

Selby District Council



Agenda

Meeting: **Executive**
Date: **Thursday, 4 February 2021**
Time: **2.00 pm**
Venue: **Microsoft Teams - Remote (click [here](#))**
To: **Councillors M Crane (Chair), R Musgrave (Vice-Chair),
C Lunn, C Pearson and D Buckle**

1. **Apologies for Absence**

2. **Minutes** (Pages 1 - 6)

The Executive is asked to approve the minutes of the meeting held on Thursday 7 January 2021.

3. **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.

4. **Proposed Revenue Budget and Capital Programme 2021/22 and**

Medium Term Financial Plan (Pages 7 - 58)

Report E/20/32 presents the draft revenue budget; capital programmes and the Programme for Growth for 2021/22 to 2023/24.

5. Financial Results and Budget Exceptions Report to 31st December 2021 (Pages 59 - 78)

Report E/20/33 outlines the financial results and budget exceptions to 31st December 2020 (quarter three).

6. Treasury Management Quarterly Update Q3 2020/21 (Pages 79 - 90)

Report E/20/34 reviews the Council's borrowing and investment activity (Treasury Management) for the period 1st April to 31st December 2020 (Q3) and presents performance against the Prudential Indicators.

7. Treasury Management Strategy 2021/22 (Pages 91 - 132)

Report E/20/35 outlines the Treasury Management Strategy.

8. Private Session - Exclusion of Press and Public

That, in accordance with Section 100(A) (4) of the Local Government Act 1972, in view of the nature of the business to be transacted, the meeting be not open to the Press and public during discussion of the following items as there will be disclosure of exempt information as defined in paragraph 3 of Schedule 12(A) of the Act.

9. Promotion of Potential Development at Burn Airfield - To Follow (Pages 133 - 140)

Report E/20/36 outlines an of potential development at Burn Airfield.

Janet Waggott

**Janet Waggott
Chief Executive**

Date of next meeting
Thursday, 11 March 2021 at 2.00 pm

For enquiries relating to this agenda please contact Palbinder Mann, on 01757 292207 or pmann@selby.gov.uk

This meeting will be streamed live online. To watch the meeting when it takes place, click [here](#) and select the relevant date. At the time of the meeting click on the link under the 'Media' section.

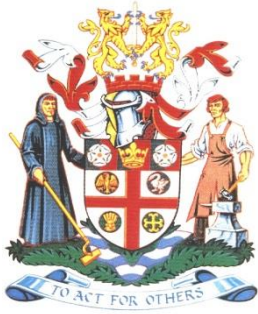
RECORDING AT COUNCIL MEETINGS

Selby District Council advocates openness and transparency as part of its democratic processes. Anyone wishing to record (film or audio) the public parts of the meeting should inform Democratic Services of their intentions prior to the meeting on democraticservices@selby.gov.uk

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Agenda Item 2

Selby District Council



Minutes

Executive

Venue:	Microsoft Teams - Remote
Date:	Thursday, 7 January 2021
Time:	4.00 pm
Present:	Councillors M Crane (Chair), R Musgrave (Vice-Chair), C Lunn, C Pearson and D Buckle
Also Present:	Councillors M McCartney, R Packham and S Shaw-Wright
Officers Present:	Janet Waggott (Chief Executive), Dave Caulfield (Director of Economic Regeneration and Place), Suzan Harrington (Interim Director Corporate Services and Commissioning), Karen Iveson (Chief Finance Officer (s151)), Alison Hartley (Solicitor to the Council and Monitoring Officer), Martin Grainger (Head of Planning) (for minute item 60), Caroline Skelly (Planning Policy Manager) (for minute item 60), Tania Weston (Economic and Regeneration Projects Lead) (for minute item 63) Julian Rudd (Head of Economic Development and Regeneration) (for minute item 63) and Palbinder Mann (Democratic Services Manager)
Public:	13

NOTE: Only minute numbers 60, 61 and 63 are subject to call-in arrangements. The deadline for call-in is 5pm on Wednesday 20 January 2021. Decisions not called in may be implemented from Thursday 21 January 2021.

57 APOLOGIES FOR ABSENCE

There were no apologies for absence.

58 DISCLOSURES OF INTEREST

There were no disclosures of interest.

59 MINUTES

The Executive considered the minutes of the meeting held on Thursday 3 December 2020.

RESOLVED:

To approve the minutes of the meeting held on Thursday 3 December 2020 for signing by the Chair.

60 PREFERRED OPTIONS LOCAL PLAN CONSULTATION DOCUMENT

The Lead Executive Member for Place Shaping presented the report which asked the Executive for approval for consultation to take place on the Preferred Options Local Plan.

The Lead Executive Member for Place Shaping explained that the consultation document proposed a new spatial hierarchy and includes proposals for development on sites such as the brownfield element of Gascoigne Wood. In terms of the consultation, the Executive was informed that there would be restrictions due to Covid however the Council would be writing out to every household in the district to let them know about the proposals.

Concern was raised regarding the proposals for Eggborough and it was felt the proposals were not sustainable for the area and that residents would be against the proposals. The Lead Executive Member for Place Shaping explained that the proposals were outlined due to Eggborough being well located with transport links alongside two major employment sites. It was stated that the proposals were part of the consultation document and residents would be able to submit their views.

The Executive was informed that it was important to look at different options regarding development proposals and that the Council had a district wide responsibility to carry out the consultation.

It was noted that there were errors in the report with respect of the description for the location of Hambleton and the number of schools in the Brayton area.

RESOLVED:

- i) **To approve the Preferred Options Local Plan consultation document at Appendix 1 of this report for consultation in accordance with the Town and Country Planning (Local Planning) (England) regulations 2012 (as amended);**
- ii) **To delegate to Officers the arrangements for the consultation to take place for six weeks between 29th January and 12th March 2021.**
- iii) **To delegate to the Director of Economic Regeneration and Place, in consultation with the Lead Executive Member for Place Shaping, any minor amendments required to the documentation for typographical, grammatical and factual or Plain English purposes to the documents prior to publishing for consultation.**

REASON FOR DECISION:

The approval of the Preferred Options Local Plan document for public consultation is needed in order to further progress the adoption of the Selby Local Plan.

61 HOUSING RENTS 2021/22

The Lead Executive Member for Finance and Resources presented the report which outlined proposals for Housing Revenue Account rent levels which needed be calculated in accordance with the Governments Policy Statement on Rents for Social Housing 2018.

The Lead Executive Member for Finance and Resources explained that a 1.5% rent increase was proposed following four years of 1% annual rent reductions from April 2016 in accordance with the Welfare Reform and Work Act 2016.

In response to a query concerning the decision making for rents in relation to the draft budget, the Chief Finance Officer explained that the decision for housing rents was an Executive decision which was usually taken in January of each year so that the financial systems were updated before the end of the financial year.

RESOLVED:

To approve the proposed 1.5% rent increase for

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2021/22.

REASON FOR DECISION:

To allow rent levels to be set in advance of the coming financial year following the government's policy on rents for social housing from 1 April 2020 onwards.

62 PRIVATE SESSION - EXCLUSION OF PRESS AND PUBLIC

It was proposed, and seconded, that the Executive sit in private session for the next item due to the nature of the business to be transacted.

RESOLVED:

That, in accordance with Section 100(A)(4) of the Local Government Act 1972, in view of the nature of business to be transacted the meeting be not open to the press and public during discussion of the following items as there will be disclosure of exempt information as described in paragraph 3 of Schedule 12(A) of the Act.

63 SELBY STATION GATEWAY TRANSFORMING CITIES FUND APPROVALS

The Lead Executive Member for Communities and Economic Development presented the report which set out recommendations to progress the Selby Station Gateway Transforming Cities Fund (TCF) project.

The Lead Executive Member for Communities and Economic Development explained that the proposals would have a positive impact for Selby Town Centre.

The Head of Economic Development and Regeneration explained that the report outlined additional information about the project design, contained details about the public consultation and sought to draw down the remaining £539k from the Commercial Acquisitions Fund. It was noted that Covid would have an impact on the consultation process.

The Executive thanked officers for their work on the report.

RESOLVED:

- i) **To delegate authority to the Director of Economic Regeneration and Place, in consultation with the Chief Finance Officer and the Lead Executive Member for**

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Communities and Economic Development to:

- **Negotiate voluntary acquisition of, and where agreed voluntarily, purchase the sites identified in the Table at paragraph 2.5 of this Report (“Identified Sites”) within the financial parameters set out therein; and**
 - **Carry out any necessary preparation required to develop a case for Compulsory Purchase of the Identified Sites, (in the absence of voluntary acquisition), which will then be brought back to the Executive for consideration; and**
 - **Carry out the necessary preparation to develop the final project design and applications for planning permission and any other consents, which will then be brought back to the Executive for approval prior to submission.**
- ii) To note the outline public consultation arrangements set out within the report**
- iii) To allocate £539k from the Commercial Acquisitions Fund within the programme for growth to a TCF Land Assembly Contingency, with access to this funding requiring a report to the Executive for approval.**

REASON FOR DECISION:

To progress the Selby Station Gateway Transforming Cities Fund (TCF) project.

The meeting closed at 4.39 pm.

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Report Reference Number: E/20/32

To: Executive
Date: 4 February 2021
Status: Key Decision
Ward(s) Affected: All
Author: Karen Iveson, Chief Finance Officer
Lead Executive Member: Councillor Cliff Lunn, Lead Executive Member for Finance and Resources
Lead Officer: Karen Iveson, Chief Finance Officer

Title: Proposed Revenue Budget and Capital Programme 2021/22 and Medium Term Financial Plan

Summary:

This report presents the draft revenue budget; capital programmes and the Programme for Growth for 2021/22 to 2023/24. Subject to the confirmation of the Local Government Finance Settlement and Council Tax level, the 2021/22 budget is expected to require £2.270m of funds earmarked in the Business Rates Equalisation Reserve (BRER) for revenue support.

For the purpose of this draft budget, a Council Tax freeze for 2021/22 is proposed. This is a departure from the approved Medium-Term Financial Strategy (MTFS) and has added £160k p.a. to the forecast deficits. A CPI+1% increase is assumed for housing rents.

In 2021/22 (subject to confirmation of these receipts) it is proposed that £9.2m of renewable energy business rates are transferred to the Business Rates Equalisation Reserve. This will help to provide future support to the revenue budget as capacity is, in the shorter term, diverted towards the on-going Covid-19 response and existing investment programmes.

The Medium Term Financial Plan (3 year draft budget) shows there is an underlying gap between core spending (with spending reflecting the budget risk on contracted services highlighted in the MTFS) and current assumed core funding as a result of New Homes Bonus being phased out and the renewable energy business rates windfalls ceasing. Beyond 2021/22 we await the outcome of the Government's Fair Funding Review, further consultation on the future of New Homes Bonus and reform of the Business Rates Retention System, to confirm the need for and level of future savings.

There is capacity in reserves to smooth the impact of funding reductions and this draft budget proposes deferring savings until 2023/24 when the outcome of the fairer funding review should be known. However, the on-going use of reserves to support the revenue budget 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 and opportunities for savings will continue to be captured as they arise.

The draft budget proposals have been subject to public consultation, scrutiny by the Policy Review Committee and briefings for all Councillors. The results of the consultation along with proposed officer responses are appended to the report as are the minutes of Policy Review Committee.

Recommendations:

It is recommended that subject to consideration of the budget consultation responses, the proposed budgets, bids, savings and Council Tax proposals for 2021/22 be submitted to full Council for consideration and approval.

Reasons for recommendation

To enable the Council to set its budget and Council Tax for the coming financial year.

1. Introduction and background

- 1.1 The Council approved its Medium-Term Financial Strategy (MTFS) on 22 September 2020. 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 MTFS takes account of the Government's intended further one-year roll-over spending review which was announced in October 2020, in response to the wider economic uncertainty resulting from the Covid-19 pandemic. The MTFS is set in the context of the potential for Local Government re-organisation in North Yorkshire and the increasing prospect of a no-deal Brexit as the transition phase draws to a close. Against this backdrop of extreme uncertainty, it recognises on-going reductions to Government 'incentive' funding (New Homes Bonus and renewable energy business rates) along with risk and uncertainty surrounding the fair funding review and the business rates retention system reset as the key issues for the Council's finances.
- 1.3 At the time of writing this report the Government's provisional Local Government Finance Settlement has been announced and we await the final settlement – if necessary any changes as a result of the final settlement will be incorporated into the final budget proposals to be considered by the Executive on 18 February 2021.

