If it was felt that there was a significant risk of a much sharper rise in long and short term rates than that currently forecast, perhaps arising from a greater than expected increase in the anticipated rate to US tapering of asset purchases, or in world economic activity or a sudden increase in inflation risks, then the portfolio position will be re-appraised with the likely action that fixed rate funding will be drawn whilst interest rates are still lower than they will be in the next few years.
- 4.5 Any decisions will be reported to the Executive at the next available opportunity.
- 4.6 The current capital programme funding forecasts for 2019/20 to 2021/22 shows that there is a borrowing requirement for both the General Fund and HRA. The borrowing needs for future years will be reviewed as the capital programmes are confirmed.
- 4.7 Maturity structure of borrowing. These gross limits are set to reduce the Council's exposure to large fixed rate sums falling due for refinancing, and are required for upper and lower limits.

Table 7 : Maturity Structure Fixed Rate Borrowing 2019/20

Maturity Structure New Borrowing 2019/20	Upper Limit	Lower Limit
Under 12 Months	20%	0%
12 Months and within 2 Years	20%	0%
2 Years and within 5 Years	50%	0%
5 Years and within 10 Years	50%	0%
10 Years and within 15 Years	50%	0%
15 Years and over	90%	20%

- 4.8 The Council has a policy of borrowing from the Public Works Loans Board in the first instance (over periods up to 50 years) or the money markets (over periods up to 50 years) which ever reflects the best possible value for the Council at the time. Individual loans are taken out over varying periods depending on the relative value of interest rates at the time of borrowing need and to avoid wherever possible a distorted repayment profile.
- 4.9 The Council's current debt portfolio as shown in Table 1 is made up of £52.8m of PWLB debt and £6.5m of market debt. The portfolio will be kept under review for debt rescheduling options, however, opportunities for rescheduling have been limited.
- 4.10 As short term borrowing rates will be considerably cheaper than longer term fixed interest rates, there may be potential opportunities to generate savings by switching from long term debt to short term debt. However, these savings will need to be considered in the light of the current treasury position and the size of the cost of debt repayment (premiums incurred).
- 4.11 The reasons for any rescheduling to take place will include:
- the generation of cash savings at minimum risk;
 - help fulfil the strategy outlined in paragraph 5 above; and
 - enhance the balance of the portfolio (amend the maturity profile and/or the balance of volatility).
- Consideration will also be given to identify if there is any potential for making savings by running down investment balances to repay debt prematurely as short term rates on investments are likely to be lower than rates paid on current debt
- 4.12 Any rescheduling of debt will be reported to Executive at the meeting following its action.
- 4.13 The Council will not borrow more than or in advance of its needs purely in order to profit from the investment of the extra sums borrowed. Any decision to borrow in advance will be within forward approved Capital Financing Requirement estimates, and will be considered carefully to ensure that value for money can be demonstrated and that the Council can ensure the security of such funds.
- 4.14 Risks associated with any borrowing in advance activity will be subject to prior appraisal and subsequent reporting through the mid-year or annual reporting mechanism.

ANNUAL INVESTMENT STRATEGY STATEMENT 2019/20**1. Introduction**

- 1.1 Under the Local Government Act 2003 the Council is required to have regard to Government Guidance in respect of the investment of its cash funds. This Guidance was revised with effect from 1 April 2010. The Guidance leaves local authorities free to make their own investment decisions, subject to the fundamental requirement of an Annual Investment Strategy being approved by the Council before the start of the financial year.
- 1.2 This Annual Investment Strategy must define the investments the Council has approved for prudent management of its cash balances during the financial year under the headings of **specified investments** and **non-specified investments**.
- 1.3 The Council's day to day investments are managed as part of the overall investment pool operated by North Yorkshire County Council (NYCC). In order to enable investments to be managed through the investment pool the Council is required to adopt an Annual Investment Strategy and Approved Lending List in line with that of NYCC.

2. Revisions to the Annual Investment Strategy

- 2.1 In addition to this **Investment Strategy**, which requires approval before the start of the financial year, a revised Strategy will be submitted to Council for consideration and approval under the following circumstances:
- (a) significant changes in the risk assessment of a significant proportion of the Council's investments;
 - (b) any other significant development(s) that might impact on the Council's investments and existing strategy for managing those investments during 2019/20.

3. Investment Policy

- 3.1 The parameters of the Policy are as follows:
- (a) the Council will have regard to the Government's Guidance on Local Government Investments "the guidance", and the 2017 revised CIPFA Treasury Management in Public Services Code of Practice and Cross Sectorial Guidance Notes, "the code";
 - (b) the Council's investment policy has two fundamental objectives;
 - the security of capital (protecting the capital sum from loss); and then
 - the liquidity of its investments (keeping the money readily available for expenditure when needed)
 - (c) the Council will also aim to seek the highest return (yield) on its investments provided that proper levels of security and liquidity are

achieved. The risk appetite of the Council is low in order to give priority to the security of its investments;

- (d) the borrowing of monies purely to invest or lend and make a return is unlawful and the Council will not engage in such activity;
- (e) investment instruments for use in the financial year listed under **specified** and **non-specified investment** categories (see **paragraph 5.1**);

4. Policy regarding loans to organisations in which the Council has an interest

- 4.1 (a) the Council's general investment powers under this Annual Treasury Management and Investment Strategy come from the Local Government Act 2003 (Section 12). Under this Act a local authority has the power to invest for any purpose relevant to its functions or for the purpose of the prudent management of its financial affairs
- (b) in addition to investment, the Council has the power to provide loans and financial assistance to organisations under the Localisation Act 2011 (and also formally under the general power of wellbeing in the Local Government Act 2000) which introduced a general power of competence for authorities (to be exercised in accordance with their general public law duties)
- (c) any such loans by the Council, will therefore be made under these powers. They will not however be classed as investments made by the Council and will not impact on this Investment Strategy. Instead they will be classed as capital expenditure by the Council under the Local Authorities (Capital Finance and Accounting) Regulations 2003, and will be approved, financed and accounted for accordingly
- (d) at present the Council has made several loans to the Selby District Housing Trust. The loan position to the Housing Trust is monitored and reviewed regularly.

5. Specified and non-specified Investments

- 5.1 Based on Government Guidance as updated from 2018.
 - (a) investment Instruments identified for use in the forthcoming financial year are listed in the Schedules attached to this Strategy under the **specified** and **non-specified** Investment categories;
 - (b) all **specified** Investments (see **Schedule A**) are defined by the Government as options with "relatively high security and high liquidity" requiring minimal reference in investment strategies. In this context, the Council has defined Specified Investments as being sterling denominated, with maturities up to a maximum of 1 year meeting the minimum high credit quality;
 - (c) **Non-specified** investments (see **Schedule B**) attract a greater potential of risk. As a result, a maximum local limit of 20% of "core cash" funds available for investment has been set which can be held in aggregate in such investments;

(d) for both specified and non-specified investments, the attached Schedules indicate for each type of investment:-

- the investment category
 - minimum credit criteria
 - circumstances of use
 - why use the investment and associated risks
 - maximum % age of total investments
 - maximum maturity period
- } Non-Specified Only

(e) there are other instruments available as Specified and Non-Specified investments which the Council will NOT currently use. Examples of such investments are:-

Specified Investments - Commercial Paper
 - Gilt funds and other Bond Funds
 - Treasury Bills

Non-Specified Investments - Sovereign Bond issues
 - Corporate Bonds
 - Floating Rate notes
 - Equities
 - Open Ended Investment Companies
 - Derivatives

A proposal to use any of these instruments would require detailed assessment and be subject to approval by Members as part of this Strategy.

6. Creditworthiness Policy – Security of Capital and the use of credit ratings

6.1 This Council applies the creditworthiness service provided by Link Asset Services. This service employs a sophisticated modelling approach utilising credit ratings from the three main credit rating agencies - Fitch, Moody's and Standard & Poor's. The credit ratings of counterparties are supplemented with the following overlays:

- credit watches and credit outlooks from credit rating agencies;
- CDS spreads to give early warning of likely changes in credit ratings;
- sovereign ratings to select counterparties from only the most creditworthy countries.

(a) This modelling approach combines credit ratings, credit Watches and credit Outlooks in a weighted scoring system which is then combined with an overlay of CDS spreads for which the end product is a series of colour coded bands which indicate the relative creditworthiness of counterparties. These colour codes are used by the Council to determine the suggested duration for investments. The Council will therefore use counterparties within the following durational bands

Colour	Maximum Investment Duration
Yellow	5 Years
Purple	2 Years
Orange	1 Year
Blue	1 Year (UK nationalised / semi nationalised banks only)
Red	6 Months
Green	100 Days
No Colour	No investments to be made

The Link Asset Services' creditworthiness service uses a wider array of information other than just primary ratings. Furthermore, by using a risk weighted scoring system, it does not give undue preponderance to just one agency's ratings.

Typically the minimum credit ratings criteria the Council use will be a Short Term rating (Fitch or equivalents) of F1 and a Long Term rating of A-. There may be occasions when the counterparty ratings from one rating agency are marginally lower than these ratings but may still be used. In these instances, consideration will be given to the whole range of ratings available, or other topical market information, to support their use.