- 1.4 The budget proposals include provision for the emerging contractual risks identified in the MTFS and the resources needed to deal with the on-going impacts and backlogs as a result of the Council's on-going response to Covid, but further work to fully assess the impacts is needed.
- 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 The MTFS includes an assumed Council Tax increase of £5 for a Band D property. From the HRA perspective the MTFS includes a Consumer Price Index (CPI)+1% increase in housing rents.
- 1.7 The MTFS also confirms the Council's reserves strategy - fundamentally avoiding the use of reserves 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.

2. The Report

- 2.1 The proposed revenue budgets for the 3 years from 2021/22 to 2023/24 are presented at **Appendix A**, the latest capital programmes are shown at **Appendix D** and the Programme for Growth is at **Appendix E**.

General Fund Revenue Budget

- 2.2 The draft budget includes provision for 'contractual' and other unavoidable rises in expenditure (e.g. inflation and changes in interest rates), as well as inflation on income from the Council's discretionary fees and charges. This includes:
 - the on-going impacts of Covid-19 – including £350k reduction in investment interest as a result of the reduced bank rate;
 - increases in net cost of recycling services £178k 21/22, £136k 22/23 and £95k 23/24 following increases in recycling rates and reductions in forecast income (part of the £500k budget risk highlighted in the MTFS);
 - an increase in Internal Drainage Board (IDB) levies of 11.5% over the 3 years to 2023/24 (Danvm IDB's levy is increasing by £121k or 27.9% in line with their equalisation plan) – taking the total levies from £1.739m in 2020/21 to £1.940m in 2023/24;
 - a 2% provision for an annual pay award - although public sector pay restraint is anticipated as the longer-term impacts of the virus on the wider economy become clearer;
 - a 5% vacancy factor to help mitigate the rising pay bill and manage other cost pressures within the budget.

2.3 £2.4m growth is included where considered necessary (**see Appendix B**). This includes an indicative assessment of the emerging budget risks identified in the MTFS:

- The residual provision for the potential loss of income from leisure service contracts (part of the £500k budget risk highlighted in the MTFS) £322k 21/22, £364k 22/23 and £405k 23/24;
- A one-off increase in contingency for the service impacts of Covid-19 - £1.5m (financed by additional funds contained within the provisional finance settlement);
- A one-off increase in staffing capacity required to deal with service backlogs arising from the on-going impacts of Covid-19 £500k in 21/22 (the impacts in 20/21 will be addressed as part of the quarterly exception reports to the Executive).

Whilst the draft budget proposals include provision for these emerging risks, further work is needed to fully assess the impacts.

2.4 Given the prospect of Local Government Review and the operational challenges associated with the on-going response to Covid-19, the draft budget does not include any other bids for discretionary growth. Our focus for the coming year will be on delivering the programmes already in place.

2.5 Following deferral of the 3-year Spending Review and reset of the business rates system, the draft budget includes an assumed further £9.2m from renewable energy business rates in 2021/22. Given the risks the Council is facing it proposed that these windfall receipts are earmarked to support the revenue budget through the Business Rates Equalisation Reserve, with £500k diverted to the Contingency Reserve.

Provisional Local Government Finance Settlement

2.6 In October 2020 the Chancellor announced that the scheduled Comprehensive Spending Review would not go ahead this year and indicated that once again the Local Government Finance Settlement would be for one year. The following are incorporated into the proposed budget for 2021/22, following the provisional settlement announcement in December:

- Business Rates Baseline funding £2.274m (safety net level) to reflect Selby's continued non-pool status in 2021/22;
- New Homes Bonus – £1.671m (New Year 11 £489k plus 2 years legacy payments);
- Rural Services Delivery Grant £142k;
- New Lower Tier Service Support Grant £577k;
- New Covid-19 funding for 21/22 £388k;
- Local Tax Income Guarantee £24k (Year 1 to match spread of deficit arising from irrecoverable Covid-19 losses over 3 years)

The additional funding through the settlement totals £1.5m for 21/22.

- 2.7 For 2021/22 the draft budget assumes the Council is at the safety net for the purposes of Business Rates Retention and therefore no Business Rates Growth is included. Beyond 2021/22 the funding system is subject to review. For 2022/23 onwards the draft budget assumes current Business Rates Baseline (plus inflation) plus a small amount of growth within the savings plan (£100k in 2022/23 plus a further £100k in 2023/24).
- 2.8 In line with indications from the Government, the MTFs and draft budget assumes that New Homes Bonus funding will taper out by 2023/24. Given the spending pressures facing the Council, the draft budget applies New Homes Bonus to the revenue budget in the first instance, but we continue to plan for the full withdrawal of this income stream. The Government have indicated there will be a consultation on New Homes Bonus in 2021.

Council Tax

- 2.9 The approved MTFs mid-case assumes a Council Tax increase of £5 for a Band D property for 2021/22. A £5 increase would take the Council average Band D charge from £183.22 to £188.22 – a rise of 9.6p per week, and generate an additional £160k in Council Tax income. However, due to the impact of Covid-19 on our communities, the Executive propose to freeze Council Tax for 2021/22. This will mean £160k p.a. recurring reduction in income from Council Tax against that assumed in the MTFs.
- 2.10 An indicative assessment of the tax base for Council Tax setting purposes is 32,065 - a 0.24% increase on 2020/21 which is more optimistic than that used in the MTFs – whilst further Council Tax Support claims are anticipated, property growth looks promising despite the effects of the virus. The Council Tax yield is estimated at £5.875m for 2021/22.

General Fund Summary

- 2.11 Taking the Council's overall service requirements and funding assumptions together, the estimated position for 2021/22 is summarised below with more detail at **Appendix A**:

General Fund	2021/22 £000's
Net Budget Before Contribution to/(from) Reserves	19,176
Contributions to Reserves	9,770
Contributions from Reserves	(6,417)
Net Draft Revenue Budget	22,529

Funding	2021/22 £000's
Business Rates Baseline (safety net)	2,274
New Homes Bonus	1,671
Special & Specific Grants	1,117
Rural Services Delivery Grant	142
Renewable Business Rates Income	9,172
Council Tax (Tax Base 32,065 x Band D £183.22)	5,875
Collection Fund Surplus – Council Tax*	8
Total Funding	20,259
Net Budget Deficit to be funded from BRER**	2,270

* 2019/20 surplus distribution plus 2020/21 deficit spread over 3 years

** Includes £184k savings

- 2.12 Subject to the assumptions and risks within the budget, the General Fund Deficit after delivery of planned savings, is estimated at £2.270m for 2021/22. It is proposed that this be funded from the Business Rates Equalisation Reserve.

Housing Revenue Account Budget

- 2.13 The HRA budgets have been prepared using the same assumptions on pay and price inflation as included in the General Fund and assumptions on rent changes are based on the Government's formula. In 2021/22 the CPI+1% increase has been applied.
- 2.14 Again, the draft HRA budget includes no new bids for discretionary growth – as with the General Fund our focus over the next year will be to deliver the improvement programme already in place.
- 2.15 The estimated position on the HRA for 2021/22 is shown below. The HRA savings plan is on track to achieve, although opportunities for further efficiency will continue to be sought in order to maximise the resources available for investment in the service.

HRA	2021/22 £000's
Net Budget Before Contribution to/(from) Reserves	7,088
Contribution to Reserves	1,625
Net Draft Revenue Budget	8,713
Less Dwelling Rents	(12,302)
Net Surplus available for Major Repairs	(3,589)

- 2.16 Before consideration of the Housing Investment Programme requirements, a surplus position is anticipated for 2021/22. HRA surpluses are used to fund the HRA investment programme, which are smoothed annually through

transfers to and from the Major Repairs Reserve. Investment plans for 2021/22 total £11.7m and will require a £7.4m drawdown from the Major Repairs Reserve. **Appendix F** shows the forecast on this reserve assuming all plans are delivered.

- 2.17 Looking ahead the refreshed HRA Business Plan sets out the long-term requirements for the Housing Revenue Account whilst balancing savings and investments within the context of a sustainable HRA. Within the life of this 3 year indicative budget it is expected that release of voluntary set aside of revenue receipts earmarked for debt repayment, will be needed to support the Housing Improvement Programme. Whilst there are no proposals to implement this in 2021/22 the position will be kept under review.

Savings

- 2.18 The MTFS highlights the major uncertainty arising as a result of Covid-19 and the growing prospect of a no-deal Brexit, along with the potential for Local Government re-organisation. Against this backdrop, financial risk is increasing and savings continue to feature strongly in the Council's strategic and operational plans. 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. The MTFS identifies recurring savings of £2.4m - £2.9m p.a. will be needed by 2023/24. Taking into account the freeze in Council Tax and provision for the emerging service risks, this has risen to £3m, but this remains very much dependent upon the longer-term funding regime for local government.

- 2.19 The Council's approach to savings will continue to cover 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.

- 2.20 However organisational capacity is undoubtedly stretched as we continue to respond to the pandemic and growing backlogs in some service areas mean that capacity to deliver the savings required, is severely diminished. This coupled with the need to accelerate delivery of our approved investment programmes means that savings will be profiled beyond the next Comprehensive Spending Review when the future local government finance settlement is known. This does not mean that savings will not be captured as and when opportunities arise but the phasing of planned savings will be pushed out to 2023/24 and reserves will be used to bridge the gap in the short term.

- 2.21 The savings plan has been reassessed as part of the budget process and the

revised plan is set out at **Appendix C**. Key changes include:

- Reprofiting of saving from Market Cross to 2023/24 to align with lease expiration
- Permanent reduction in the planning service saving following a review of the staffing requirements - £89k (all years);
- Reprofiting of business rates growth of £100k p.a. year-on-year from 2021/22 to 2022/23 onwards (subject to business rates reset);
- Reduction and reprofiling of environmental contract saving to reflect additional round capacity needed;
- Reprofiting to 2023/24, all other savings not yet delivered.

2.22 Taking the proposals for Council Tax, committed growth, planned reserve transfers and assumptions on Government funding, the table below summarises the current plan and shows the estimated funding gap based on this draft Medium-Term Financial Plan:

GF Savings Summary	2021/22 £000's	2022/23 £000's	2023/24 £000's
Low risk/completed	11	11	11
Medium risk/in progress	173	173	273
High risk/not started	0	100	362
New target – to be identified	0	0	2,389
Cumulative Savings	184	284	3,035
Annual Savings	184	100	2,751

HRA Savings Summary	2021/22 £000's	2022/23 £000's	2023/24 £000's
Low risk/completed	0	0	0
Medium risk/in progress	195	195	195
High risk/not started	0	0	0
New target – to be identified	0	0	0
Cumulative Savings	195	195	195
Annual Savings	195	0	0

2.23 The plan will continue to be monitored closely and further savings will be captured as opportunities arise. Progress against the current savings plan is presented at **Appendix C**.

General Fund Capital Programme

2.24 As stated previously, given the prospect of Local Government Review and the operational challenges associated with the on-going response to Covid-19, the General Fund capital programme includes previously approved projects and a bid for an additional refuse collection vehicle; no other new growth is proposed at this time. Phasing of the programme is reviewed quarterly, and the latest capital programme is attached at **Appendix D**.

2.25 Much of the programme is of a relatively routine nature and accordingly, officers have authority to progress schemes based on the bid information previously submitted to Council. 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 – a full review of industrial unit assets will be undertaken before expenditure is approved;
- Purchase of land;
- Selby and District Housing Trust loans – these loans are subject to viable business cases and variable subsidies within the overall funding package available.

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

2.26 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 programme:

Programme	2021/22 £000's	2022/23 £000's	2023/24 £000's
Asset Management	1,543	116	18
Grants & Loans	3,697	9,614	402
ICT Replacement	227	240	89
Waste Collection Fleet	200	0	0
Total Programme	5,667	9,970	509
Funding			
Capital Receipts	1,118	180	
Grants	817	402	402
Reserves	732	256	107
Borrowing	3,000	9,132	
Total Funding	5,667	9,970	509

2.27 Projects include: acquisition of land to facilitate affordable housing; the enhancement of existing assets such as the car parks, play areas and industrial units; Disabled Facilities Grants 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

2.28 The Housing Investment Programme (HIP) includes the projects necessary to ensure our homes continue to meet the decency standard. The year 2023/24 programme (adjusted for any slippage expected from years 2021/22 or 2022/23) is taken from the approved HRA Business plan. Again the phasing

of work is reviewed quarterly and the latest HIP is at **Appendix D**. Financing of the programme will be reviewed annually and should there be insufficient funding within the Major Repairs Reserve, adjustments to previous voluntary sums set-aside for debt repayment will be done in line with the business plan. The following is a summary of the programme:

Programme	2021/22 £000's	2022/23 £000's	2023/24 £000's
Energy Efficiency Programme	500	510	520
Health & Safety Improvement Prog	669	555	566
Property Refurbishment Prog	4,734	3,678	3,741
Investment Programme	1,373	427	436
Empty Home Programme	842		
Community Centre Refurbishment	64		
St Wilfrids Court Refurbishment	94		
Housing Development Programme	3,378		
Total Programme	11,654	5,170	5,263
Funding	2021/22 £000's	2022/23 £000's	2023/24 £000's
Major Repairs Reserve	7,434	5,170	5,263
Borrowing	975		
Capital Receipts	337		
HCA Grant	1,306		
S.106 Commuted Sums	1,603		
Total Funding	11,654	5,170	5,263

2.29 As with the General Fund, much of the HRA programme is of a relatively routine nature and again officers have authority to progress schemes based on the information previously approved by Council. 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

2.30 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 originally approved as part of the 2018/19 budget and regular progress reports have been presented to both Executive and the Overview and Scrutiny Committee. The Programme was extended in September 2020 to incorporate resources earmarked in 2019/20.

2.31 The latest approved programme totals £19.472m over the 7 years from 2017/18 to 2023/24. Latest forecasts show that, £8.836m will be spent by 31 March 2021, leaving £10.636m over the coming 3 years. Where possible

investment plans will be accelerated so that outcomes can be delivered within the next 2 years.

2.32 The Programme (see **Appendix E**) is funded by previously received New Homes Bonus and some business rates receipts from renewable energy facilities. In September 2020 full Council approved an extended Programme.

2.33 The current budget is summarised below:

Special Projects/Programme for Growth	To 2019/20 £000's	2020/21 £000's	2021/22 £000's	2022/23 £000's	2023/24 £000's
Staffing Resources	2,434	1,203	1,389	1,398	143
Project Delivery	2,606	2,190	3,797	3,459	450
Unallocated		403	0	0	0
Total Programme	5,040	3,796	5,186	4,857	593

Reserves

2.34 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 F**. As at 31 March 2021 reserves are forecast at:

Reserves	Forecast 31 March 2021 £000's
General Fund	
Commitments	4,325
Growth and improvement	19,736
Risk	6,999
Total General Fund Reserves	31,060
HRA	
Balances	1,500
Major Repairs	4,642
Total HRA Reserves	6,142
Capital receipts (from asset sales)	6,024
Restricted Funds (s106/CIL)	10,164

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

2.36 At the end of 2020/21 reserves for growth and improvement are forecast to include £10.602m for the Programme for Growth which is committed to staffing and projects (with £403k remaining unallocated) and £8.5m in the

Special Projects Reserve which is available for allocation. Reserves to manage risk include £4.769m from Business Rates to support the revenue budget (per MTFs) and £1.5m General Working Balance.

- 2.37 These earmarked reserves provide the financial capacity to fund the capital programmes and other irregular expenditure. Including the proposals within this draft budget for 2021/22 it is estimated that in total £8.687m will be required from General Fund and £3.867m from Capital and Restricted reserves to fund on-going projects and new proposals.
- 2.38 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 £7.435m from the MRR in 2021/22.
- 2.39 Contributions to reserves (including capital receipts) of £13.909m are forecast for 2021/22 (subject to the receipt of £9.2m renewable energy business rates), which includes resources set aside to support future revenue budgets and subject to savings delivery, future investments.

3. Alternative Options Considered

The MTFs sets out scenarios and options for key assumptions including Council Tax. Whilst this report proposes a freeze in Council Tax for 2021/22, subject to the Government's referendum principles, reasonable alternatives for Council Tax are:

- 2% increase in the Band D charge from £183.22 to £186.88 - £3.66 p.a. and equivalent to 7p per week, which would generate additional receipts of £118k p.a.
- £5 increase in the Band D charge from £183.22 to £188.22 – 2.7% and equivalent to 9.6p per week, which would generate additional receipts of £160k p.a.

4. Implications

4.1 Legal Implications

None as a result of this report.

4.2 Financial Implications

As set out in the report

4.3.1 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 from the impacts of the pandemic and Brexit, means greater uncertainty within the public sector funding regime, and therefore greater financial risk for the Council. Areas that are particularly high risk are central government funding

and income (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. The MTFS identified additional financial risk and in total £500k provision has been made within the draft budget proposals. £1.5m has been added to contingency in 2021/22 to support the on-going service impacts of Covid-19. And a further £500k contingency has been included within the draft budget proposals to mitigate the risk to service delivery as potential backlogs arise due to the on-going response to Covid-19.

- 4.3.2 The Council's contingency budgets, earmarked reserves and general balances also provide a buffer for these risks and are crucial to ensure sustained financial resilience and viability.

4.4 Corporate Plan Implications

The draft budget aims to support delivery of the Council's 'Corporate Plan'.

4.5 Resource Implications

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

4.6 Other Implications

The draft budget proposals have been subject to public consultation, scrutiny by the Policy Review Committee and briefings for all Councillors. The results of the consultation along with proposed officer responses are appended to the report (**Appendix G**) as are the minutes of Policy Review Committee (**Appendix H**).

4.7 Equalities Impact Assessment

There are no equalities issues as a direct result of this report.

5. Conclusion

- 5.1 The draft General Fund Net Revenue Budget for 2021/22 totals £22.529m. It assumes a Council Tax freeze for 2021/22 and after the application of Central Government funding, savings, and planned transfers to and from reserves is a deficit of £2.270m. It includes additional contingency of £1.5m to support the on-going service impacts of Covid-19.
- 5.2 It is proposed that £2.270m is drawn from the Business Rates Equalisation Reserve, to balance the budget as the majority of savings are deferred to 2023/24. Savings of £184k are forecast for the General Fund and £195k for the HRA.
- 5.3 With the further top-up of the Business Rates Equalisation Reserve proposed as part of this draft budget, resources are available to support the revenue budget over the medium term, should this be necessary. The level and need

for future savings will be reassessed following the outcome of the Fairer Funding Review and reset of the Business Rates Retention system. However, efficiency remains important and savings opportunities will continue to be captured as they arise.

- 5.4 The budget also includes a capital programme to meet General Fund and HRA needs and includes the latest 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

Medium Term Financial Strategy approved by Council September 2020

7. Appendices

- A – Revenue estimates
- B – Growth
- C – Savings
- D – GF Capital programme and Housing Investment Programme
- E – Programme for Growth
- F – Reserves
- G - Consultation responses
- H - Extract from Policy Review Minutes 12/01/2021

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	Line	2021/22	2022/23	2023/24	Comments
		Original	Original	Original	
		£	£	£	
Leadership & Extended Leadership Team	1	890,670	899,880	862,600	Management Team. Leadership Team Support moved to Operational Services in 20/21.
Operational Services		3,899,480	3,954,480	3,711,120	Environmental Health, Property Management, Benefits & Taxation, Contact Centre, Strategic Housing.
Business Development & Improvement		1,556,500	1,561,760	1,312,300	ICT, Data & Systems, HR, Marketing & Transformation
Commissioning, Contracts & Procurement		4,275,710	4,386,910	4,465,380	Waste & Recycling Contracts, Grounds Maintenance & Leisure.
Community, Partnerships & Customers		260,600	262,000	92,860	P4G funded posts plus miscellaneous grants
Economic Development & Regeneration		418,350	421,490	43,750	P4G funded posts.
Planning		489,540	411,690	1,880	Development Management & Planning Policy (Local Plan). Impact on income and backlog costs in 20/21.
Finance Services		2,384,820	2,565,320	2,512,610	Finance, Audit & Internal Drainage Boards. 19/20 includes £3.047m of Affordable Housing Contributions of which £2.745m is transferred to reserves below.
Legal & Democratic		773,430	780,540	945,350	Legal, Licensing & Dem. Services - 19/20 & 23/24 includes District Election
Service Budgets	4	14,949,100	15,244,070	13,947,850	
CEC Charged to HRA	5	(2,719,910)	(2,748,090)	(2,790,490)	CEC to HRA
Net Service Budget	6	12,229,190	12,495,980	11,157,360	Reducing mainly due to P4G contracts ending
Investment Income	12	(300,000)	(288,000)	(278,000)	Includes reduction in investment interest due to low rates / covid-19
External Interest Paid	13	75,200	75,200	75,200	
Capital Adjustments		(1,233,300)	(275,070)	(96,520)	MRP / Depreciation & Capital Receipt funding towards capital programme
Capital Programme Funded from Reserves & Receipts		1,935,917	520,410	191,746	Approved Capital Growth excluding P4G
P4G Revenue Projects		2,619,242	1,958,844	393,500	Excluding Salaries included in Services above
P4G Capital Projects		1,450,000	1,689,420	200,000	
Contingencies	16	2,399,680	222,000	222,000	£500k additional resource requirements, £150k for LGR and £1.5m contingency bid 21/22 only, £100k operational contingency & £100k commissioning contingency. £22k addt contingency bid from 22/23 onwards.
Net Budget before contribution to/(from) Reserves*	17	19,175,929	16,398,784	11,865,286	
Contribution To Reserves					
Asset Management	18	200,000	200,000	200,000	Per MTFS
ICT	19	213,000	250,000	250,000	Per MTFS
Revenue Carry Forwards	20				
Pension Equalisation Reserve	21	96,810	185,060	185,060	Contributions proportion of the pension revaluation saving
District Election	22	38,000	38,000	38,000	Per MTFS
Business Rates Equalisation		9,172,000			Business rates collection fund
Local Plan		50,000	50,000	50,000	Per MTFS
Contribution From Reserves					
District Election Reserve				(153,000)	
Asset Management		(574,187)	(16,205)	(17,746)	
Business Development Reserve		(67,600)	(68,160)	0	
ICT	25	(247,000)	(324,000)	(174,000)	
PFI	26	(167,000)	(177,000)	(186,000)	Updated per Year end model
Contingency		(100,000)	(100,000)	(100,000)	Funding for commissioning contingency - subject to annual review and sufficient funds in reserve.
Local Plan		(75,000)	(150,000)	0	
Affordable housing commuted sums		0	0	0	
Programme for Growth		(5,185,932)	(4,856,794)	(593,500)	Remaining project and salary costs
Business Rates Equalisation		0	(266,080)	0	Previously approved drawdown
NET REVENUE BUDGET	28	22,529,020	11,163,605	11,364,100	
NNDR		(2,274,330)	(2,565,300)	(2,616,610)	Funding Baseline
New Homes Bonus		(1,671,068)	(767,000)	-	Per Provisional Settlement
Lower Tier Services Grant		(577,150)			Per Provisional Settlement
Special and Specific Grants		(151,745)	(24,000)	(24,000)	Per Provisional Settlement incl Local Tax Recovery and Homeslessness
RSDG		(141,757)			Per Provisional Settlement
Covid emergency / new burdens		(388,000)			
Business Rates Collection Fund Deficit/(Surplus)		(9,171,820)	(100,000)	(200,000)	Per Latest Estimate plus savings plan from 22/23
Council Tax to be Levied	30	(5,874,949)	(6,021,820)	(6,203,071)	Based on tax base below
Council Tax Collection Fund Deficit/(Surplus)	31	(8,000)	69,000	69,000	Draft budget profiles the £201k over 3 years from 21/22 to 23/24
Shortfall / (surplus)	33	2,270,201	1,754,485	2,389,419	

Tax Base	32,065.00	32,225.33	32,547.58
Band D Council Tax	183.22	186.87	190.58

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APPENDIX A : HOUSING REVENUE ACCOUNT SUMMARY 2021/22 to 2023/24

	2021/22 Original £	2022/23 Original £	2023/24 Original £	Comments
Operational Services	3,170,910	3,189,020	3,203,170	All salary costs removed (except Cleaners & Enforcement Officer), only inflation increases reflected.
Commissioning, Contracts & Procurement	114,410	117,540	119,890	Increase in grounds maintenance contract
Service Budgets	3,285,320	3,306,560	3,323,060	
CEC Recharges from GF	2,719,910	2,748,090	2,790,490	Reflects charges for salaries and overheads attributable to the HRA
Net Service Budget	6,005,230	6,054,650	6,113,550	
Capital A/c Adjustment Capital Chgs	(1,296,640)	(1,296,640)	(1,296,640)	Reversal of Depreciation Charges
Contingency	75,000	76,500	78,030	To support housing development costs / properties held for redevelopment
Debt Management Expenses	6,000	6,120	6,240	Support TM costs, part of NYCC contract
Investment Income	(38,000)	(34,000)	(30,000)	Based on MTFs assumptions
HRA Debt - Payment of Interest	2,065,380	2,123,190	2,182,150	Assumes borrowing for self financing debt and housing development at current PWLB Maturity rate.
Provision for Bad & Doubtful Debts	270,650	276,060	282,960	Assume increase in provision for tenants on benefits as a impact of Universal Credit
Net Budget before contribution to/(from) Reserves	7,087,620	7,205,880	7,336,290	
Contribution To Reserves				
Comp Development Cont	50,000	50,000	50,000	Contribution to ICT Reserve
HRA Debt - Voluntary MRP	1,575,310	2,682,220	2,769,180	Provision to repay self financing debt
NET HRA REVENUE BUDGET	8,712,930	9,938,100	10,155,470	
Dwelling Rents	(12,302,040)	(12,548,080)	(12,861,780)	CPI + 1% from 2020/21
Net Surplus available for Major Repairs	(3,589,110)	(2,609,980)	(2,706,310)	Transfer (to) / from MRR to meet demands of capital programme and new build