- (b) given that a number of central banks/government have supported or are still supporting their banking industries in some way, the importance of the credit strength of the sovereign has become more important. The Council will therefore also take into account the Sovereign Rating for the country in which an organisation is domiciled. As a result, only an institution which is domiciled in a country with a minimum Sovereign Rating of AA- from Fitch or equivalent would be considered for inclusion on the Council's Approved Lending List (subject to them meeting the criteria above). Organisations which are domiciled in a Country whose Sovereign Rating has fallen below the minimum criteria will be suspended, regardless of their own individual score/colour. The list of countries that currently qualify using this credit criteria are shown in Schedule D. This list will be amended should ratings change, in accordance with this policy;
- (c) fully and part nationalised banks within the UK currently have credit ratings which are not as high as other institutions. This is the result of the banks having to have to accept external support from the UK Government. However, due to this Central Government involvement, these institutions now effectively take on the credit worthiness of the Government itself (i.e. deposits made with them are effectively being made to the Government). This position is expected to take a number of years to unwind and would certainly not be done so without a considerable notice period. As a result, institutions which are significantly or fully owned by the UK Government will be assessed to have a high level of credit worthiness;
- (d) all of the above will be monitored on a weekly basis through Link Asset Services creditworthiness service with additional information being received and monitored on a daily basis should credit ratings change and/or watch/outlook notices be issued. Sole reliance will not be placed on the information provided by Link Asset Services however. In addition

the Council will also use market data and information available from other sources such as the financial press and other agencies and organisations;

- (e) The Council will set maximum investment limits for each organisation which also reflect that institution’s credit worthiness – the higher the credit quality, the greater the investment limit. These limits also reflect UK Government involvement (i.e. Government ownership or being part of the UK Government guarantee of liquidity). These limits are as follows:-

Maximum Investment Limit	Criteria
£75m	UK “nationalised / Part Nationalised” banks / UK banks with UK Central Government involvement
£20m to £60m	UK “Clearing Banks” and selected UK based Banks and Building Societies
£20m or £40m	High quality foreign banks

- (f) should a score/colour awarded to a counterparty or investment scheme be amended during the year due to rating changes, market sentiment etc., the Council will take the following action:-
- reduce or increase the maximum investment term for an organisation dependent on the revised score / colour awarded (in line with the boundaries and colours set in paragraph 12.8(c))
 - temporarily suspend the organisation from the Approved Lending List should their score fall outside boundary limits and not be awarded a colour
 - seek to withdraw an investment as soon as possible, within the terms and conditions of the investment made, should an organisation be suspended from the Approved Lending List
 - ensure all investments remain as liquid as possible, i.e. on instant access until sentiment improves.
- (g) if a counterparty / investment scheme, not currently included on the Approved Lending List is subsequently upgraded, (resulting in a score which would fulfil the Council’s minimum criteria), the Chief Finance Officer has the delegated authority to include it on the Council’s Approved Lending List with immediate effect;
- (h) a copy of the current Approved Lending List, showing maximum investment and time limits is attached at Schedule C. The Approved Lending List will be monitored on an on-going daily basis and changes made as appropriate. Given current market conditions, there continues to be a very limited number of organisations which fulfil the criteria for non-specified investments. This situation will be monitored on an on-going basis with additional organisations added as appropriate with the approval of the Chief Finance Officer.

7. Investment Strategy

7.1 Recognising the categories of investment available and the rating criteria detailed above

- (a) the Council's investments are managed as part of the overall investment pool operated by NYCC.;
- (b) on-going discussions are held with the Council's Treasury Management Advisor on whether to consider the appointment of an external fund manager(s) – any decision to appoint an external fund manager will be subject to Member approval;
- (c) the Council's cash balances consist of two basic elements. The first element is cash flow derived (debtors/creditors/timing of income compared to expenditure profile). The second, core element, relates to specific funds (reserves, provisions, balances, capital receipts etc.);
- (d) having given due consideration to the Council's estimated level of funds and balances over the next three financial years, the need for liquidity and day to day cash flow requirements it is forecast that a maximum of £20m of the overall balances can be prudently committed to longer term investments (e.g. between 1 and 5 years);
- (e) investments will accordingly be made with reference to this core element and the Council's on-going cash flow requirements (which may change over time) and the outlook for short term interest rates (i.e. rates for investments up to 12 months);
- (f) the County Council currently has two non-specified investments over 365 days, in addition to this Council's direct investment in two property funds.
- (g) bank rate increased to 0.75% in August and underpins investment returns. Investment returns are expected to rise gently over the next 3 years

The Council will, therefore, avoid locking into long term deals while investment rates are down at historically low levels unless attractive rates are available with counterparties of particularly high creditworthiness which make longer term deals worthwhile and within a 'low risk' parameter. No trigger rates will be set for longer term deposits (two or three years) but this position will be kept under constant review and discussed with the Treasury Management Advisor on a regular basis.

- (h) for its cash flow generated balances the Council will seek to utilise 'business reserve accounts' (deposits with certain banks and building societies), 15 and 30 day accounts and short dated deposits (overnight to three months) in order to benefit from the compounding of interest.

8. Investment Report to Members

8.1 Reporting to Members on investment matters will be as follows:

- (a) in-year investment reports will be submitted to the Executive as part of the Quarterly Performance reports;

- (b) at the end of the financial year a comprehensive report on the Council's investment activity will be submitted to Executive;

9. Treasury Management Training

- 9.1 The training needs of the Council's staff and those of NYCC involved in investment management are monitored, reviewed and addressed on an on-going basis and are discussed as part of the staff appraisal process. In practice most training needs are addressed through attendance at courses and seminars provided by CIPFA, the LGA and others on a regular on-going basis.
- 9.2 The CIPFA Code also requires that Members with responsibility for treasury management receive adequate training in treasury management. This especially applies to Members responsible for scrutiny (i.e. the Executive). An in-house training course for Members was previously provided by Link Asset Services – Treasury Solutions. Further training will be arranged as required.

10. Policy on the Use of External Service Providers

- 10.1 The Council uses Link Asset Services – Treasury Solutions as its external treasury management adviser. Link provide a source of contemporary information, advice and assistance over a wide range of Treasury Management areas but particularly in relation to investments and debt administration.
- 10.2 Whilst the Council recognises that there is value in employing external providers of treasury management services in order to acquire access to specialist skills and resources, it fully accepts that responsibility for Treasury Management decisions remains with the authority at all times and will ensure that undue reliance is not placed upon the advice of external service providers.
- 10.3 Following a quotation exercise Link Asset Services were appointed in September 2015 as a single provider of Treasury Management consultancy services for both the Selby District Council and North Yorkshire County Council. The appointment is for three years, with the option for a further two year extension, which has been exercised. The value and quality of services being provided are monitored and reviewed on an ongoing basis.

11. The scheme of delegation and role of the Chief Finance Officer (Section 151 Officer) in relation to Treasury Management

- 11.1 The Government's Investment Guidance (**paragraph 1.1**) requires that a local authority includes details of the Treasury Management schemes of delegation and the role of the Section 151 officer in the Annual Treasury Management/Investment Strategy.
- 11.2 The key elements of delegation in relation to Treasury Management are set out in the following Financial Procedure Rules (FPR):-
 - (a) This Council has adopted CIPFA's Treasury Management Code of Practice 2017 and will adopt any amendments/additions to that Code.
 - (b) A Treasury Management Policy Statement shall be adopted by the Council and thereafter its implementation and monitoring shall be delegated to the Chief Finance Officer.

- (c) (i) All money in the hands of the Council shall be under the control of the Chief Finance Officer – the officer designated for the purposes of Section 151 of the Local Government Act 1972.
- (ii) The Chief Finance Officer shall report to the Executive not less than twice in each financial year on the activities of the treasury management operation and on the exercise of delegated treasury management powers. One such report shall comprise an annual report on treasury management for presentation by 30 September of the succeeding financial year.
- (d) At or before the start of the financial year the Chief Finance Officer responsibilities shall report to the Executive on the strategy for treasury management it is proposed to adopt for the coming financial year.
- (e) All Executive decisions on borrowing, investment or financing shall be delegated to the Chief Finance Officer who shall be required to act in accordance with CIPFA's Treasury

11.3 In terms of the Treasury Management role of the Chief Finance Officer, the key areas of delegated responsibility are as follows

- recommending clauses, treasury management policies and practices for approval, reviewing the same regularly, and monitoring compliance;
- submitting regular treasury management policy reports to Members;
- submitting budgets and budget variations to Members;
- receiving and reviewing management information reports;
- reviewing the performance of the treasury management function;
- ensuring the adequacy of treasury management resources and skills, and the effective division of responsibilities within the treasury management function;
- ensuring the adequacy of internal audit, and liaising with external audit;
- recommending the appointment of external service providers:
- preparation of a capital strategy to include capital expenditure, capital financing, non-financial investments and treasury management;
- ensuring that the capital strategy is prudent, sustainable, affordable and prudent in the long term and provides value for money;
- ensuring that due diligence has been carried out on all treasury and non-financial investments and is in accordance with the risk appetite of the authority;
- ensure that the authority has appropriate legal powers to undertake expenditure on non-financial assets and their financing;

- ensuring the proportionality of all investments so that the authority does not undertake a level of investing which exposes the authority to an excessive level of risk compared to its financial resources;

12. Arrangements for Monitoring/Reporting to Members

- 12.1 Taking into account the matters referred to in this Strategy, the monitoring and reporting arrangements in place relating to Treasury Management activities are now as follows:
- (a) an annual report to Executive and Council as part of the Budget process that sets out the Council's Treasury Management Strategy and Policy for the forthcoming financial year;
 - (b) an annual outturn report to the Executive for Treasury Management setting out full details of activities and performance during the preceding financial year.
 - (c) a quarterly report on Treasury Matters to Executive as part of the Quarterly Performance and Budget Monitoring report;

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CAPITAL STRATEGY 2019/20

1.0 BACKGROUND

1.1 The purpose of the Capital Strategy is to demonstrate that the Council takes capital expenditure and investment decisions in line with Corporate and service objectives, and properly takes account of stewardship, value for money, prudence, sustainability and affordability. It sets out the long term context in which capital expenditure and investment decisions are made and gives due consideration to both risk and reward and impact on the achievement of priority outcomes.

1.2 The Capital Strategy comprises a number of distinct, but inter-related, elements as follows:

(a) Capital expenditure (Section 2)

This section includes an overview of the governance process for approval and monitoring of capital expenditure, including the Council's policies on capitalisation, and an overview of its capital expenditure and financing plans.

(b) Capital financing and borrowing (Section 3)

This section provides a projection of the Council's capital financing requirement, how this will be funded and repaid. It therefore sets out the Council's borrowing strategy and explains how it will discharge its duty to make prudent revenue provision for the repayment of debt.

(d) Alternative investments (Section 4)

This section provides an overview of those of the Council's current and proposed **alternative investment activities** that count as capital expenditure, including processes, due diligence and defining the Council's risk appetite in respect of these, including proportionality in respect of overall resources.

(e) Chief Financial Officer's statement (Section 5)

This section contains the Chief Financial Officer's views on the deliverability, affordability and risk associated with the capital strategy

2.0 CAPITAL EXPENDITURE

Capitalisation Policy

2.1 Expenditure is classified as capital expenditure when it results in the acquisition or construction of an asset (e.g. land, buildings, roads and bridges, vehicles, plant and equipment etc.) that:

- Will be held for use in the delivery of services, for rental to others, investment or for administrative purposes; and
- Are of continuing benefit to the Council for a period extending beyond one financial year.

Subsequent expenditure on existing assets is also classified as capital expenditure if these two criteria are met.

2.2 There may be instances where expenditure does not meet this definition but would be treated as capital expenditure, including:

- Where the Council has no direct future control or benefit from the resulting assets, but would treat the expenditure as capital if it did control or benefit from the resulting assets; and
- Where statutory regulations require the Council to capitalise expenditure that would not otherwise have expenditure implications according to accounting rules

2.3 The Council operates de-minimis limits for capital expenditure. This means that items below these limits are charged to revenue rather than capital. The limits are currently as follows:

- **General Limit:** £10,000

Governance

2.4 The Executive shall, during each financial year and after consultation with the relevant Overview and Scrutiny Committee(s), approve a capital expenditure programme for the next following and subsequent 2 financial years. Such programmes shall be in a form and in accordance with deadlines approved by the Chief Finance Officer and in accordance with the Council's Financial Strategy. Capital expenditure plans shall be prepared by the respective Director, in conjunction with the Chief Finance Officer for submission to The Executive and then Council for approval.

2.5 The Council's Financial and Contract Procedure Rules provide a framework for the appropriate authorisations for individual schemes to proceed and facilitate the overall management of the Capital Plan within defined resource parameters.

Capital Expenditure and Funding Plans

2.6 Capital expenditure plans are set out in **Appendix C**.

- 2.7 When expenditure is classified as capital expenditure for capital financing purposes, this means that the Council is able to finance that expenditure from any of the following sources:
- (a) **Capital grants and contributions** - amounts awarded to the Council in return for past or future compliance with certain stipulations.
 - (b) **Capital receipts** – amounts generated from the sale of assets and from the repayment of capital loans, grants or other financial assistance.
 - (c) **Revenue contributions** – amounts set aside from the revenue budget in the Reserve for Future Capital Funding.
 - (d) **Borrowing** - amounts that the Council does not need to fund immediately from cash resources, but instead charges to the revenue budget over a number of years into the future.
- 2.8 The implications of financing capital expenditure from ‘borrowing’ are explained in section 3 below.

3.0 CAPITAL FINANCING REQUIREMENT AND BORROWING

Context

- 3.1 The County Council is required to comply with the CIPFA Prudential Code for Capital Finance in Local Authorities (referred to as the ‘Prudential Code’) when assessing the affordability, prudence and sustainability of its capital investment plans.
- 3.2 Fundamental to the prudential framework is a requirement to set a series of prudential indicators. These indicators are intended to collectively build a picture that demonstrates the impact over time of the Council’s capital expenditure plans upon the revenue budget and upon borrowing and investment levels, and explain the overall controls that will ensure that the activity remains affordable, prudent and sustainable.
- 3.3 A summary of the actual prudential indicators for 2017/18, and the estimates for 2018/19 through to 2021/22 are provided in Appendix C.

Capital Financing Requirement

- 3.4 When capital expenditure is funded from borrowing, this does not result in expenditure being funded immediately from cash resources, but is instead charged to the revenue budget over a number of years. It does this in accordance with its policy for the repayment of debt, which is set out in Appendix B.
- 3.5 The forward projections of the CFR reflect:
- Additional capital expenditure from borrowing or further credit arrangements resulting in an increase to the CFR and
 - Revenue budget provision being made for the repayment of debt, which results in a reduction to the CFR).
- 3.6 The actual CFR for 2017/18 and forward projections for the current and forthcoming years are as follows:

	2017/18 Actual £000	2018/19 Est. £000	2019/20 Est. £000	2020/21 Est. £000	2021/22 Est. £000
CFR General Fund	1,937	1,756	1,577	1,399	1,221
CFR GF Leases	232	158	82	3	3
CFR Commercial / Non-financial investments	558	6,516	13,923	13,820	13,568
Total CFR General Fund	2,726	8,430	15,582	15,222	14,793
CFR HRA	51,067	52,323	52,963	51,703	50,443
Total CFR	53,793	60,752	68,544	66,924	65,236

- 3.7 The forecast increase in the CFR is a result of the amount of capital expenditure that it is intended to be financed from borrowing based on the current capital programme up to 2021/22. This is primarily due to stepping up the Housing Delivery Programme over the next 3 years.
- 3.8 The Capital Plan includes planned expenditure relating to alternative investments, under the heading of 'Commercial/Non-Financial Investments. This includes loans to deliver the Housing Delivery Programme, investment in Property Funds that took place in October 2018 and a Commercial Property Acquisition Fund. As alternative investment plans continue to be developed and approved the Capital Plan will be updated and due consideration given to the impact on the CFR to ensure plans are sustainable in the long term and proportionate in terms of a balanced risk approach.

External borrowing limits

- 3.9 The Council is only permitted to borrow externally (including via credit arrangements) up to the level implied by its Capital Financing Requirement (CFR). To ensure that external borrowing does not exceed the CFR, other than in the short term, limits are established for external debt, as follows:
- **Authorised limit** – this defines the maximum amount of external debt permitted by the Council, and represents the statutory limit determined under section 3 (1) of the Local Government Act 2003.
 - **Operational boundary** – this is an estimate of the probable level of the Council's external debt, and provides the means by which external debt is managed to ensure that the 'authorised limit' is not breached.
- 3.10 The proposed limits, which are set out in Appendix D, make separate provision for external borrowing and other long-term liabilities, and are based upon an estimate of the most likely but not worst case scenarios. They allow sufficient headroom for fluctuations in the level of cash balances and in the level of the CFR.
- 3.11 Alternative investment activities included in the plan are to be classed as capital expenditure. The Alternative Investments Strategy is still evolving though and, in the event that major initiatives are proposed, in excess of those already in the Capital Programme, it may be necessary to review the current borrowing limits.
- 3.12 The agreed **Operational Boundary** and **Authorised Limits** for external debt are as follows:

Operational Boundary	2017/18 £'000	2018/19 £'000	2019/20 £'000	2020/21 £'000	2021/22 £'000
Borrowing	72,000	78,000	84,000	84,000	74,000
Other Long Term Liabilities	1,000	1,000	1,000	1,000	1,000
Operational Boundary Total	73,000	79,000	85,000	85,000	75,000

Authorised Limit for External Debt	2017/18 £'000	2018/19 £'000	2019/20 £'000	2020/21 £'000	2021/22 £'000
Borrowing	77,000	83,000	89,000	89,000	79,000
Other Long Term Liabilities	1,000	1,000	1,000	1,000	1,000
Total	78,000	84,000	90,000	90,000	80,000

Borrowing strategy

3.13 The Councils Borrowing Strategy is set out in Appendix D.

3.14 The Council's capital borrowing is slightly higher than the underlying need to borrow. As a result of the capital expenditure plans the Council is expected to be in an under-borrowed position from 2018/19 onwards. This has been a prudent strategy as investment returns are low and counterparty risk is relatively high – this approach will be carefully monitored during 2019/20.

3.15 The use of internal borrowing has been an effective strategy in recent years as:

- Rising cash balances as a result of MRP set aside mean available cash for the medium to longer term;
- It has enabled the Council to avoid significant external borrowing costs; and
- It has mitigated significantly the risks associated with investing cash in what has often been a volatile and challenging market.

3.16 Further long term external borrowing may be undertaken, in excess of the current forecasts, in the event that it is not possible or desirable to sustain the anticipated internal borrowing position.

3.17 The external borrowing requirement will be kept under review long term external loans will be secured within the parameters established by the **authorised limit** and **operational boundary** for external debt (as set out within Appendix B).

- 3.18 Opportunities to generate savings by refinancing or prematurely repaying existing long term debt will also be kept under review. Potential savings will be considered in the light of the current treasury position and the costs associated with such actions.

Minimum Revenue Provision

- 3.19 The Council sets cash resources aside from the Revenue Budget each year to repay the borrowing. This practice is referred to as the minimum revenue provision (MRP) for the repayment of debt.
- 3.20 The Capital Financing Requirement (CFR) provides a measure of the amount of capital expenditure which has been financed from borrowing that the Council yet to fund from cash resources.
- 3.21 Statutory guidance requires MRP to be provided annually on a prudent basis. In accordance with the requirement to make a prudent 'revenue provision for the repayment of debt', the Council ensures that debt is repaid over a period that is commensurate with the period over which the capital expenditure provides benefit. This is achieved by applying the methodology set out in Appendix B. The revenue budget provision for MRP charges in 2019/20 has been compiled on a basis consistent with this policy.

4.0. Alternative Investments

Introduction

- 4.1 The prolonged low interest rate environment has resulted in reduced returns on treasury management investments. Moreover, the introduction of the general power of competence has given local authorities far more flexibility in the types of activity they can engage in. These changes in the economic and regulatory landscape, combined with significant financial challenges, have led many authorities to consider different and more innovative types of investment.
- 4.2 CIPFA recently issued an update to its Treasury Management in the Public Services: Code of Practice and Cross Sectoral Guidance Notes (the Treasury Management Code). One of the main changes introduced by the new Code is to require authorities to incorporate all of the financial and non-financial assets held for financial return in authorities' annual capital strategies.
- 4.3 Separately, the Department for Communities and Local Government consulted on changes to its statutory Guidance on Local Authority Investments. As a result, updated Statutory investment guidance and MRP guidance was issued in 2018. The guidance reinforced the need for commercial investment activity to be financially sustainable, proportionate to overall resources and the Council should have access to the appropriate level of expertise to make informed decisions.
- 4.4 The following paragraphs provide an overview of the Council's current approach to commercial investment activity. This section of the Capital Strategy will need to be updated as the Council's own agenda for commercial investments evolves.
- 4.5 It is worth highlighting that all commercial investment activities are subject to approval in accordance with the Council's governance framework for decision making.

Alternative Investment Objectives

- 4.6 The primary objectives of the commercial investment activities are:

- Security – to protect the capital sums invested from loss; and
- Liquidity – ensuring the funds invested are available for expenditure when needed.

- 4.7 The generation of **yield** is distinct from these prudential objectives. However, once proper levels of security and liquidity are determined, it is then reasonable to consider what yield can be obtained consistent with these priorities.
- 4.8 Non-core activities and investments are primarily undertaken by the Council in order to generate income to support the delivery of a balanced budget. Such investments are only entered following a full assessment of the risks and having secured expert external advice (i.e. where it is relevant to do so)
- 4.9 To ensure that alternative investment plans are financially sustainable, the Council has carefully considered the internal funds available for investment. Since 2014/15 the Council has received substantial payments in relation to Renewable Energy Business Rates, allowing the Council to earmark specific reserves for investment in growth initiatives, known as the Programme for Growth. This has enabled funds to be created for investment in Property funds and Commercial Property.
- 4.10 In relation to loans to third parties, cash balances have been consistently high and are forecast to remain healthy, which has enabled balances to be earmarked for lending. However, to ensure the Council's own future spending plans are not hampered by lack of available cash, loan rates are set at a level to mitigate any potential borrowing needs, at PWLB plus a margin to ensure an adequate return will still be achieved.