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GENERAL FUND NEW GROWTH BIDS 2021/22 - 23/24

Description	Strategic Theme / Priority	Revenue			Capital			Comments	Term
		21/22	22/23	23/24	21/22	22/23	23/24		
Purchase of 26 Tonne Refuse Vehicle					200,000			The additional vehicle is referenced in the VO to be replaced and a further reduction in the contract price to reflect this.	One-Off
Leisure Service		321,750	364,090	404,940				Provision for risk on leisure services from 21/22 – subject to on-going assessment.	Perm
Additional resources		500,000	0	0				Additional short-term staffing capacity to deal with service backlogs arising from the Council's response to Covid-19.	One-Off
Contingency		1,549,680	22,000	22,000				Ongoing Service Impacts from Covid 19	One-Off
Total Value of new GF Bids		2,371,430	386,090	426,940	200,000	0	0		

Funding	20/21	21/22	22/23	20/21	21/22	22/23
Settlement Grant Funding	1,474,680	22,000	22,000			
Revenue	896,750	364,090	404,940			
Borrowing				200,000	0	0
Total	2,371,430	386,090	426,940	200,000	0	0

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Appendix B - General Fund Commitments

	Description	Budget Movements			Comments
		21/22	22/23	23/24	
INFLATION	Pay award	143,237	144,065	145,941	
	Income	-50,840	-37,811	-36,823	
	Expenditure	287,516	315,176	204,384	Trade waste contract assumed at lower inflation in 23/24. Reduced costs in the leisure contract in 23/24. Drainage boards inflation reduces in 23/24.
	Total Inflation Commitments	379,913	421,430	313,502	
	Additional costs of disposal for Recyclable Materials	178,250	135,910	95,060	Variable costs outside of fixed waste collection contract. These are costs of supply of new wheelie bins, haulage and bulking costs at the MRF less additional recycling credits.
	Planning fee income	143,000	-143,000		One year income reduction due to covid-19.
	Investment income	350,000	12,000	10,000	Reduced returns on cash and property funds due to covid-19.
	Land charges	35,000	700	714	Ongoing reduction in income due to change to the charging of fees.
	NNDR	-7,480			Disposal of Portholme Road and former bank in Selby. Ongoing reduction to NNDR.
	Employer National Insurance	-26,400			Change in the thresholds over which National Insurance is payable from 21/22
	Contingency	1,435,935			Ongoing Service Impacts from Covid 19
	Total Growth Commitments	2,108,305	5,610	105,774	
	Total Commitments	2,488,218	427,040	419,276	

Appendix B - Housing Revenue Account Commitments

	Description	Budget Movements		
		21/22	22/23	23/24
Inflation	Expenditure inflation incl insurance	35,820	70	10

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Appendix C : Planned Savings

Strategic Category	Lead	General Fund - Potential Saving	Budget Risk	2021/22 Planned Savings £000's	2022/23 Planned Savings £000's	2023/24 Planned Savings £000's	Commentary
Growing resources	Suzan Harrington	Asset rationalisation	Medium	0	0	100	This saving relates to the lease for the Contact Centre at Market Cross Selby. The saving will be realised when the lease expires and has therefore been reprofiled to 2023/24.
Growing resources	Dave Caulfield	Business Rates Growth	High	0	100	200	The Council's Economic Development Strategy will proactively foster new inward investment and indigenous business growth. This 'saving' is however high risk due to uncertainties regarding the BRR system reset. 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. Delays to business rates retention system reset mean that this target is delayed a further year and proposed targets have been reprofiled accordingly.
Total Growing Resources			0	0	100	300	
Transforming	Suzan Harrington / Alison Hartley	Process improvements /on-line transactions	High	0	0	162	The Channel shift project is currently being delivered and savings from this are starting to be recognised. Further programmes to role out digitalisation are delayed due to covid-19, and any potential benefits from this may not be made in the short term due to additional workload pressures as a result of the pandemic across the Council. Saving reprofiled to 2023/24.
Transforming	Suzan Harrington	Introduce CT Penalty Scheme - NEW	Medium	5	5	5	Council Tax Penalty Scheme was not being enforced due to covid-19 but has now been reintroduced.
Transforming	Dave Caulfield	Planning service review	Medium	11	11	11	The planning service review has concluded with an annual recurring saving of £11k
Total Transforming				16	16	178	
Commissioning	Suzan Harrington	Contract renegotiations	Low	168	168	168	Estimated savings subject to contract negotiations
Total Collaboration & Commissioning			0	168	168	168	
Total				184	284	646	

Low Risk	11	11	11
Medium Risk	173	173	273
High Risk	0	100	362
Total	184	284	646

Strategic Category	Lead	HRA - Potential Saving	Risk	2021/22 Planned Savings £000's	2022/23 Planned Savings £000's	2023/24 Planned Savings £000's	Update/Comments
Transforming	Suzan Harrington	Process improvements /on-line transactions	Medium	195	195	195	The new housing/asset management system is in the process of being implemented and went live in 2020/21.
Total			-	195	195	195	

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Appendix C : 2020/21 Selby District Council Capital Programme - To 31 December 2020

**Approved Programme & Carry Forward
Proposal**

General Fund	Revised Budget	Year to date Revised Budget	Year to date Actual	YTD Variance	Forecast	Carry Forward	Year End Variance	Comments	Forecast 21/22	Forecast 22/23	Forecast 23/24
Transforming Customer Services	110,000	82,500	2,700	-79,800	110,000	0	0	Covid-19 has prevented the start of work on the reception alterations delaying the contact centre move. It is hoped that procurement of the contractor will be progressed with work being completed at the end of March 2021 with the contact centre operating from the Civic as soon as possible Covid allowing. The project is expected to be on budget. In addition the Call centre on the first floor of the extension is now operational working within Covid guidelines			
Website Development	10,000	7,500	0	-7,500	0	10,000	-10,000	This project is to enhance the platform to allow for future development of the website. We are in discussions with NYCC to deliver the new platform. A meeting has been scheduled with NYCC in January 2021 with a view for this work to be completed in 2021/22. The budget is requested to be reforecast into the new financial year.	10,000		
Industrial Units - Road Adoption	0	0	0	0	0	0	0	The current condition of the road does not justify the significant investment required to bring the road up to adoptable standard. It is proposed to delay this project until such time as the condition of the road makes this work appropriate and necessary.			
GIS System	37,131	27,848	0	-27,848	37,131	0	0	The project has been scoped for this budget. Decision to be made is dependant on the decision for an Appointment System for the new Customer Contact Centre under Covid secure Government guidelines.			
Benefits & Taxation System upgrade	16,475	12,356	3,242	-9,114	16,475	0	0	This budget is linked to software upgrade supporting Channel Shift Phase 2.	15,000	15,000	15,000
IDOX Planning System	19,250	14,438	19,250	4,813	19,250	0	0	To support the IDOX suite of software applications for upgrades and patches as part of the IDOX Roadmap. This will ensure that we remain PSN compliant throughout 2020/21	15,000	15,000	15,000
ICT - Servers	7,590	5,693	7,410	1,718	7,590	0	0	Servers are being upgraded to align to Microsoft licencing requirements.	30,000		
ICT - Software	29,694	22,271	8,000	-14,271	29,694	0	0	Budget committed to the Digital Workforce Project and the implementation of Microsoft 365 Tools. The project is underway for the implementation of Microsoft 365 tools. The project has been delayed due to Covid-19, however it is anticipated that the project will be completed in the current financial year.			
Adobe Licence Replacement	0	0	0	0	0	0	0	Replacement due 2021/22.	15,000		
Finance System Replacement	0	0	0	0	0	0	0	Replacement for the finance system proposed for 2021/22 in the current programme. It is proposed to reforecast this spend into 2022/23.	0	150,000	
Committee Management System	3,000	2,250	0	-2,250	3,000	0	0	ModernGov software now live as of 2019/20, the final £3k budget to cover final costs to upgrade the software due Q4 2020/21.			
Upgrade to Assure from M3	20,000	15,000	11,500	-3,500	20,000	0	0	This budget is to migrate from M3 to Assure software, this project commenced in Q3 2020/21 to be completed in the current year.			
Cash receipting System	32,500	24,375	0	-24,375	32,500	0	0	Income Management Software replacement project. The capital budget for this project will be used for training and consultancy on the new software commencing in Q3 with delivery completing in Q4 2020/21.			
Northgate Revs & Bens	3,606	2,705	0	-2,705	3,606	0	0	Budget required for system upgrades following legislative changes in relation to e-billing. The budget will be to complete the software changes / upgrades.			

Appendix C : 2020/21 Selby District Council Capital Programme - To 31 December 2020

General Fund	Revised Budget	Year to date Budget	Year to date Actual	Year to date Variance	Forecast	Carry Forward	Forecast Variance	Comments	Forecast 21/22	Forecast 22/23	Forecast 23/24
Asset Management Plan - Leisure & Parks	32,780	24,585	1,084	-23,501	32,780	0	0	There are a number of planned maintenance works to be carried out this year at both Selby and Tadcaster leisure centres. The works are being co-ordinated by IHL and although have been delayed due to Covid, are expected to be completed on time.	47,891	9,005	17,746
Committee Room Microphone system	65,000	48,750	0	-48,750	0	65,000	-65,000	Specification is written and tenders have been invited for the Committee Room microphone system. However, the project is currently on hold due to Covid-19 and expected to be completed in 2021/22.	65,000		
Portholme Road Collapsed Culvert	0	0	-14,060	-14,060				Final invoices have been received against this project, costs have come in slightly below expected spend.			
Car Park Ticket Machines	36,000	27,000	13,527	-13,473	36,000	0	0	The purchase of new ticket machines is linked to changes to the Car Parking Strategy, new tariffs etc. There has been delays to all services as a result of coronavirus, following approval of the new tariffs by full Council, orders have been placed for upgraded software etc for the car parking machines. We are currently awaiting confirmation of timescales from the supplier for installation of the new software and card readers on the car parking machines. New signage to support the revised car parking tariffs has been ordered and is due for delivery before Christmas.			
Industrial Units Maintenance	20,000	15,000	0	-15,000	20,000	0	0	An initial report detailing the options has been provided to LT for consideration. Further work is now required to develop a formal business case for each option. Given the nature of the options being considered it is considered inappropriate to seek approval to invest the existing capital funds at this time. Improvements to the industrial units are subject to the outcome of a report to Executive in respect of the future direction. We are awaiting information regarding demand from colleagues in ED to inform the recommendations of the report. Progress has been delayed in respect of provision of demand information due significant resource pressures resulting from further Covid19 restrictions and additional support requirements for local businesses. The revised budget for 2020/21 is on the basis of expected essential spend for the year.	227,200	7,200	
Car Park Improvement Programme	300,000	225,000	9,928	-215,072	300,000	0	0	Work to progress improvement to Back Micklegate, Micklegate and Portholme Crescent car parks has been delayed in order to maximise funding options through external funding bids such as the Heritage Action Zone funding, delays have also been encountered due to discussions with Landowners. In the meantime engagement with the Landscape Architects will take place to progress designs for Portholme Crescent. The funds will be required in 2020/21 as match funding for the wider investment programme being considered. A pre-start meeting has been arranged with the winning bidder for provision of the Electrical Vehicle Charging Points (EVCP) in Back Micklegate and South Parade car parks, with a view to commencing installation as soon as possible after Christmas. Progress on delivery of the wider car park improvement programme remains paused whilst we continue to resolve a number of legal issues around land ownership on part of Back Micklegate car park. Plans to focus delivery on Portholme Crescent whilst these issues are addressed have been scaled back to enable the space to be utilised as a walk-in testing centre for Covid19.	230,096		
ICT - Channel Shift 2 Website & Intranet	57,500	43,125	40,775	-2,350	57,500	0	0	Channel shift Phase 2 (Customer portal) project which has been delayed from 19/20 as per the business case and project plan. Citizens Access Portal (Revenues) is anticipated to go Live in Q3 2020/21 with Citizens Access Portal (Benefits) in Q4 2020/21. The remaining budget will be used for Scanstation/CAB/CAR and CA_LL and e-forms development through 2020/21			
ICT - Channel Shift 3 Website & Intranet	0	0	0	0	0	0	0	Channel shift Phase 3 (Housing management CX integration) project which has been delayed from 19/20 as per the business case and project plan. This will follow the implementation of Channel shift phase 2 (Customer portal project) expected to be during 2020/21. This budget will be used as the Digital Front Door Options Appraisal, however, due to Covid-19 it is anticipated that this will not commence until 2021/22.	18,000		
ICT - Disaster Recovery Improvements - Software / Hardware	24,786	18,590	6,992	-11,598	24,786	0	0	This budget is for improvements aligned to Microsoft requirements & Disaster Recovery Improvements in 2020/21. In Q4 2020/21 it is anticipated a server upgrade will be required.			
ICT - End User Devices - Software / Hardware	25,341	19,006	19,930	924	25,341	0	0	Budget is required for replacement hardware in relation to the digital workforce strand of the digital strategy.	49,500	49,500	49,500
ICT - Digital Workforce - Telephones - Mobile Working	16,000	12,000	920	-11,080	16,000	0	0	Budget is for replacement Mobile phone hardware in relation to the digital workforce strand of the digital strategy. Replacements are scheduled to happen in Q4 2020/21.	9,500	9,500	9,500

Appendix C : 2020/21 Selby District Council Capital Programme - To 31 December 2020

General Fund	Revised Budget	Year to date Budget	Year to date Actual	Year to date Variance	Forecast	Carry Forward	Forecast Variance	Comments	Forecast 21/22	Forecast 22/23	Forecast 23/24
South Milford Retaining Wall	15,000	11,250	0	-11,250	15,000	0	0	We are still awaiting confirmation from the parish priest as to whether approval for the improvement works to the wall will need to go through a Faculty application (similar to Listed Building Approval). It is currently unknown how long the process will take. Given the relatively small amount of funding involved, no alteration to the outturn forecast has been made at this time.			
Waste Collection Fleet	4,000,000	3,000,000	3,639,500	639,500	4,000,000	0	0	An order was placed last year via a framework for the purchase of 21 x RCV's and 1 x mechanical sweeper. All RCV's have been received, the mechanical sweeper is awaiting delivery due to a hold up in the manufacturing process, we anticipate this to be resolved and delivered before the end of the financial year. A bid in the budget for one additional vehicle to be delivered in 2021/22.	200,000		
Wheelie Bins	0	0	-6,470	-6,470	0	0	0	Final invoices have been received against this project, costs have come in slightly below expected spend.			
Council Play Area Maintenance	105,000	78,750	3,130	-75,620	105,000	0	0	Groundwork have been commissioned to project manage this project and the design and consultation stages have been completed for the first site which is Grange Road, Tadcaster. Tender documents are in the process of being finalised and will be issued in the coming weeks with works scheduled to be completed by the end of the financial year.	100,000	100,000	
Replacement of Vehicle Fleet	7,950	5,963	0	-5,963	7,950	0	0	Following a couple of false starts caused by supply chain delays resulting from Covid19, the majority of the Council's replacement light vehicle fleet has now been received. Work to agree appropriate livery for the new fleet is currently underway and it is anticipated this will be completed and installed by early February 2021.			
Purchase of Land	0	0	0	0	0	0	0	To facilitate affordable housing development and acquisitions and will be subject to business case.	937,500		
New Build Projects (Loans to SDHT)	0	0	0	0	0	0	0	Sites have been identified for potential acquisition. However, the Covid lockdown has delayed negotiations. There small sites identified for development and are progressing through Planning, when approved, tenders can be completed to attain absolute costs. Tenders have been delayed due to resources being redirected as a result of Covid, the tenders are not likely to be issued until Q1 2021/22. Discussions are taking place with SDHT as part of the development of the new Affordable Housing Strategy.	2,800,000	9,132,038	
Private Sector - Home Improvement Loans	39,031	29,273	1,006	-28,267	39,031	0	0	There has been a slow start to RAS Loans in 2020/21, due in part to Covid-19 but also due to RAS loans been somewhat seasonal during the winter months and difficult to profile, despite this we would still expect full spend of the budget in 2020/21. RAS loans are repaid to the council upon sale of the property and then recycled into new loans. This allows more vulnerable households to receive the help they need. In 2019/20 we received 4 repaid loans totalling £12,117 which meant that around 3 additional households were able to receive essential assistance. We would expect to receive at least a similar number of repayments in 2020/21.			
Empty Property Grants	80,000	60,000	49,415	-10,585	80,000	0	0	We have completed 3 Empty Homes Grants during the first three quarters of 2020/21. The Empty Homes Officer has progressed a number of enquiries leading to around 6 expressions of interest from empty property owners which we would expect to convert into full grants in due course. Empty Homes Grants remain popular and are an excellent way of sourcing private rented accommodation for vulnerable households at risk of homelessness. It is expected that the full budget be spent in 2020/21.	80,000	80,000	
Disabled Facilities Grants (DFG)	265,700	199,275	149,208	-50,067	265,700	0	0	Covid-19 continues to have a significant impact on the delivery of DFGs. Currently 48 are approved, on averaged there are 3 contractors on site a week. YTD 27 have been completed. This is comparable with previous years within the number of weeks contractors have been unable to get on site due to Covid. As a result of the estimated 17 weeks lost means the revise outturn of £266k is on target to be achieved.	816,977	402,360	402,360
Total General Fund	5,379,334	4,034,501	3,966,987	-67,514	5,304,334	75,000	-75,000		5,666,664	9,969,603	509,106

Appendix C : 2020/21 Selby District Council Capital Programme - To 31 December 2020

Housing Revenue Account	Revised Budget	Year to date Budget	Year to date Actual	Year to date Variance	Forecast	Carry Forward	Forecast Variance	Comments	Approved Programme & Carry Forward Proposal		
									Forecast 21/22	Forecast 22/23	Forecast 23/24
Housing & Asset Management System	132,375	99,281	28,710	-70,571	132,375	0	0	The remaining capital of £132k is expected to be paid in Q4 2020 following the Rents module Go Live and the repairs module that will commence in January 2021.			
St Wilfrid's Court	19,267	14,450	17,969	3,519	19,267	0	0	The programme scoping meeting identified requirement for significantly more investment than is available in the current budget. The current budget will therefore be utilised to address some of the higher priority issues identified during visit, as well as any essential health and safety related works. Work to replace the Tunstall system within the property has now been completed as this was deemed an emergency due to increasing false/no alarm reports. Progress in identifying additional improvement works at the scheme are however still on hold due to the continuing situation around Covid 19. Due to the nature of the scheme and to protect the safety of the residents it is felt essential to limit the works being undertaken whilst the Covid situation remains uncertain. With this in mind, we will focus efforts on fully scoping and procuring the improvement works with a view to implementation in April/May 2021, providing the situation allows.	93,733		
Environmental Improvement Plan	108,152	81,114	0	-81,114	108,152	0	0	This funding is earmarked to support a scheme being led by colleagues in the Contracts and Procurement Team. Work to progress the scheme has however been delayed by the coronavirus outbreak. Colleagues in our Contracts and Procurement team continue to progress the scheme. Tender for the work went out in early December with a view to having a contractor on site in January with completion before year end			
Housing Development Project	400,000	300,000	19,055	-280,945	50,000	350,000	-350,000	Programme for the development of HRA properties on phase 2 small sites, Starts on these sites has been delayed due to Covid and is anticipated in 2021/22. Work including, feasibility studies, asbestos surveys and garage clearance has been completed. Planning permission for development of three schemes has now been secured and work is underway to progress these through to tender. Due to the continuing delays due to Covid, progress on these projects has seen further delays, as a result the Q3 forecast is requested to be adjusted to £50k spend in the current financial year with the balance being phased into the 2021/22 budget. The actual costs relate to feasibility costs for the sites that are progressing to tender, these costs will be allocated to the individual programmes once the sites move into the construction stage.	3,377,643		
Ousegate Hostel	10,394	7,796	9,125	1,330	10,394	0	0	An upgrade of the CCTV within the building was undertaken with Fire Risk Assessment and communal area refurbishment works progressing in tandem. This budget is required to complete the final elements of the works identified within the Fire Risk Assessment and will be assessed for Covid compliance. Formal certification of the fire safety works has now been received.			
Phase 1 HDP Byram Park Road	0	0	-5,305	-5,305	0	0	0	Final Retention invoice received £5k lower than anticipated			
Community Centre Refurbishment	10,000	7,500	0	-7,500	0	10,000	-10,000	The Fire Risk Assessment works identified at Grove House have now been completed except for the installation of the new entrance doors and door entry system which are on order. Work to identify further requirements outlined for other community centres under the FRA process is required. Progress on delivery of the programme remains paused whilst we deal with other priorities and as a result of diverted staff resources as a result of Covid. In light of the above, delivery of the programme remains paused whilst staff resources are focused on delivering other key priorities and adapting to the changing Covid 19 guidance. It is therefore unlikely any spend will be incurred in 2020/21 and thus the budget is requested to be carried forward to 2021/22.	64,377		
Empty Homes Programme - Improvements to Property	252,632	189,474	595	-188,879	252,632	0	0	This supports the Empty Homes Programme and is available to purchase Empty properties that will be brought back in to use and let through the HRA and former council properties sold through the Right to Buy. This is part of a 3 year programme to fund the purchase of 20 properties and includes S106 and Homes England Grant funding. We purchased 7 properties in 2019/2020, the work to improve these properties to a lettable position has been delayed due to the Covid lockdown, there was 1 long term empty property and 6 former Right to Buy, buy backs. We are also still progressing with the Compulsory Purchase of a long term empty property. These properties have been added to the HRA and will be let at an affordable rent once the works are complete. The Q2 forecast assumes a further 3 properties will be purchased in 2020/21 in line with the approved funding from Homes England with the balance of the budget forecasted to be spent in 2021/22. A revised programme is being drawn up for those further acquisitions.	842,108		

Appendix C : 2020/21 Selby District Council Capital Programme - To 31 December 2020

Assets Vehicle Fleet	60,950	45,713	0	-45,713	60,950	0	0	Following a couple of false starts caused by supply chain delays resulting from Covid19, the majority of the Council's replacement light vehicle fleet has now been received. Work to agree appropriate livery for the new fleet is currently underway and it is anticipated this will be completed and installed by early February 2021.			
Energy Efficient Programme	701,869	526,402	219,790	-306,612	701,869	0	0	Whilst the cessation of all but emergency works due to lockdown severely impacted initial progress on delivery of the capital programme, the team have worked hard to accelerate delivery with our contract partners. Although we do understandably continue to see increased refusal of works due to self-isolation and/or shielding we anticipate the current 2020/21 programme will be completed.	500,224	510,225	520,430
Health and Safety Improvement Programme	886,724	665,043	361,613	-303,430	886,724	0	0	The cessation of all but emergency repairs due to Covid has impacted delivery of the capital investment programme. Whilst the cessation of all but emergency works due to lockdown severely impacted initial progress on delivery of the capital programme, the team have worked hard to accelerate delivery with our contract partners and the scheduled programme is to deliver this years programme of works. However, we do understandably continue to see increased refusal of works due to self-isolation and/or shielding.	668,652	554,675	565,770
Property Refurbishment Programme	4,200,000	3,150,000	1,614,651	-1,535,349	3,500,000	700,000	-700,000	The cessation of all but emergency repairs due to coronavirus has impacted delivery of the capital investment programme. We are continue to work on our recovery plans for reintroduction of services and talking with contractor partners about programme delivery. We have reassessed the programme with our main contractor and with the additional kitchen, bathroom, window and door replacements to be completed this financial year we anticipate completing 75% of works. This is monitored and reviewed with our contractors for future Covid impacts. Whilst the cessation of all but emergency works due to lockdown severely impacted initial progress on delivery of the capital programme, the team have worked hard to accelerate delivery with our contract partners; although we do understandably continue to see increased refusal of works due to self-isolation and/or shielding.	4,734,234	3,677,796	3,740,890
Property Investment Programme	350,000	262,500	224,486	-38,014	350,000	0	0	The cessation of all but emergency repairs due to coronavirus has impacted delivery of the capital investment programme. Current estimations are maintained to deliver 30% of the programme in the current financial year. Whilst the cessation of all but emergency works due to lockdown severely impacted initial progress on delivery of the capital programme, the team have worked hard to accelerate delivery with our contract partners; although we do understandably continue to see increased refusal of works due to self-isolation and/or shielding.	1,373,310	427,133	435,680
		0	0	0		0	0				
Total HRA	7,132,363	5,349,272	2,490,689	-2,858,583	6,072,363	1,060,000	-1,060,000		11,654,281	5,169,829	5,262,770
Total Capital Programme	12,511,697	9,383,773	6,457,676	-2,926,097	11,376,697	1,135,000	-1,135,000		17,320,945	15,139,432	5,771,876