Investment Properties

- 4.9 Options are currently being considered for the acquisition of land and buildings for investment purposes rather than for the supply of goods or services or for administrative purposes. Such assets will be classified as Investment Properties.
- 4.10 Investment properties will be measured at their fair value annually (which will ensure the valuation reflects the market conditions at the end of each reporting period). The fair value measurement will enable the Council to assess whether the underlying assets provide security for capital investment. Where the fair value of the underlying assets is no longer sufficient to provide security against loss, mitigating actions will be considered, to ensure that appropriate action is taken to protect the capital sum invested.
- 4.11 The approach to the acquisition of an investment property portfolio is still being developed. An Investment Property Strategy is currently being formulated and will be submitted to Executive for approval.

Loans to Third Parties

- 4.12 Loans to third parties will be considered, as part of a wider strategy for local economic growth, for example loans provided to further delivery of the Housing Delivery Programme. However they may not all be seen as prudent if adopting a narrow definition of prioritising security and liquidity.
- 4.13 Such loans will be considered when all of the following criteria are satisfied:
- The loan is given towards expenditure which would, if incurred by the Council, be capital expenditure;

- The purpose for which the loan is given is consistent with the Council's corporate / strategic objectives and priorities;
- Due diligence is carried out that confirms the Council's legal powers to make the loan, and that assesses the risk of loss over the loan term;
- A formal loan agreement is put in place which stipulates the loan period repayment terms and loan rate (which will be set at a level that seeks to mitigate any perceived risks of a loss being charged to the General Fund, and takes appropriate account of state aid rules) and any other terms that will protect the Council from loss;
- Prior to any loan being granted, the Council's own cashflow requirements are reviewed to ensure that appropriate levels of liquidity will be maintained.

Property Funds

- 4.14 During 2018/19 approval was granted to earmark funds from the Programme for Growth reserve for investment in Property funds. It was identified as an opportunity to diversify the Council's investment portfolio, whilst meeting the objectives set out in 4.6 and 4.7 above.
- 4.15 The Council undertook an interview and selection process along with the County Council and employed the specialist services of Link Asset Services to act as advisor and guide both Councils through the due diligence and application process.
- 4.16 At present the Council has a £5m holding split between two funds, units were bought on the secondary market in October 2018. Estimated returns on property funds are split between two elements, share of income generated within the fund and the capital value of units held.
- 4.17 The Council recognises that due to the nature of fluctuating capital value, returns can go down as well as up throughout the life of the investment. While investments in Property Funds are not classed as capital expenditure, due to the nature of the funds when the Council disinvests in the funds and its original investment is repaid, it will be classed as a capital receipt and accounted for accordingly. A cash backed reserve has been created to earmark these funds which will also help to mitigate against potential losses.

5.0 SECTION 151 OFFICER STATEMENT

Background

- 5.1 The Prudential Code for Capital Finance in Local Authorities (the Prudential Code) plays a key role in capital finance in local authorities. Local authorities determine their own programmes for investment that are central to the delivery of quality public services. The Prudential Code was developed by CIPFA as a professional code of practice to support local authorities in taking their decisions. Local authorities are required by regulation to have regard to the Prudential Code when carrying out their duties under Part 1 of the Local Government Act 2003.
- 5.2 In financing capital expenditure, local authorities are governed by legislative frameworks, including the requirement to have regard to CIPFA's Treasury Management in the Public Services: Code of Practice and Cross-Sectoral Guidance Notes.
- 5.3 In order to demonstrate that capital expenditure and investment decisions are taken in line with service objectives and properly take account of stewardship, value for money, prudence, sustainability and affordability, the Prudential Code requires authorities to have in place a Capital Strategy that sets out the long term context in which capital expenditure and investment decisions

are made, and gives due consideration to both risk and reward and impact on the achievement of priority outcomes.

5.4 The Prudential Code requires the Chief Financial Officer to report explicitly on the affordability and risk associated with the Capital Strategy. The following are specific responsibilities of the Section 151 Officer:

- recommending clauses, treasury management policy/practices for approval, reviewing regularly, and monitoring compliance;
- submitting quarterly treasury management reports;
- submitting quarterly capital budget update reports;
- reviewing the performance of the treasury management function;
- ensuring the adequacy of treasury management resources and skills, and the effective division of responsibilities within the treasury management function;
- ensuring the adequacy of internal audit, and liaising with external audit;
- recommending the appointment of external service providers.
- preparation of a capital strategy to include capital expenditure, capital financing, non-financial investments and treasury management
- ensuring that the capital strategy is prudent, sustainable, affordable and prudent in the long term and provides value for money
- ensuring that due diligence has been carried out on all treasury and non-financial investments and is in accordance with the risk appetite of the authority
- ensure that the authority has appropriate legal powers to undertake expenditure on non-financial assets and their financing
- ensuring the proportionality of all investments so that the authority does not undertake a level of investing which exposes the authority to an excessive level of risk compared to its financial resources
- ensuring that an adequate governance process is in place for the approval, monitoring and ongoing risk management of all non-financial investments and long term liabilities
- provision to members of a schedule of all non-treasury investments including material investments in subsidiaries, joint ventures, loans and financial guarantees
- ensuring that members are adequately informed and understand the risk exposures taken on by an authority
- ensuring that the authority has adequate expertise, either in house or externally provided
- creation of Treasury Management Practices which specifically deal with how non treasury investments will be carried out and managed

- 5.5** The Capital Strategy provides an overview of the governance process for approval and monitoring of capital expenditure. These processes are well established and are highly effective in ensuring delivery of the Authority's capital investment plans. In addition, the Capital Strategy and Prudential Indicators also demonstrates that the capital expenditure, investment and financing plans of the Authority are robust, affordable and sustainable.

SELBY DISTRICT COUNCIL ANNUAL INVESTMENT STRATEGY 2019/20 – SPECIFIED INVESTMENTS

Investment	Security / Minimum Credit Rating	Circumstances of Use
Term Deposits with the UK Government or with UK Local Authorities (as per Local Government Act 2003) with maturities up to 1 year	High security as backed by UK Government	In-house
Term Deposits with credit rated deposit takers (Banks and Building Societies), including callable deposits with maturities less than 1 year	Organisations assessed as having “high credit quality” plus a minimum Sovereign rating of AA- for the country in which the organisation is domiciled	In-house
Certificate of Deposits issued by credit rated deposit takers (Banks and Building Societies) up to 1 year		Fund Manager or In-house “buy and hold” after consultation with Treasury Management Advisor
Forward deals with credit rated Banks and Building Societies less than 1 year (i.e. negotiated deal plus period of deposit)		In-house
Money Market Funds i.e. collective investment scheme as defined in SI2004 No 534 <i>(These funds have no maturity date)</i>	Funds must be AAA rated	In-house After consultation with Treasury Management Advisor Limited to £20m
Gilts (with maturities of up to 1 year)	Government Backed	Fund Manager or In-house buy and hold after consultation with Treasury Management Advisor
Bonds issued by a financial institution that is guaranteed by the UK Government (as defined in SI 2004 No 534) with maturities under 12 months <i>(Custodial arrangements required prior to purchase)</i>	Government Backed	After consultation with Treasury Management Advisor

SELBY DISTRICT COUNCIL ANNUAL INVESTMENT STRATEGY 2018/19 – NON-SPECIFIED INVESTMENTS

Investment	A) Why use it? B) Associated Risks?	Security / Minimum Credit Rating	Circumstances of Use	Max % of overall investments or cash limits in cash category	Maximum investment with any one counterparty	Maximum Maturity Period
<p>Term Deposit with credit rated deposit takers (Banks & Building Societies), UK Government and other Local Authorities with maturities greater than 1 year</p>	<p>A) Certainty of return over period invested which could be useful for budget purposes</p> <p>B) Not Liquid, cannot be traded or repaid prior to maturity</p> <p>Return will be lower if interest rates rise after making deposit</p> <p>Credit risk as potential for greater deterioration of credit quality over a longer period</p>	<p>Organisations assessed as having “high credit quality”</p> <p>Plus</p>	<p>In-house</p>	<p>100% of agreed maximum proportion (20%) of core cash funds that can be invested for more than 1 year (estimated £20m)</p>	<p>£5m</p>	<p>2 years subject to potential future review with a maximum of no longer than 5 years</p>
<p>Certificate of Deposit with credit rated deposit takers (Banks & Building Societies) with maturities greater than 1 year <i>Custodial arrangements prior to purchase</i></p>	<p>A) Attractive rates of return over period invested and in theory tradable</p> <p>B) Interest rate risk; the yield is subject to movement during life of CD which could negatively impact on its price</p>	<p>Where non UK domiciled - a minimum Sovereign rating of AA- for the country in which an organisation is domiciled</p>	<p>Fund Manager or In-house “buy & hold” after consultation with Treasury Management Advisor</p>	<p>25% of agreed proportion (20%) of core cash funds that can be invested for more than 1 year (£5m)</p>	<p>£3m</p>	<p>2 years subject to potential future review with a maximum of no longer than 5 years</p>
<p>Callable Deposits</p>	<p>A) Enhanced Income – potentially higher return</p>	<p>Organisations</p>	<p>To be used in-</p>	<p>50% of agreed</p>	<p>£5m</p>	<p>2 years</p>