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Appendix E : Programme for Growth 2020/21 Financial Year Project Updates
Multi Year schedule for the project lifespan

Project	Lead Officer	Multi-Year Project Budget	Position @ 31 December 2020		Project Budget Remaining	Update	Phasing of future spend Q3			
			In Year Spend 20/21	Forecast			Forecast 20/21	Forecast 21/22	Forecast 22/23	Forecast 23/24
Healthy Living Concepts Fund	Angela Crossland	53,281	0	53,281	53,281	Of the remaining £53,281 in this fund - £10k allocated to develop active travel sustainable travel packs in line with the visitor economy niche trails work, £30k allocated to development of project with Yorkshire Wildlife Trust for Barlow Common to develop project and funding bids as they arise (Barlow Common delayed due to Covid). Remaining £13k will support public health initiatives identified as part of covid recovery plans.	0	53,281	0	
Visitor Economy (Tourism & Culture)	Angela Crossland	1,222,908	103,772	1,222,908	1,119,136	Delivery of the Visitor Economy Strategy and the Cultural Development Framework for the District. This is a multi-year programme which includes the cultural programme for the HSHAZ, visitor place-making and marketing, product development and sector support. Much of the investment is to be used as match funding against investment from external funding partners.	200,000	542,908	340,000	140,000
Celebrating Selby 950	Angela Crossland	30,311	5,571	30,311	24,740	Final reports have been submitted to funders. All delivery is complete, including an Audience Development Plan which builds on the findings in the Evaluation Report. National Lottery Heritage Fund have approved final activity report and financial evidence. Their final payment of (10%) will be made shortly. NLHF describe the activity as "brilliant!". Arts Council England have different financial reporting requirements, which are not yet complete. The final part of the project is the completion of improvement and maintenance works to the area around the Abbey, including the Abbey railings, which was initially delayed due to workload (roll-out of new recycling bins) and further delayed due to Covid, but is expected to be completed for year end	30,311	0	0	
Low Carbon resources	Angela Crossland / Dave Caulfield	135,000	0	135,000	135,000	Low carbon/Environmental Projects Officer to oversee Low Carbon work	22,000	45,000	45,000	23,000
Marketing Selby's USP	Stuart Robinson / Communications	157,753	4,841	157,753	152,912	The final elements of the first phase of the campaign have now been completed, apart from one remaining case study which was put on hold due to the flooding and Coronavirus emergencies, we are awaiting the final invoices. The 2019/20 phase of the place branding work has delivered the following: human interest marketing materials linked to the Council's strategic development sites , on-going positive regional coverage about opportunities in the district through media partnerships, new media partnerships focusing on the benefits of growth to existing residents and businesses, national coverage for the district in partnership with LEPs and the LGA, and the development of a new 'business portal website, linked through the Council's main website. A further £150k has been allocated to this budget as we continue to invest in place branding for the Council to present a consistent positive story of the district as a great place to do business. Business confidence is now the 2nd highest in the Leeds City Region & we've been recognised nationally by the LGA as good practice. Also important in helping with covid-19 economic recovery. This additional budget will enable the Council to continue to invest in good quality material to tell the story of investment, enabling us to invest in good quality images and films that create our story of place.	32,753	50,000	50,000	25,000
Retail Experience - STEP	Duncan Ferguson	76,749	2,105	76,749	74,644	Town centre revitalisation and strategy work is underway. Work to deliver on priorities in line with the town centre strategy and revitalisation action plans. Work being prioritised on digital development in line with recent LEP support and post Covid19 planning.	14,664	62,085	0	
Legal Support	Julian Rudd / Iain Brown	139,000	0	139,000	139,000	Legal Support for agreements and advice associated with the P4G programme / projects	23,000	46,000	46,000	24,000
Towns Masterplanning (Regeneration)	Duncan Ferguson	702,257	36,555	702,257	665,702	Work was commissioned in 2019/20 from the People and Places consultancy (Chris Wade) to develop town centre revitalisation plans and prepare for Future High Streets Fund application. Chris Wade's work is due to finish December 2020. Work will identify where match fund and further commission is needed and establish the further multi-partner governance model needed to deliver the strategies and action plans for each town centre. Places and movement study with Highways to commenced Sept 2020 and supported from this funding allocation, circa £30k match funded from the LEP. Anticipate that plans for local delivery will align with reprioritisation for town centres as part of new Corporate Plan period 2020+ and covid recovery planning. Funding of £50k to support reopening high streets scheme with MHCLG funding to support this, awaiting payment schedule for that scheme from MHCLG	68,289	633,968	0	

Project	Lead Officer	Multi-Year Project Budget	In Year Spend 20/21	Forecast	Project Budget Remaining	Update	Forecast 20/21	Forecast 21/22	Forecast 22/23	Forecast 23/24
Strategic Sites Masterplanning	Duncan ferguson	254,832	58,142	254,832	196,690	Funded due diligence work for Selby Station Masterplan area and Selby TCF revenue costs (in partnership with NYCC). Future costs will include consultancy costs for development to Full Business Case stage, surveys, design, legal and valuation fees. A large proportion, if not all, of Selby TCF revenue costs should be reimbursed back to this budget by WYCA. A further £150k budget has been allocated to this programme. Future costs will include consultancy costs for development to Full Business Case stage, surveys, design, legal and valuation fees. A large proportion of this Council's Selby TCF revenue costs should be reimbursed back to this budget by WYCA.	204,832	25,000	25,000	0
Access to Employment	Iain Brown	19,282	0	19,282	19,282	Projects within this budget will be targeted at supporting social mobility to give unemployed people in areas of higher deprivation in Selby District access to current and future employment opportunities e.g. connecting people to employment opportunities at Sherburn, the former Kellingley Colliery, Church Fenton etc. Future initiatives being reviewed against this budget include the opportunity to support future LCWIP projects linking residential communities with employment hubs and opportunities related to electric bike programmes.	19,282	0	0	
Growing Enterprise	Iain Brown	270,542	(3,811)	270,542	274,353	Budget to support one of the 10 priorities in Economic Development Framework (EDF) 2 year delivery programme as approved at the January 2019 Executive. It helps to match-fund small business support with the Leeds City Region LEP and unlock assistance for small businesses through the Ad:Venture and Digital Enterprise. New initiatives that will be funded through the coming year will include a widening of the skills support programme and work with any businesses that could be affected by the TCF programme around Selby Station. The additional P4G budget awarded over the next 3 years will be used to support businesses displaced by the TCF land assembly to relocate within the district. The year to date spend is showing a credit due to a cancelled and refunded Business Conference event invoice due to the Covid Pandemic, it is hoped that the event can be rearranged in due course.	95,542	70,000	70,000	35,000
Selby TCF Revenue	Duncan ferguson	0	62,219	0	(62,219)	Current year to date costs to the end of September are recoverable from WYCA, these will be submitted and recovered in Q4 2020/21.				
Empty Homes	June Rothwell Simon Parkinson	3,846	1,853	3,846	1,993	Overall the project is progressing well and the Empty Homes Officer has directly helped bring empty homes back into use in line with the targets set 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 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. We are currently pursuing our first Compulsory Purchase Order - although this has been delayed due to the current Coronavirus crisis. If successful it is hoped that this will send a strong message that tackling empty homes are a priority for us. In 19/20 we brought 5 properties back into use through the Empty Homes Grants/Loans service. These provided homes to vulnerable households who were at risk of homelessness.	3,846	0	0	
Selby District Housing Trust	June Rothwell Phil Hiscott	34,850	0	34,850	34,850	This fund is to support SDHTs role in the more ambitious HDP approved by Executive in January 2018. A new officer has now been appointed to support the SDHT. The Trust have taken occupation of an additional 17 new affordable homes in 2018/19 delivered through new build and Section 106 acquisitions and a further 12 Section 106 acquisitions in Q1 2019/20. SDHT continue to work with SDC colleagues on the affordability and viability of new properties coming forward via the Housing Development Programme. Discussions with external providers regarding possible S106 acquisitions are also ongoing.	10,000	10,000	14,850	
Stepping Up' Housing Delivery	June Rothwell Phil Hiscott	7,052	114	7,052	6,938	The Project will support the implementation of the Housing Development Programme approved by the Executive in January 2018. Seeking opportunities to maximise the social and economic benefits of the Council's asset portfolio.	7,052	0	0	

Project	Lead Officer	Multi-Year Project Budget	In Year Spend 20/21	Forecast	Project Budget Remaining	Update	Forecast 20/21	Forecast 21/22	Forecast 22/23	Forecast 23/24
Olympia Park	Iain Brown	4,733	0	4,733	4,733	Following further detailed information about costs and technical issues at the Olympia Park development site in Selby, Selby District Council, the landowners and developers involved have reluctantly concluded that conditions attached to a government housing infrastructure grant towards site costs cannot now be met. Despite the best endeavours taken by the Council, its advisers and Olympia Park Development (OPD), the project in its current form cannot be delivered within the timescales required to access the grant offered towards infrastructure costs. Everyone involved remains fully committed to effective use of the site in the future to support existing businesses and enable the delivery of appropriate new employment space and homes. The Council and OPD now have the benefit of significant detailed technical information regarding the site and continue to work together to unlock its significant potential for development, particularly given the close proximity to the town centre and railway station. The Council is in discussion with OPD regarding the scope for a significant employment development on the site and, on this basis, has retained a pedestrian and cycle footbridge to the site from the town centre and station in the TCF proposals. Further details will be provided once further discussions have taken place. Outstanding fees relating to site development work have now been confirmed and will be fully paid during Q4 against accruals made at year end.	4,733	0	0	0
Making our Assets work	Duncan ferguson	100,000	4,047	100,000	95,953	The budget is targeted at funding due diligence work to bring the Council's own land assets to the market and see them developed. These include small garage sites, Portholme Rd, Egerton Lodge, Barlby Rd depot, Bondgate and Burn airfield. A further £100k has been allocated to this budget to continue the ongoing work, this will be used to fund the feasibility, surveys and technical work to enable the Council's own land assets to be brought forward for development to deliver housing and other beneficial uses.	60,000	20,000	20,000	0
Housing development Feasibility Work	Phil Hiscott	303,546	19,316	303,546	284,230	Housing development feasibility project to identify viability of sites for development. Phase 2 feasibility costs have been transferred to the individual development budgets for three identified sites; Camblesforth, Hambleton and Sherburn in Elmet. These sites have gone through planning and will progress to tender stage in Q1 2021/22. It is expected that Burn and West Haddlesley will progress to planning in Q4 2020/21, if successful these sites will progress to tender in Q2 2021/22. A proportion of the costs have been incurred as abort fee against sites which will not be progressing. A further £300k budget has been allocated to progress the feasibility work on the Housing Development Project, costs will be allocated to the individual development budgets as the sites progress through planning and into development.	53,546	100,000	100,000	50,000
Asset Strategy	Phil Hiscott	80,000	0	80,000	80,000	Budget for the production of the Asset Management Strategy This funding is required to support development of the Council's new Asset Management Strategy. Work to agree the brief has been completed. however progressing this to tender has been delayed by coronavirus. It is therefore requested that the budget is moved forward to 2021/22.	0	80,000	0	0
Finance Support	Peter Williams	139,000	0	139,000	139,000	Business Case development & Financial monitoring / reporting	10,000	59,000	46,000	24,000
Commercial property acquisition fund	Iain Brown / Duncan ferguson	3,039,424	467,584	3,039,424	2,571,840	This budget will be used to acquire strategic development sites consistent with the Councils regeneration and commercial development opportunities and to match fund acquisitions as part of the TCF bid submission. The current live project and spend to date relates to the purchase of a site near Selby Station to provide new access to platform 2 and additional car parking. A significant amount of funding from this budget has been put forward as match funding within the Council's TCF proposals for Selby Station including contingency for the purchases of property.	1,000,000	1,000,000	1,039,424	0
High Street shop fronts	Angela Crossland	100,000	0	100,000	100,000	The Project Fund is a match fund contribution to the successful High Streets Heritage Action Zone (HAZ) bid. Programme delivery commenced 1st April and this fund is part of a 4 year programme profile. HAZ Officer started in post August 2020	0	50,000	50,000	0
New lane - Public Realm	Angela Crossland	200,000	0	200,000	200,000	The Project Fund is a match fund contribution to the successful High Streets Heritage Action Zone (HAZ) bid. Programme delivery commenced 1st April and this fund is part of a 4 year programme profile. HAZ Officer commenced in post August 2020. Experimental road closures in place as part of Reopening High Streets project (ERDF Funded)	0	0	200,000	0
Low Carbon projects (Phase 1) CAPITAL	Angela Crossland / Dave Caulfield	1,200,000	0	1,200,000	1,200,000	Phase 1 project delivery fund to support approved projects flowing from the Low Carbon Working Group - projects subject to business case approval by the Executive.	200,000	400,000	400,000	200,000
Town Regen Selby	Duncan Ferguson	1,000,000	0	1,000,000	1,000,000	A Forward Framework and Action Plan is being prepared for each of the 3 town centres - work led by Chris Wade funded from the current Town Master planning P4G project. Two elements to this new ask: 1) Feasibility pot to work up project ideas 2) Delivery budget - for implementation of projects.	50,000	300,000	650,000	0