Investment	A) Why use it? B) Associated Risks?	Security / Minimum Credit Rating	Circumstances of Use	Max % of overall investments or cash limits in cash category	Maximum investment with any one counterparty	Maximum Maturity Period
with credit rated deposit takers (Banks & Building Societies) with maturities greater than 1 year	<p>than using a term deposit with a similar maturity</p> <p>B) Not liquid – only borrower has the right to pay back the deposit; the lender does not have a similar call</p> <p>Period over which the investment will actually be held is not known at outset</p> <p>Interest rate risk; borrower will not pay back deposit if interest rates rise after the deposit is made</p>	<p>assessed as having “high credit quality”</p> <p>Plus</p> <p>Where non UK domiciled - a minimum Sovereign rating of AA- for the country in which an organisation is domiciled</p>	<p>house after consultation with Treasury Management Advisor</p>	<p>proportion (20%) of core cash balance that can be invested for more than 1 year (£12.5m)</p>		<p>subject to potential future review with a maximum of no longer than 5 years</p>
<p>Forward Deposits with a credit rated Bank or Building Society > 1 year (i.e. negotiated deal period plus period of deposit)</p>	<p>A) Known rate of return over the period the monies are invested – aids forward planning</p> <p>B) Credit risk is over the whole period, not just when monies are invested</p> <p>Cannot renege on making the investment if credit quality falls or interest rates rise in the interim period</p>	<p>Organisations assessed as having “high credit quality”</p> <p>Plus</p> <p>Where no UK domiciled - a minimum Sovereign rating of AA- for the country in which an organisation is domiciled</p>	<p>To be used in-house after consultation with the Treasury Management Advisor</p>	<p>25% of greed proportion (20%) of core cash funds that can be invested for more than 1 year (£5m)</p>	<p>£3m</p>	<p>2 years subject to potential future review with a maximum of no longer than 5 years</p>
		<p>AA or</p>	<p>In-house on a</p>			<p>2 years</p>

Investment	A) Why use it? B) Associated Risks?	Security / Minimum Credit Rating	Circumstances of Use	Max % of overall investments or cash limits in cash category	Maximum investment with any one counterparty	Maximum Maturity Period
Bonds issued by a financial institution that is guaranteed by the UK Government (as defined in SI2004 No534) with maturities in excess of 1 year Custodial arrangements required prior to purchase	A) Excellent credit quality Relatively Liquid If held to maturity, yield is known in advance Enhanced rate in comparisons to gilts B) Interest rate risk; yield subject to movement during life off bond which could impact on price	Government backed	"buy and hold" basis after consultation with Treasury Management Advisor or use by Fund Managers	25% of greed proportion (20%) of core cash funds that can be invested for more than 1 year (£5m)	n/a	subject to potential future review with a maximum of no longer than 5 years
Bonds issued by Multilateral development banks (as defined in SI2004 No534) with maturities in excess of 1 year Custodial arrangements required prior to purchase	A) Excellent credit quality Relatively Liquid If held to maturity, yield is known in advance Enhanced rate in comparison to gilts B) Interest rate risk; yield subject to movement during life off bond which could negatively impact on price				£3m	
UK Government Gilts with maturities in excess of 1 year Custodial arrangements required prior to purchase	A) Excellent credit quality Liquid - If held to maturity, yield is known in advance Liquid - If traded, potential for capital appreciation B) Interest rate risk; yield subject to movement during life if the bond which could impact on price	Government backed	Fund Manager	25% of greed proportion (20%) of core cash funds that can be invested for more than 1 year (£5m)	n/a	2 years subject to potential future review with a maximum of no longer than 5 years

Investment	A) Why use it? B) Associated Risks?	Security / Minimum Credit Rating	Circumstances of Use	Max % of overall investments or cash limits in cash category	Maximum investment with any one counterparty	Maximum Maturity Period
Collateralised Deposit	<p>A) Excellent credit quality</p> <p>B) Not liquid, cannot be traded or repaid prior to maturity</p> <p>Credit risk as potential for greater deterioration of credit quality over a longer period</p>	Backed by collateral of AAA rated Local Authority LOBO's	In-house via money market broker or direct	100% of agreed proportion (20%) of core cash funds that can be invested for more than 1 year (£20m)	£5m	
Property Funds	<p>A) Attractive rates of return over period invested and in theory very liquid</p> <p>B) Period over which the investment will actually be held is not known at outset</p> <p>Credit risk as potential for greater deterioration of credit quality over a longer period</p>	Organisations assessed as having "high credit quality"	To be used in-house after consultation with the Treasury Management Advisor	100% of agreed proportion (20%) of core cash funds that can be invested for more than 1 year (£20m)	£5m	5 years subject to potential future review with a maximum of 10 years

SCHEDULE C

APPROVED LENDING LIST 2019/20

Maximum sum invested at any time (The overall total exposure figure covers both Specified and Non-Specified investments)

	Country	Specified Investments (up to 1 year)		Non-Specified Investments (> 1 year £20m limit)	
		Total Exposure £m	Time Limit *	Total Exposure £m	Time Limit *
UK "Nationalised" banks / UK banks with UK Central Government involvement					
Royal Bank of Scotland PLC (RFB)	GBR	75.0	364 days	-	-
National Westminster Bank PLC (RFB)	GBR				
UK "Clearing Banks", other UK based banks and Building Societies					
Santander UK PLC (includes Cater Allen)	GBR	60.0	6 months	-	-
Barclays Bank PLC (NRFB)	GBR	75.0	6 months	-	-
Barclays Bank UK PLC (RFB)	GBR				
Bank of Scotland PLC (RFB)	GBR	60.0	364 days	-	-
Lloyds Bank PLC (RFB)	GBR		6 months		
Lloyds Bank Corporate Markets PLC (NRFB)	GBR	30.0	364 days	-	-
HSBC Bank PLC (NRFB)	GBR				
HSBC UK Bank PLC (RFB)	GBR	60.0	6 months		
Goldman Sachs International Bank	GBR				
Sumitomo Mitsui	GBR	30.0	6 months		
Standard Chartered Bank	GBR	60.0	6 months		
Handelsbanken	GBR	40.0	364 days	-	-
Nationwide Building Society	GBR	40.0	6 months	-	-
Leeds Building Society	GBR	20.0	3 months	-	-
High quality Foreign Banks					
National Australia Bank	AUS	30.0	364 days	-	-
Commonwealth Bank of Australia	AUS	30.0	364 days		
Toronto-Dominion Bank	CAN	30.0	364 days		
Credit Industriel et Commercial	FRA	30.0	6 months	-	-
Landesbank Hessen-Thuringen Girozentrale (Helaba)	GER	30.0	364 days		
DBS (Singapore)	SING	30.0	364 days		
Local Authorities					
County / Unitary / Metropolitan / District Councils		20.0	364 days	5.0	5 years
Police / Fire Authorities		20.0	364 days	5.0	5 years
National Park Authorities		20.0	364 days	5.0	5 years
Other Deposit Takers					
Money Market Funds		20.0	364 days	5.0	5 years
Property Funds		5.0	364 days	5.0	10 years
Housing Associations		20.0	364 days	5.0	5 years
UK Debt Management Account		100.0	364 days	5.0	5 years

* Based on data as 31 December 2018

SCHEDULE D

APPROVED COUNTRIES FOR INVESTMENTS

Based on the lowest available rating

Sovereign Rating	Country
AAA	Australia Canada Denmark Germany Luxemburg Netherlands Norway Singapore Sweden Switzerland
AA+	Finland USA
AA	Abu Dhabi (UAE) France UK Hong Kong
AA-	Belgium Qatar

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Report Reference Number C/18/11

To: Council
Date: 21 February 2018
Author: Stuart Robinson, Head of Business Development & Improvement
Lead Officer: Janet Waggott, Chief Executive
Executive Member: Councillor Mark Crane, Leader of the Council

Title: Pay Policy Statement 2019/20

Summary:

The purpose of this report is to seek approval of the Council's Pay Policy Statement 2019/20 in accordance with section 38 of the Localism Act 2011.

Recommendation(s):

- i. That Council approve the Pay Policy Statement for 2019/20 (Appendix A)

Reasons for recommendation

To comply with Localism Act 2011 (the Act) to prepare a Pay Policy Statement articulating the Council's policy towards the pay of the workforce.

1. Introduction and background

Local Authorities are required under section 38(1) of the Localism Act 2011 (the Act) to prepare a Pay Policy Statement (Appendix A). The Statement must articulate the Council's policy towards the pay of the workforce, particularly senior staff and lowest paid employees.

2. The Report

- 2.1 Each local authority is an individual employer in its own right and has the authority to make decisions on pay that are appropriate to local circumstances and which deliver value for money for local taxpayers. The provisions of the Act do not seek to change this or to determine what decisions on pay should be taken but they require individual employing authorities to be more open

about their own policies in relation to pay and how decisions are made in this regard.

- 2.2 Section 40 of the Act requires authorities in developing their Pay Policy Statement to have regard to any guidance published by the Secretary of State. This includes the Local Government Transparency Code 2015 and 'Openness and accountability in local pay. Guidance under section 40 the Localism Act 2012'.
- 2.3 A table detailing the Terms and Conditions relating to pay can be found within the Pay Policy Statement.

3. Legal/Financial Controls and other Policy matters

3.1 Legal Issues

The Localism Act 2011, Chapter 8 refers to 'Pay Accountability' and sets out the requirements for councils to determine and publish annual pay policy statements.

The pay policy statement must be approved before the start of each financial year and must set out an authority's policies relating to;

- Chief Officer remuneration
- Remuneration of its lowest paid employees
- The relationship between chief officer remuneration and that of other staff

An authority may amend its pay policy statement during the period but must comply with the statement in force in making decisions on relevant remuneration.

3.2 Financial Issues

Agreement was reached in April 2018 on the National Joint Council (NJC) for Local Government Services pay award for both 2018/19 and for 2019/20. Year 2 of this pay award will be applied from 1 April 2019. The majority of employees receive an uplift of 2 per cent on 1 April 2019, with those on lower salaries receiving higher increases. Subsequently, agreement was reached with the JNC for Chief Officers and that for Chief Executives of Local Authorities to match whatever is implemented for the generality of staff covered by the NJC – i.e. an increase of 2 per cent. The impact of applying these pay awards across the Selby DC workforce for 2019/20 will be £235K.

4. Conclusion

The provisions contained in the Act bring together the need for increasing accountability, transparency and fairness in the setting of pay which has culminated in the formalisation of the Council's Pay Policy Statement which outlines the pay and reward of the most senior employees set within the context of the pay of the wider workforce.

5. Background Documents

None

Contact Officer: Stuart Robinson, Head of Business Development & Improvement

Appendices:

Appendix A - Statement of Pay Policy

APPENDIX

Selby District Council

Statement of Pay Policy for the Period 1 April 2018 to 31 March 2019

Introduction

Sections 38 – 43 of the Localism Act 2011 require that the authority produce a policy statement that covers a number of matters concerning the pay of the Authority's staff, principally Chief Officers. This policy statement meets the requirements of the Localism Act in this regard and also meets the requirements of guidance issued by the Secretary of State for Communities and Local Government to which the Authority is required to have regard under Section 40 of the Act.