Project	Lead Officer	Multi-Year Project Budget	In Year Spend 20/21	Forecast	Project Budget Remaining	Update	Forecast 20/21	Forecast 21/22	Forecast 22/23	Forecast 23/24
Town Centre Tadcaster	Duncan Ferguson	500,000	0	500,000	500,000	A Forward Framework and Action Plan is being prepared for each of the 3 town centres - work led by Chris Wade funded from the current Town Master planning P4G project. Two elements to this new ask: 1) Feasibility pot to work up project ideas 2) Delivery budget - for implementation of projects.	50,000	200,000	250,000	0
Town Centre Sherburn	Duncan Ferguson	500,000	0	500,000	500,000	A Forward Framework and Action Plan is being prepared for each of the 3 town centres - work led by Chris Wade funded from the current Town Master planning P4G project. Two elements to this new ask: 1) Feasibility pot to work up project ideas 2) Delivery budget - for implementation of projects.	50,000	200,000	250,000	0
New programme resources	Extended Leadership Team	261,000	0	261,000	261,000	Additional staffing resources: Planning Projects Officer, Regenerations Town Centre Co-ordinator. The start date for these appointments is anticipated to be February 2021, the forecast has been adjusted into 2023/24	14,500	87,000	87,000	72,500
Funding for the 15% parish council contribution for the new Bawtry roundabout - £35062	Caroline Skelly	35,062	0	35,062	35,062	Funding for the 15% parish council contribution for the new Bawtry roundabout, this is expected to be paid in Q4.	35,062			
Staffing costs		3,459,475	598,534	3,459,475	2,860,941	This covers all the P4G funded posts across SDC including the extensions to contracts approved in the budget. These posts support delivery of this P4G programme. It also covers the additional core staffing costs in a number of teams required to deliver the Council's corporate growth ambitions including the Economic Development and Regeneration team (to deliver the Economic Development Framework 2 year action plan) and key posts in Communities and Partnerships, Planning and Marketing and Communications.	1,134,265	1,151,690	1,173,520	
Contingency		402,698	0	402,698	402,698	The funding we are receiving from the West & North Yorkshire Business Rates pool for the Tour de Yorkshire and UCI E200k has been put back into P4G contingency to fund essential work on the asset management strategy. Also the balance remaining on Tadcaster Linear Park has been transferred back to P4G contingency.	402,698	0		
		14,432,601	1,360,842	14,432,601	13,071,759		3,796,375	5,185,932	4,856,794	593,500

Appendix F : Reserve Balances 2020 - 2024

Description	Estimated Balance	Use	Transfers	Contribs	Estimated Balance	Use	Transfers	Contribs	Estimated Balance	Use	Contribs	Estimated Balance	Use	Contribs	Estimated Balance	Comments
	31 March 20				31 March 21				31 March 22			31 March 23			31 March 24	
	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£	
Revenue Reserves																
General Fund																
Reserves to fund future commitments:																
PFI Scheme	3,393,599	-153,000			3,240,599	-167,000			3,073,599	-177,000		2,896,599	-186,000		2,710,599	Reserve expected to be fully spent by 2035/36.
ICT	392,012	-377,873		227,000	241,139	-247,000		263,000	257,139	-324,000	300,000	233,139	-174,000	300,000	359,139	Aligns with Digital Strategy
Asset Management	1,072,002	-526,730		200,000	745,272	-574,187		200,000	371,085	-16,205	200,000	554,880	-17,746	200,000	737,134	Subject to refreshed Asset Management Strategy
GF Carried Fwd Budgets	271,356	-271,356			0				0			0			0	
Election	63,686			34,000	97,686			38,000	135,686		38,000	173,686	-153,000	38,000	58,686	
Total Reserves to fund future commitments	5,192,655	-1,328,959	0	461,000	4,324,696	-988,187	0	501,000	3,837,509	-517,205	538,000	3,858,304	-530,746	538,000	3,865,558	
Reserves to fund growth and improvement:																
Special Projects/Unallocated	8,042,921	0	-8,569,000	9,018,996	8,492,917	0	-8,583,033	9,172,000	9,081,884	0		9,081,884			9,081,884	In 2021/22 £8.08m transferred to BRER to support the revenue budget/savings plan, £500k to contingency.
Programme for Growth	5,601,220	-3,796,375	8,569,000	228,000	10,601,845	-5,185,932			5,415,913	-4,856,794		559,119	-593,500		-34,381	Remainder of Approved P4G Programme, reprofiled over remaining years. £6.483m to be allocated from 2021/22
Discretionary Rate Relief Fund	240,003				240,003				240,003			240,003			240,003	
NYCC Collaboration	50,000				50,000				50,000			50,000			50,000	
Spend To Save (Business Development)	419,208	-67,660			351,548	-67,600			283,948	-68,160		215,788			215,788	Held to support upfront investment or transitional costs to deliver savings/efficiencies/income generation - spend subject to business case approval
Total Reserves to fund growth and improvement	14,353,353	-3,864,035	0	9,246,996	19,736,314	-5,253,532	-8,583,033	9,172,000	15,071,749	-4,924,954	0	10,146,795	-593,500	0	9,553,295	
Reserves to mitigate financial risk:																
Pensions Equalisation Reserve	0				0			96,810	96,810		185,060	281,870		185,060	466,930	Phased provision following 2019 valuation
Business Rates Equalisation	4,976,748	-208,080			4,768,668	-2,270,201	8,083,033		10,581,500	-2,020,565		8,560,935	-2,389,419		6,171,516	Funds held to support revenue budget - drawdown is subject to savings delivery
Local Plan	649,083	-242,500		50,000	456,583	-75,000		50,000	431,583	-150,000	50,000	331,583		50,000	381,583	Funding for new local plan
Contingency	370,409	-100,000			270,409	-100,000	500,000		670,409	-100,000		570,409	-100,000		470,409	
General Fund	1,503,222				1,503,222				1,503,222			1,503,222			1,503,222	Minimum working balance £1.5m
Total Reserves to mitigate financial risk	7,499,463	-550,580	0	50,000	6,998,883	-2,445,201	8,583,033	146,810	13,283,525	-2,270,565	235,060	11,248,020	-2,489,419	235,060	8,993,661	
Total GF Revenue reserves	27,045,471	-5,743,574	-	9,757,996	31,059,893	-8,686,920	-	9,819,810	32,192,783	-7,712,724	773,060	25,253,119	-3,613,665	773,060	22,412,514	
HRA																
HRA Unallocated Balance	1,500,000				1,500,000				1,500,000			1,500,000			1,500,000	Minimum working balance £1.5m remainder transferred to MRR to support housing improvement programme
C/fwd Budgets (HRA)	2,167,201	-2,167,201			-				-			-			-	
Major Repairs Reserve - Capital Programme	6,937,285	-5,637,356		3,341,970	4,641,899	-7,434,530		3,589,110	796,479	-5,169,829	2,609,980	1,763,370	-5,262,770	2,706,310	4,319,830	Spend profile subject to approved capital programme - aligns to HRA Business Plan Mid-Case - Anticipated in Bus Plan to go overdrawn at 23/24 funded through cash set aside for debt repayment.
Total HRA Reserves	10,604,486	-7,804,557	-	3,341,970	6,141,899	-7,434,530	-	3,589,110	2,296,479	-5,169,829	2,609,980	-263,370	-5,262,770	2,706,310	-2,819,830	
Total Revenue Reserves	37,649,957	-13,548,131	-	13,099,966	37,201,792	-16,121,450	-	13,408,920	34,489,262	-12,882,553	3,383,040	24,989,749	-8,876,435	3,479,370	19,592,684	
Capital Reserves	5,579,882															
Total Useable Capital Receipts	5,797,909	-320,084		500,000	5,977,825	-1,454,343		500,000	5,023,482	-180,000	500,000	5,343,482	-	500,000	5,843,482	
Capital Receipts (HRA Reserved)	45,901				45,901				45,901			45,901			45,901	
Total GF Capital Receipts	5,843,810	-320,084	-	500,000	6,023,726	-1,454,343	-	500,000	5,069,383	-180,000	500,000	5,389,383	-	500,000	5,889,383	
Restricted Reserves																
S106 Affordable Housing Commuted Sums	7,996,390	-75,790			7,920,600	-2,412,632			5,507,968	-2,670,000		2,837,968			2,837,968	Funds ring-fenced and spend subject to progress on housing developments
Other s106 contributions	135,019				135,019				135,019			135,019			135,019	New reserve to be created
Community Infrastructure Levy	2,108,260				2,108,260				2,108,260			2,108,260			2,108,260	New reserve to be created
Total Restricted Reserves	10,239,669	-75,790	0	0	10,163,879	-2,412,632	0	0	7,751,247	-2,670,000	0	5,081,247	0	0	5,081,247	

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#	Do you agree with the way the Council has allocated its budget? If not, what else would you prioritise and - to ensure we balance the books and deliver services - what savings would you make?	SDC Response
63	Given the pressure on household finances, please keep increases to a minimum	The proposal is to freeze Selby District Council's Council Tax charge at the level it is in 20/21. Please note that this does not apply to the Council Tax charges of the other preceptors.
62	Great news about poll tax will help a lot of people	Freezing the district council element is aimed at supporting all residents in Selby district.
61	It's not clear how you have allocated the budget	The appendices to our budget report show the budgets allocated to main service areas and capital and other projects. The report is available here https://democracy.selby.gov.uk/ieListDocuments.aspx?Cid=139&Mid=1864&Ver=4
60	Make sure you keep the villages surrounding Selby villages, rather than trying to cram more new houses into them which village infrastructures can't support.	The Local Plan aims to provide for a balance of housing options across the District and some people would like to live in villages. Allowing appropriately scaled and well-designed schemes in villages will support local amenities.
59	You need to spend more keeping highways through the outlying villages such as Byram, clean and tidy. The A1246 (old A1) is not safe for locals to litterpick and is a disgrace, letting the whole county down. It was even mentioned in a letter to a local newspaper by a non-resident who said it was the worst-kept road they had driven on.	The Council provides a cleansing service for all adopted highways across the District consisting of mechanical sweeping and litter picking. The frequency of cleansing varies from daily in town centre shopping areas to 8 weekly for our rural roads. We had an independent survey of our cleansing standards performed by Keep Britain Tidy in autumn 2019 with litter results at 4% failure rate which is good when compared to the national average of 14%. Whilst on occasion some places such as the A1246 may fall below our high standards they are normally returned to standard once we have been notified of excessive litter.
58	Create more space on Sutton lane, as the lorries passing are causing great issues to residents and parking	North Yorkshire County Council is responsible for highways matters.