This policy to be considered and approved by Full Council at the Council budget meeting on 22 February 2018.

This policy also has some connection with the data on pay and rewards for staff which the Authority published under the Code of Recommended Practice for Local Authorities on Data Transparency and the data which is published under The Accounts and Audit (England) Regulations 2011. It should be noted that the requirements to publish data under the Secretary of State guidance, the Code of Practice and the Regulations do differ, the data requirements of the Code of Practice and the Accounts and Audit Regulations are summarised at Annex 1 to this Policy Statement.

Definition of officers covered by the Policy Statement

This policy statement covers the following posts:

- Head of Paid Service, which in this Authority is the post of Chief Executive;
- Statutory Chief Officers, which in this Authority is the post of Solicitor to the Council (Monitoring Officer and Deputy Returning Officer); and
- Non-statutory Chief Officers (those who report directly to the Head of Paid Service), which in this Authority are the posts of:
 - Director of Economic Regeneration and Place; and
 - Director of Corporate Services and Commissioning.

The statutory post of s151 Officer is outsourced to North Yorkshire County Council (NYCC) and will, therefore, be included in the NYCC Pay Policy Statement.

Policy on remunerating Chief Officers

The Authority's policy on remunerating Chief Officers is set out in the schedule that is attached at Annex 2 to this Policy Statement. It is the policy of this Authority to establish a remuneration package for each Chief Officer post that is sufficient to attract and retain staff of the appropriate skills, knowledge, experience, abilities and qualities that is consistent with the Authority's requirements of the post in question at the relevant time.

Policy on remunerating the lowest paid in the workforce

The Authority applies terms and conditions of employment that have been negotiated and agreed through appropriate collective bargaining mechanisms (national or local) or as a consequence of Authority decisions, these are then incorporated into contracts of employment.

The lowest pay point in this Authority relates to spinal column point 6, currently £15,014 per annum, thus becoming an hourly rate of pay of £7.78 per hour. This pay point is determined by the Authority as part of the pay salary bands for employees employed on Local Government Services Terms and Conditions. The pay rate is increased in accordance with any pay settlements which are reached through the National Joint Council (NJC) for Local Government Services.

Policy on the relationship between Chief Officer remuneration and that of other staff

The highest paid salary in this Authority is £105,505 which is paid to the Chief Executive. The average median salary is £23,043. The ratio between the two salaries (the 'pay multiple') is 4.57:1.

This Authority does not have a policy on maintaining or reaching a specific 'pay multiple'.

Senior Officers' salaries are subject to review and all other employees are subject to pay rates determine in accordance with National Conditions of Services and local pay determination.

The Authority's approach to the payment of all staff is to pay that which the Authority needs to pay to recruit and retain staff with the skills, knowledge, experience, abilities and qualities needed for the post in question at the relevant time, and to ensure that the Authority meets any contractual requirements for staff including the application of any local or national collective agreements, or Authority decisions, regarding pay.

Policy on other aspects of Chief Officer remuneration

Other aspects of Chief Officer remuneration are appropriate to be covered by this Policy Statement. These other aspects are defined as recruitment, pay increases, additions to pay, performance related pay, earn back, bonuses, termination payments, transparency and re-employment when in receipt of an LGPS pension of a redundancy/severance payment. These matters are addressed in the schedule that is attached at Annex 2 to this Policy Statement.

Approval of Salary Packages in excess of £100k

The Authority will ensure that, at the latest before an offer of appointment is made, any salary package for any post that is in excess of £100k will be considered by Full Council. The salary package will be defined as base salary, any bonuses, fees, routinely payable allowances and benefits in kind that are due under the contract.

Flexibility to address recruitment issues for vacant posts

In the vast majority of circumstances, the provisions of this Policy Statement will enable the Authority to ensure that it can recruit effectively to any vacant post. There may be exceptional circumstances when there are recruitment difficulties for a particular post and where there is evidence that an elements or elements of the remuneration package are not sufficient to secure an effective appointment.

This Policy Statement recognises that this situation may arise in exceptional circumstances and, therefore, a departure from this Policy can be implemented without having to seek Full Council approval for a change to the Policy Statement. Such a departure from this Policy will be expressly justified in each case and will be approved through an appropriate Authority decision making route.

Amendments to the policy

It is anticipated that this Policy will not need to be amended during the period it covers (1 April 2018 to 31 March 2019). However, if circumstances dictate that a change of Policy is considered to be appropriate during the year, a revised draft Policy will be presented to Full Council for consideration.

Policy for future years

This Policy Statement will be reviewed each year and will be presented to Full Council each year for consideration in order to ensure that a Policy is in place for the Authority prior to the start of each financial year.

Pay Policy Statement – Annex 1

Data Requirements of the Code of Practice and the Accounts and Audit Regulations

The Secretary of State for Communities and Local Government Code of Recommended Practice for Local Authorities on Data Transparency indicates that Local Authorities should publish the following data concerning staff:

- Salaries, names (with an option for individuals to refuse to consent to this), job descriptions, responsibilities, budgets (including overall salary cost of staff reporting), and the number of staff in receipt of a salary of more than £58,200;
- An organisational chart of the staff structure of the Authority including salary bands and details of current vacant posts; and
- The 'pay multiple' – the ratio between the highest paid salary and the median average salary of the whole Authority workforce.

The Accounts and Audit (England) Regulations 2011 require that the following data is included in the Authority's accounts:

- Numbers of employees with a salary above £50k per annum (pro-rata for part-time staff) in multiples of £5k;
- Job title, remuneration and employer pension contributions for Senior Officers. Senior Officers are defined as Head of Paid Service, Statutory Chief Officers and Non-statutory Chief Officers by reference to Section 2 of the 1989 Local Government & Housing Act; and
- Names of employees paid over £150k per annum.

For the above, remuneration is to include:

- Salary, fees or allowances for the current and previous year;
- Bonuses paid or receivable for the current and previous year;
- Expenses paid in the previous year;
- Compensation for loss of employment paid to or receivable, or payments made in connection with loss of employment; and
- Total estimated value of non-cash benefits that are emoluments of the person.

For the above, pension contributions to include:

- The amount driven by the Authority's set employer contribution rate; and
- Employer costs incurred relating to any increased membership or award of additional pension.

Posts which attract a remuneration package of over £50k are listed below:

- Chief Officers:
 - Chief Executive
 - Director of Economic Regeneration and Place
 - Director of Corporate Services and Commissioning
 - Solicitor to the Council (Monitoring Officer and Deputy Returning Officer)

- Deputy Chief Officers:
 - Head of Business Development and Improvement
 - Head of Commissioning, Contracts and Procurement
 - Head of Community, Partnerships and Customers
 - Head of Economic Development and Regeneration
 - Head of Operational Services
 - Head of Planning
 - Democratic Services Manager**

**Note: whilst a Deputy Chief Officer, this post does not attract a remuneration package of over £50k.

Annex 2

Schedule of remuneration for Chief Officers

Post:	Chief Executive
Base Salary:	£105,505 – as part of the Better Together collaborative agreement between Selby District Council (SDC) and North Yorkshire County Council (NYCC), there is a joint role of Chief Executive (SDC) and Assistant Chief Executive (NYCC). SDC's contribution is £84,404 and NYCC's contribution is £21,101 per annum.
Essential Car User (Lump Sum):	Up to £963 per annum is payable for this (dependent on the vehicle's cubic capacity).
Expenses:	Travel and other expenses are reimbursed through normal Authority procedures.
Bonuses:	The terms of the contract of employment do not provide for the payment of bonuses.
PRP:	N/A
Earn-back:	The terms of the contract of employment do not provide for an element of base salary to be held back related to performance.
Honoraria:	Honoraria payments for any increased duties and responsibilities are reimbursed through normal Authority procedures.
Ex-gratia Payments:	There are no plans for the post holder to receive any ex-gratia payments.
Election Fees:	Election duty fees are paid to the post holder when due.
Joint Authority Duties:	There are no payments related to joint Authority duties.
Severance Arrangements:	The Authority's normal policies regarding redundancy and early retirement apply to the post holder. No payments were made in the last year, and none are anticipated for 2018/2019.

Post:	Director of Economic Regeneration and Place
Base Salary:	£74,928 plus supplement of £5,000
Essential Car User (Lump Sum):	Up to £963 per annum is payable for this (dependent on the vehicle's cubic capacity).
Expenses:	Travel and other expenses are reimbursed through normal Authority procedures.
Bonuses:	The terms of the contract of employment do not provide for the payment of bonuses.
PRP:	N/A
Earn-back:	The terms of the contract of employment do not provide for an element of base salary to be held back related to performance.
Honoraria:	Honoraria payments for any increased duties and responsibilities are reimbursed through normal Authority procedures.
Ex-gratia Payments:	There are no plans for the post holder to receive any ex-gratia payments.
Election Fees:	Election duty fees are paid to the post holder when due.
Joint Authority Duties:	There are no payments related to joint Authority duties.
Severance Arrangements:	The Authority's normal policies regarding redundancy and early retirement apply to the post holder. No payments were made in the last year, and none are anticipated for 2018/2019.

Post:	Director of Corporate Services and Commissioning
Base Salary:	£74,928 plus supplement of £5,000
Essential Car User (Lump Sum):	Up to £963 per annum is payable for this (dependent on the vehicle's cubic capacity).
Expenses:	Travel and other expenses are reimbursed through normal Authority procedures.
Bonuses:	The terms of the contract of employment do not provide for the payment of bonuses.
PRP:	N/A
Earn-back:	The terms of the contract of employment do not provide for an element of base salary to be held back related to performance.
Honoraria:	Honoraria payments for any increased duties and responsibilities are reimbursed through normal Authority procedures.
Ex-gratia Payments:	There are no plans for the post holder to receive any ex-gratia payments.
Election Fees:	Election duty fees are paid to the post holder when due.
Joint Authority Duties:	There are no payments related to joint Authority duties.
Severance Arrangements:	The Authority's normal policies regarding redundancy and early retirement apply to the post holder. No payments were made in the last year, and none are anticipated for 2018/2019.

Post:	Solicitor to the Council (Monitoring Officer and Deputy Returning Officer)
Base Salary:	£58,479 plus supplement of £2,673 for Monitoring Officer duties.
Essential Car User (Lump Sum):	Up to £963 per annum is payable for this (dependent on the vehicle's cubic capacity).
Expenses:	Travel and other expenses are reimbursed through normal Authority procedures.
Bonuses:	The terms of the contract of employment do not provide for the payment of bonuses.
PRP:	N/A
Earn-back:	The terms of the contract of employment do not provide for an element of base salary to be held back related to performance.
Honoraria:	Honoraria payments for any increased duties and responsibilities are reimbursed through normal Authority procedures.
Ex-gratia Payments:	There are no plans for the post holder to receive any ex-gratia payments.
Election Fees:	Election duty fees are paid to the post holder when due.
Joint Authority Duties:	There are no payments related to joint Authority duties.
Severance Arrangements:	The Authority's normal policies regarding redundancy and early retirement apply to the post holder. No payments were made in the last year, and none are anticipated for 2018/2019.

Aspects of Chief Officer Remuneration and the Authority's Policy

Recruitment

These posts will be advertised and appointed at the appropriate and approved salary for the post in question unless there is good evidence that a successful appointment of a person with the required skills, knowledge, experience, abilities and qualities cannot be made without varying the remuneration package. In such circumstances, a variation to the remuneration package is appropriate under the Authority's policy and any variation will be approved through the appropriate Authority decision making process.

Pay Increases

The Authority will apply any pay increases that are agreed by relevant national negotiating bodies and/or any pay increases that are agreed through local negotiations. The Authority will also apply any pay increases that are as a result of Authority decisions to significantly increase the duties and responsibilities of the post in question beyond the normal flexing of duties and responsibilities that are expected in senior posts.

Additions to Pay

The Authority would not make additional payments beyond those specified in the contract of employment.

Performance Related Pay

The Authority does not operate a performance related pay system.

Earn-Back (with-holding an element of base pay related to performance)

The Authority does not operate an earn-back pay system as it believes that it has sufficiently strong performance management arrangements in place to ensure high performance from its senior officers. Any areas of under-performance are addressed rigorously.

Bonuses

The Authority does not pay bonus payments to senior officers.

Termination Payments

The Authority applies its normal redundancy payment arrangements to senior officers and does not have separate provisions for senior officers. The Authority also applies the appropriate pension regulations when they apply. The Authority has agreed policies in place on how it will apply any discretionary powers it has under pension regulations. Any costs that are incurred by the Authority regarding senior officers are published in the Authority accounts as required under the Accounts and Audit (England) Regulations 2011.

Transparency

The Authority meets its requirements under the Localism Act, the Code of Practice on Data Transparency and the Accounts and Audit Regulations in order to ensure that it is open and transparent regarding senior officer remuneration.

Re-employment of Staff in receipt of an LGPS Pension or a Redundancy/Severance Payment

The Authority is under a statutory duty to appoint on merit and has to ensure that it complies with all appropriate employment and equalities legislation. The Authority will always seek to appoint the best available candidate to a post who has the skills, knowledge, experience, abilities and qualities needed to the post. The Authority will, therefore, consider all applications from candidates to try to ensure the best available candidate is appointed. If a candidate is a former employee in receipt of an LGPS pension or a redundancy payment, this will not rule them out from being re-employed by the Authority. Clearly, where a former employee left the Authority on redundancy terms, the old post has been deleted and the individual cannot return to the post as it does not exist. The Authority will apply the provisions of the Redundancy Payments Modification Order regarding the recovery of redundancy payments if this is relevant. Pension regulations also have provision to reduce pension payments in certain circumstances to those who return to work within local government service.

Selby District Council

Statement of Pay Policy for the Period 1 April 2019 to 31 March 2020

Date of Production: 31 January 2019

Introduction

Sections 38 – 43 of the Localism Act 2011 require that the authority produce a policy statement that covers a number of matters concerning the pay of the Authority's staff, principally Chief Officers. This policy statement meets the requirements of the Localism Act in this regard and also meets the requirements of guidance issued by the Secretary of State for Communities and Local Government to which the Authority is required to have regard under Section 40 of the Act.

This policy to be considered and approved by Full Council at the Council budget meeting on 21 February 2019.

This policy also has some connection with the data on pay and rewards for staff which the Authority published under the Code of Recommended Practice for Local Authorities on Data Transparency and the data which is published under The Accounts and Audit (England) Regulations 2011. It should be noted that the requirements to publish data under the Secretary of State guidance, the Code of Practice and the Regulations do differ, the data requirements of the Code of Practice and the Accounts and Audit Regulations are summarised at Annex 1 to this Policy Statement.

Definition of officers covered by the Policy Statement

This policy statement covers the following posts:

- Head of Paid Service, which in this Authority is the post of Chief Executive;
- Statutory Chief Officers, which in this Authority is the post of Solicitor to the Council (Monitoring Officer and Deputy Returning Officer); and
- Non-statutory Chief Officers (those who report directly to the Head of Paid Service), which in this Authority are the posts of:
 - Director of Economic Regeneration and Place; and
 - Director of Corporate Services and Commissioning.

The statutory post of s151 Officer is outsourced to North Yorkshire County Council (NYCC) and will, therefore, be included in the NYCC Pay Policy Statement.

Policy on remunerating Chief Officers

The Authority's policy on remunerating Chief Officers is set out in the schedule that is attached at Annex 2 to this Policy Statement. It is the policy of this Authority to establish a

remuneration package for each Chief Officer post that is sufficient to attract and retain staff of the appropriate skills, knowledge, experience, abilities and qualities that is consistent with the Authority's requirements of the post in question at the relevant time.

Policy on remunerating the lowest paid in the workforce

The Authority applies terms and conditions of employment that have been negotiated and agreed through appropriate collective bargaining mechanisms (national or local) or as a consequence of Authority decisions, these are then incorporated into contracts of employment. The lowest pay point in this Authority relates to the new spinal column point 1, currently £17,364 per annum, thus becoming an hourly rate of pay of £9.00 per hour. This pay point is determined by the Authority as part of the pay salary bands for employees employed on Local Government Services Terms and Conditions. The pay rate is increased in accordance with any pay settlements which are reached through the National Joint Council (NJC) for Local Government Services.

Policy on the relationship between Chief Officer remuneration and that of other staff

The highest paid salary in this Authority is £109,767 which is paid to the Chief Executive. The average median salary is £23,576. The ratio between the two salaries (the 'pay multiple') is 4.66:1.

This Authority does not have a policy on maintaining or reaching a specific 'pay multiple'.

Senior Officers' salaries are subject to review and all other employees are subject to pay rates determined in accordance with National Conditions of Services and local pay determination.

The Authority's approach to the payment of all staff is to pay that which the Authority needs to pay to recruit and retain staff with the skills, knowledge, experience, abilities and qualities needed for the post in question at the relevant time, and to ensure that the Authority meets any contractual requirements for staff including the application of any local or national collective agreements, or Authority decisions, regarding pay.

Policy on other aspects of Chief Officer remuneration

Other aspects of Chief Officer remuneration are appropriate to be covered by this Policy Statement. These other aspects are defined as recruitment, pay increases, additions to pay, performance related pay, earn back, bonuses, termination payments, transparency and re-employment when in receipt of an LGPS pension of a redundancy/severance payment. These matters are addressed in the schedule that is attached at Annex 2 to this Policy Statement.

Approval of Salary Packages in excess of £100k

The Authority will ensure that, at the latest before an offer of appointment is made, any salary package for any post that is in excess of £100k will be considered by Full Council. The

salary package will be defined as base salary, any bonuses, fees, routinely payable allowances and benefits in kind that are due under the contract.

Flexibility to address recruitment issues for vacant posts

In the vast majority of circumstances, the provisions of this Policy Statement will enable the Authority to ensure that it can recruit effectively to any vacant post. There may be exceptional circumstances when there are recruitment difficulties for a particular post and where there is evidence that an elements or elements of the remuneration package are not sufficient to secure an effective appointment.

This Policy Statement recognises that this situation may arise in exceptional circumstances and, therefore, a departure from this Policy can be implemented without having to seek Full Council approval for a change to the Policy Statement. Such a departure from this Policy will be expressly justified in each case and will be approved through an appropriate Authority decision making route.

Amendments to the policy

It is anticipated that this Policy will not need to be amended during the period it covers (1 April 2019 to 31 March 2020). However, if circumstances dictate that a change of Policy is considered to be appropriate during the year, a revised draft Policy will be presented to Full Council for consideration.

Policy for future years

This Policy Statement will be review each year and will be presented to Full Council each year for consideration in order to ensure that a Policy is in place for the Authority prior to the start of each financial year.

Data Requirements of the Code of Practice and the Accounts and Audit Regulations

The Secretary of State for Communities and Local Government Code of Recommended Practice for Local Authorities on Data Transparency indicates that Local Authorities should publish the following data concerning staff:

- Salaries, names (with an option for individuals to refuse to consent to this), job descriptions, responsibilities, budgets (including overall salary cost of staff reporting), and the number of staff in receipt of a salary of more than £58,200;
- An organisational chart of the staff structure of the Authority including salary bands and details of current vacant posts; and
- The 'pay multiple' – the ratio between the highest paid salary and the median average salary of the whole Authority workforce.

The Accounts and Audit (England) Regulations 2011 require that the following data is included in the Authority's accounts:

- Numbers of employees with a salary above £50k per annum (pro-rata for part-time staff) in multiples of £5k;
- Job title, remuneration and employer pension contributions for Senior Officers. Senior Officers are defined as Head of Paid Service, Statutory Chief Officers and Non-statutory Chief Officers by reference to Section 2 of the 1989 Local Government & Housing Act; and
- Names of employees paid over £150k per annum.

For the above, remuneration is to include:

- Salary, fees or allowances for the current and previous year;
- Bonuses paid or receivable for the current and previous year;
- Expenses paid in the previous year;
- Compensation for loss of employment paid to or receivable, or payments made in connection with loss of employment; and
- Total estimated value of non-cash benefits that are emoluments of the person.

For the above, pension contributions to include:

- The amount driven by the Authority's set employer contribution rate; and
- Employer costs incurred relating to any increased membership or award of additional pension.

Posts which attract a remuneration package of over £50k are listed below:

- Chief Officers:
 - Chief Executive
 - Director of Economic Regeneration and Place
 - Director of Corporate Services and Commissioning
 - Solicitor to the Council (Monitoring Officer and Deputy Returning Officer)
- Deputy Chief Officers:
 - Head of Business Development and Improvement
 - Head of Commissioning, Contracts and Procurement
 - Head of Community, Partnerships and Customers
 - Head of Economic Development and Regeneration
 - Head of Operational Services
 - Head of Planning
 - Democratic Services Manager**

**Note: whilst a Deputy Chief Officer, this post does not attract a remuneration package of over £50k.

Schedule of remuneration for Chief Officers

Post:	Chief Executive
Base Salary:	£109,767 – as part of the Better Together collaborative agreement between Selby District Council (SDC) and North Yorkshire County Council (NYCC), there is a joint role of Chief Executive (SDC) and Assistant Chief Executive (NYCC). SDC's contribution is £87,814 and NYCC's contribution is £21,953 per annum.
Essential Car User (Lump Sum):	Up to £963 per annum is payable for this (dependent on the vehicle's cubic capacity).
Expenses:	Travel and other expenses are reimbursed through normal Authority procedures.
Bonuses:	The terms of the contract of employment do not provide for the payment of bonuses.
PRP:	N/A
Earn-back:	The terms of the contract of employment do not provide for an element of base salary to be held back related to performance.
Honoraria:	Honoraria payments for any increased duties and responsibilities are reimbursed through normal Authority procedures.
Ex-gratia Payments:	There are no plans for the post holder to receive any ex-gratia payments.
Election Fees:	Election duty fees are paid to the post holder when due.
Joint Authority Duties:	There are no payments related to joint Authority duties.
Severance Arrangements:	The Authority's normal policies regarding redundancy and early retirement apply to the post holder. No payments were made in the last year, and none are anticipated for 2019/2020.

Post:	Director of Economic Regeneration and Place
Base Salary:	£76,426 plus supplement of £5,000
Essential Car User (Lump Sum):	Up to £963 per annum is payable for this (dependent on the vehicle's cubic capacity).
Expenses:	Travel and other expenses are reimbursed through normal Authority procedures.
Bonuses:	The terms of the contract of employment do not provide for the payment of bonuses.
PRP:	N/A
Earn-back:	The terms of the contract of employment do not provide for an element of base salary to be held back related to performance.
Honoraria:	Honoraria payments for any increased duties and responsibilities are reimbursed through normal Authority procedures.
Ex-gratia Payments:	There are no plans for the post holder to receive any ex-gratia payments.
Election Fees:	Election duty fees are paid to the post holder when due.
Joint Authority Duties:	There are no payments related to joint Authority duties.
Severance Arrangements:	The Authority's normal policies regarding redundancy and early retirement apply to the post holder. No payments were made in the last year, and none are anticipated for 2019/2020.

Post:	Director of Corporate Services and Commissioning
Base Salary:	£76,426 plus supplement of £5,000
Essential Car User (Lump Sum):	Up to £963 per annum is payable for this (dependent on the vehicle's cubic capacity).
Expenses:	Travel and other expenses are reimbursed through normal Authority procedures.
Bonuses:	The terms of the contract of employment do not provide for the payment of bonuses.
PRP:	N/A
Earn-back:	The terms of the contract of employment do not provide for an element of base salary to be held back related to performance.
Honoraria:	Honoraria payments for any increased duties and responsibilities are reimbursed through normal Authority procedures.
Ex-gratia Payments:	There are no plans for the post holder to receive any ex-gratia payments.
Election Fees:	Election duty fees are paid to the post holder when due.
Joint Authority Duties:	There are no payments related to joint Authority duties.
Severance Arrangements:	The Authority's normal policies regarding redundancy and early retirement apply to the post holder. No payments were made in the last year, and none are anticipated for 2019/2020.

Post:	Solicitor to the Council (Monitoring Officer and Deputy Returning Officer)
Base Salary:	£59,648 plus supplement of £2,673 for Monitoring Officer duties.
Essential Car User (Lump Sum):	Up to £963 per annum is payable for this (dependent on the vehicle's cubic capacity).
Expenses:	Travel and other expenses are reimbursed through normal Authority procedures.
Bonuses:	The terms of the contract of employment do not provide for the payment of bonuses.
PRP:	N/A
Earn-back:	The terms of the contract of employment do not provide for an element of base salary to be held back related to performance.
Honoraria:	Honoraria payments for any increased duties and responsibilities are reimbursed through normal Authority procedures.
Ex-gratia Payments:	There are no plans for the post holder to receive any ex-gratia payments.
Election Fees:	Election duty fees are paid to the post holder when due.
Joint Authority Duties:	There are no payments related to joint Authority duties.
Severance Arrangements:	The Authority's normal policies regarding redundancy and early retirement apply to the post holder. No payments were made in the last year, and none are anticipated for 2019/2020.

Aspects of Chief Officer Remuneration and the Authority's Policy

Recruitment

These posts will be advertised and appointed at the appropriate and approved salary for the post in question unless there is good evidence that a successful appointment of a person with the required skills, knowledge, experience, abilities and qualities cannot be made without varying the remuneration package. In such circumstances, a variation to the remuneration package is appropriate under the Authority's policy and any variation will be approved through the appropriate Authority decision making process.

Pay Increases

The Authority will apply any pay increases that are agreed by relevant national negotiating bodies and/or any pay increases that are agreed through local negotiations. The Authority will also apply any pay increases that are as a result of Authority decisions to significantly increase the duties and responsibilities of the post in question beyond the normal flexing of duties and responsibilities that are expected in senior posts.

Additions to Pay

The Authority would not make additional payments beyond those specified in the contract of employment.

Performance Related Pay

The Authority does not operate a performance related pay system.

Earn-Back (with-holding an element of base pay related to performance)

The Authority does not operate an earn-back pay system as it believes that it has sufficiently strong performance management arrangements in place to ensure high performance from its senior officers. Any areas of under-performance are addressed rigorously.

Bonuses

The Authority does not pay bonus payments to senior officers.

Termination Payments

The Authority applies its normal redundancy payment arrangements to senior officers and does not have separate provisions for senior officers. The Authority also applies the appropriate pension regulations when they apply. The Authority has agreed policies in place on how it will apply any discretionary powers it has under pension regulations. Any costs that are incurred by the Authority regarding senior officers are published in the Authority accounts as required under the Accounts and Audit (England) Regulations 2011.

Transparency

The Authority meets its requirements under the Localism Act, the Code of Practice on Data Transparency and the Accounts and Audit Regulations in order to ensure that it is open and transparent regarding senior officer remuneration.

Re-employment of Staff in receipt of an LGPS Pension or a Redundancy/Severance Payment

The Authority is under a statutory duty to appoint on merit and has to ensure that it complies with all appropriate employment and equalities legislation. The Authority will always seek to appoint the best available candidate to a post who has the skills, knowledge, experience, abilities and qualities needed to the post. The Authority will, therefore, consider all applications from candidates to try to ensure the best available candidate is appointed. If a candidate is a former employee in receipt of an LGPS pension or a redundancy payment, this will not rule them out from being re-employed by the Authority. Clearly, where a former employee left the Authority on redundancy terms, the old post has been deleted and the individual cannot return to the post as it not exist. The Authority will apply the provisions of the Redundancy Payments Modification Order regarding the recovery of redundancy payments if this is relevant. Pension regulations also have provision to reduce pension payments in certain circumstances to those who return to work within local government service.

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Report Reference Number: C/18/12

To: Council
Date: 21 February 2019
Ward(s) Affected: All
Author: Palbinder Mann, Democratic Services Manager
Lead Executive Member: Councillor Mark Crane, Leader of the Council
Lead Officer: Janet Waggott, Chief Executive

Title: Appointment of the Monitoring Officer

Summary:

Under section 5 of the Local Government and Housing Act 1989, the Council is legally required to appoint a Monitoring Officer and under the Council's Constitution, this decision must be taken by Full Council.

The vacancy of Solicitor to the Council and Monitoring Officer offers the opportunity to reflect on the structure of the Council and the options available to undertake the roles in the future. Recruitment will take place later in the year and it is therefore recommended that the Council appoint Bernice Elgot as the Council's Monitoring Officer on an interim basis.

Recommendations:

To appoint Bernice Elgot as the Council's Monitoring Officer.

Reasons for recommendation

To ensure that the Council appoints a Monitoring Officer as per section 5 of the Local Government and Housing Act 1989.

1. Introduction and background

- 1.1 Under section 5 of the Local Government and Housing Act 1989, the Council is legally required to appoint a Monitoring Officer and under the Council's Constitution, this decision must be taken by Full Council.
- 1.2 Since the departure of the former Solicitor to the Council at the end of December 2018, the duties of the monitoring officer have been undertaken by the Deputy Monitoring Officer.

- 1.3 A Monitoring Officer is required in the interim until permanent arrangements are made.
- 1.4 The Council has approached Bernice Elgot, an experienced local government solicitor to be appointed as the Council's Monitoring Officer on an interim basis, for a period of up to 6 months. Bernice has been Chief Solicitor and deputy Monitoring Officer at Harrogate Borough Council since June 2014 and has worked as a senior solicitor for Harrogate (1995-2002), Bradford Metropolitan District Council and Rochdale Council. She is also a part-time tribunal judge

2. The Report

- 2.1 Following the departure of the previous post holder there is a vacancy for a Solicitor to the Council and the Monitoring Officer. The vacancy offers the opportunity to reflect on the roles and responsibilities of the posts. The Head of Paid service has decided to take some time to consider the options available and therefore recommends making an interim appointment to the post of Council Solicitor and Monitoring Officer for a period of up to 6 months.
- 2.2 The Monitoring Officer is required to undertake a number of statutory responsibilities for the Council as outlined under section 11.6 of part two of the Constitution.
- 2.3 Bernice Elgot has recently retired as the Chief Solicitor for Harrogate Borough Council and is therefore available for a short term appointment..

3. Implications

3.1 Legal Implications

The Council is required by statute to employ suitably qualified individuals as Head of Paid Service, Section 151 Officer (Chief Finance Officer and Monitoring Officer). The proposed appointment meets those requirements.

4.2 Financial Implications

The proposed appointment of Bernice Elgot as Monitoring Officer will be contained within existing budgets.

4.3 Policy and Risk Implications

None

4.4 Corporate Plan Implications

None

4.5 Resource Implications

None

4.6 Other Implications

None

4.7 Equalities Impact Assessment

None

5. Conclusion

The Council is asked to appoint Bernice Elgot as the Council's Monitoring Officer on an interim basis.

6. Background Documents

None

7. Appendices

None

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