#	Do you agree with the way the Council has allocated its budget? If not, what else would you prioritise and - to ensure we balance the books and deliver services - what savings would you make?	SDC Response
57	Create more space on Sutton lane, as the lorries passing are causing great issues to residents and parking	Appears to be a duplicate of response above
56	<p>We live in beautiful countryside, that is continuously wrecked by off road bikes/quads, when they wreck one place they move to the next. Add to this mix the fox hunters we had as many as 2 a month (for several months) on the same fields churning them up, we then have the people that fly tip! Why can't the police/council use drones at these sites or hidden cameras? Surely these are more cost effective, fines can then be issued raising revenues. I litter pick my own area plus 1.5 mile circumference, I and fellow community spirited people cannot keep up to the amount of rubbish from the general public not to mention the lorry layby's we need some support. We do this job free of charge but would like help in areas that we cannot reach (banks on roadsides), heavy objects.</p> <p>Councils say they don't have funds to clean our country side, we appreciate that, that's why we do it, please help us to help you. Support your unpaid army.</p> <p>I lived in Garforth before with a local councillor who actively fought for his</p>	<p>SDC works in partnership with North Yorkshire Police to target areas affected by anti-social behaviour through the Safer Selby Hub. This includes prioritising rural and cross border issues.</p> <p>The Council introduced a system of fixed penalty notices for fly tipping in January 2020 that supports our enforcement activity in addition to the use of remote cameras that are located at known hotspots for fly tipping.</p> <p>The Council work with and support local community groups across the district who litter pick in their villages. We provide equipment upon request and arrange for the collection of bags of litter for disposal. The following link on our website provides information about organising a community litter pick. https://www.selby.gov.uk/community-litter-picks .</p>

#	Do you agree with the way the Council has allocated its budget? If not, what else would you prioritise and - to ensure we balance the books and deliver services - what savings would you make?	SDC Response
	community, if a rang him up to ask for assistance in moving fly tipped items, within 48hrs they'd be moved. It seems that our local councillors enjoy their titles but do little else, we asked them for support for months, with absolutely no result! Look after your unpaid workers, we're free!!!	
55	We need more investment into parks and greenspace. The rugby field would be a great location for a skatepark where kids could have something to do. Like they have in micklefield. It's fantastic. Anything we can do to invest into making the village a more pleasant space to live and be part of the community, I support.	We are investing in our park infrastructure and making sure our play park upgrades focus on the health and well-being of local young people and children as a priority at this stage. We have no plans to extend provision at this time, given the future for local government funding is so uncertain.
54	unsure, council tax doesn't need to rise though	The budget includes a proposal to freeze Council Tax in 20/21 to support our communities as they recover from the pandemic. However this is not a sustainable position as the Council's costs continue to rise and central government funding is uncertain.
53	Infrastructure development over planning-more houses are being built but many still don't even have the basic things such as phone signal. Selby coverage is poor and requires improvement, particularly to outlying villages	The Council is seeking improvements to coverage as this issue is also a problem for some local businesses. The key projects to address this are being led by NYCC and by the York & North Yorkshire Local Enterprise Partnership who have included a proposal to achieve 100% coverage in the Devolution Deal submitted to government.

#	Do you agree with the way the Council has allocated its budget? If not, what else would you prioritise and - to ensure we balance the books and deliver services - what savings would you make?	SDC Response
52	I think rents should be frozen as well as council tax	The Housing Revenue Account is self-financing. The Rent pays for the service and funds the improvements and repairs our properties need. Anyone struggling to pay their rent should contact us directly. Advice, assistance and in some cases financial support through Housing Benefit/Universal Credit is available.
51	word s are fine but it is the action taken that is the proof of the pudding. In the south west of the district we have to scrap for even the basic services above and beyond rubbish collection. There is a world outside Selby and the finer areas of the district.	The Council provides a range of services for example: refuse collection, street cleansing and grounds maintenance, planning and enforcement, benefits, environmental health and community officers who work out and about across the district.
50	.	
49	I think you need to reassess how SDC spend money with contractors. I know one company that you paid £5k to for filling in a small pothole AND that was on a private stretch of road. A lot of money for what reason. A bucket of tar £40 at Wickes.	Highways maintenance is the responsibility of North Yorkshire County Council.
48	It seems pretty fair if you do freeze that council tax as you are proposing as the last 10-12 months people haven't been able to go out & use the facilities within the area & district. On that flip side though, I would be interested to see if the £6m saving cannot be contributed to the council tax bills ? (lightening the load even further in the financial uncertainty for the tax & rate payers.	The budget includes a proposal to freeze Council Tax in 20/21 to support our communities as they recover from the pandemic. However this is not a sustainable position as the Council's costs continue to rise and central government funding is uncertain. Freezing Council Tax will reduce income to the Council which cannot be recovered in future years as Council Tax rises are limited by central government. This will therefore, increase the savings requirement going forward.

#	Do you agree with the way the Council has allocated its budget? If not, what else would you prioritise and - to ensure we balance the books and deliver services - what savings would you make?	SDC Response
	Just another thought that if the council were planning to re-coupe the money back from the tax payer, it would be unacceptable & wouldn't be fair to double the council tax increase for the following year, especially if we are still under these unprecedented times, now that would be shameful of the council.	
47	Spend in tadcaster. Do anything tonmale the area better	<p>We have spent a significant proportion of our Empty Homes Investment budget bringing empty properties back into use. This has introduced more available affordable housing too.</p> <p>We have a town centre plan developing which will identify how we support public realm, heritage and cultural development and business skills and marketing. We have allocated £500k plus a further £1m for Selby and £500k for Sherburn as part of our Programme for Growth.</p> <p>We are also replacing and improving a children's play area in Tadcaster this year.</p>
46	Yes	
45	yes	
44	yes	
43	seems ok	
42	A selby dog park	We have no plans to invest in dog parks and are aware that there are a number already in the district. We are making sure our play park upgrades focus on the health and well-being of local young people and children as a priority at this stage.

#	Do you agree with the way the Council has allocated its budget? If not, what else would you prioritise and - to ensure we balance the books and deliver services - what savings would you make?	SDC Response
41	Enclosed safe dog field	See response 42
40	I think the proposal is good , I would love for the dog park that is been suggested to be made w reality it would be great for the people of selby as a community space and also allow dogs to be exercised freely there is nothing like that around and the community would benefit massively. There would also be scope for training classes competitions to be held there when allowed obviously and this would be a great use of space.	See response 42
39	I think the proposal is good , I would love for the dog park that is been suggested to be made w reality it would be great for the people of selby as a community space and also allow dogs to be exercised freely there is nothing like that around and the community would benefit massively. There would also be scope for training classes competitions to be held there when allowed obviously and this would be a great use of space.	This appears to be a duplicate of the response above. See response 42
38	On the information given, it seems a reasonable and pragmatic approach	Thank you for your comments we work hard to balance statutory service delivery with investment in our district.
37	All banding should be frozen as all areas of businesses have been affected and affected wages	The proposal to freeze the Selby District Council, Council Tax will apply to all bandings.

# ▼	Do you agree with the way the Council has allocated its budget? If not, what else would you prioritise and - to ensure we balance the books and deliver services - what savings would you make?	SDC Response
36	A secure dog off lead area	See response 42
35	The residents would like the addition of a fun safely enclosed dog park to be included in your green space upgrades that Growndwork are doing	See response 42
34	Would reducing emptying green bins over the winter period reduce any costs? I don't use mine over winter months and neither do 99% of my street.	The Council currently stops collecting garden waste between mid December and mid January in addition to reducing the collection crews to a driver plus a loader from the end of October to February. An analysis of stopping garden collections for a longer period was undertaken a couple of years ago and concluded that stopping collections for four months from November to February would result in limited savings predominantly from fuel because the service was already operating at a reduced capacity.
33	I agree....it's a difficult time for everyone so freezing the council tax will hopefully make a difference to individual households. I hope it doesn't mean that SDC will be more strapped for cash for necessary budget spends if central government tighten their belts and not give the required support	The budget includes a proposal to freeze Council Tax in 20/21 to support our communities as they recover from the pandemic. Freezing Council Tax will reduce income to the Council which cannot be recovered in future years and this will therefore, increase the savings requirement going forward. We plan to use reserves to bridge the funding gap in the medium term as the amount of funding from Government becomes clearer.
32	Cut spending on council houses funded by housing benefit tenants excluding people over 65. Review all Civil Engineering contracts.	This is out of our control. Central Government determine who is eligible for Housing Benefit. It is a means tested benefit that helps make the rent payment affordable for those that need it. It does not directly fund council houses.
31	This is absolutely fantastic commitment by selby district council to its people.	Thank you for your comments we work hard to balance statutory service delivery with investment in our district.

#	Do you agree with the way the Council has allocated its budget? If not, what else would you prioritise and - to ensure we balance the books and deliver services - what savings would you make?	SDC Response
	Thank you and well done. A very, very well ran council!	
30	I agree with a council tax freeze	Freezing the district council element is aimed at supporting residents in Selby district.
29	I agree	
28	Yes	
27	Use funds for better mental health care to those who need counselling services and support to get back on track	This would fall under the remit of North Yorkshire County Council and the NHS.
26	No idea how it is allocated. But service seems reasonable	We work hard to balance the books whilst delivering statutory services and use reserves to improve our district.
25	I would like to see the asbestos remove from this property under the guttering, and also upgrade the existing windows.	The Council has an ambitious programme of improvements targeted at improving its housing stock across the district. Works are prioritised having regard to a number of factors with health and safety being our highest priority. If you have any concerns about your council home please get in touch by emailing amrmt@selby.gov.uk .
24	Yes Agree	
23	One of the buildings you could invest in is the homeless hostel which is in desperate need of improvement or a new hostel. There are lots of places and land space that could be used for this. Just because someone is homeless doesn't mean they should live in squalor	We have undertaken some improvement works at Ousegate Lodge over the last 2 years to improve security and Fire Safety. We are also undertaking a refurbishment programme to the individual units and are upgrading the kitchens and the bathrooms where needed. This work is on-going. We are also now using alternative temporary accommodation that is dispersed across the district.

#	Do you agree with the way the Council has allocated its budget? If not, what else would you prioritise and - to ensure we balance the books and deliver services - what savings would you make?	SDC Response
22	No council tax needs to be cheaper in ALL bands. Everyone is feeling the effects of covid and furlough and losing jobs. Even people in the higher council tax banding	The proposal to freeze the Selby District Council, Council Tax will apply to all bandings.
21	I think not increasing the council tax is will benefit everyone at this time, with a lot of businesses closed, people losing their jobs, times are hard. Going forward with everything else I think your on the right lines.	We work hard to balance the books whilst delivering statutory services and use reserves to improve our district.
20	I think road safety should be a priority. The return on investment would be fewer disruptions and emergency services required not to mention the non-financial return. There are many dangerous roads in this area. I think more speed bumps approaching all the towns and villages and better maintenance of bushes around bends with poor visibility. Unfortunately people do not slow down when they can't stay on their side of the road they just drive on the other side. I would reduce the budget on improving town centres to fund this.	Highways are the responsibility of North Yorkshire County Council.
19	Free parking in Selby as it is in Tadcaster to help the town centre. Get rid of any non jobs that may exist such Diversity posts. Engage with LEAN processes.	The Council has undertaken a number of efficiency programmes over the last 10 years and the savings have not adversely impacted on frontline services. We note your comments about 'non-jobs' - as a major employer in Selby District we

#	Do you agree with the way the Council has allocated its budget? If not, what else would you prioritise and - to ensure we balance the books and deliver services - what savings would you make?	SDC Response
		ensure all of our roles are directed towards service delivery - addressing the needs of our diverse communities is inherent in all roles.
18	Yes	
17	not sure as no details explained yet	The appendices to our budget report show the budgets allocated to main service areas and capital and other projects. The report is available here https://democracy.selby.gov.uk/ieListDocuments.aspx?Cid=139&Mid=1864&Ver=4
16	I believe council tax should be frozen this year as a lot of families in this district are already struggling	Freezing the district council element is aimed at supporting all residents in Selby district.
15	Not savings make car parking free encourage people into the town. Would cut civil servants make councillors more accountable	Car parking is a discretionary service which is funded from the income we receive from charging. We provide some initial free parking to encourage visitors but charge for longer stays to also encourage turnover in our car parks a strategy which aims to ensure a quality service and support local businesses.
14	I agree	
13	I don't understand why if we don't know how much government funding the council is going to receive in the future we are planning to spend the reserves. That surely means that if government funding is cut the council tax charge will go up exponentially	The Council has significant reserves which allows us some time to focus on recovering from the pandemic and supporting our communities. We do not plan to spend all of our reserves in this way and will bring forward savings plans in due course. Council tax rises are limited by Government.
12	We live in an alarmingly changing environment. Reading through your budget proposal there was little to suggest that SDC is playing any part in responding to the threatening climatic	We are planning a range of carbon reduction initiatives as part of our plans to be carbon neutral by 2030. Our Programme for Growth includes spend of circa £1.2m over the coming years. Our initial plans which have been developed by a cross-party Low Carbon Working Group will be set out in a Low Carbon Action Plan which will be scheduled to be considered by the Executive soon. We are also

#	Do you agree with the way the Council has allocated its budget? If not, what else would you prioritise and - to ensure we balance the books and deliver services - what savings would you make?	SDC Response
	<p>world we are now living in. What initiatives are SDC putting in place to help mitigate present day Global Weather concerns? Any future tree planting schemes? Did you know that there is a plan to plant a vast forest from the Humber to the Mersey. This will fall right through the SDC region. Any thoughts?</p>	<p>a member of the White Rose Forest Partnership which is one of the Community Forests that make up the Northern Forest initiative. The Council's Low Carbon Working Group has identified significant tree planting as a key means for off-setting the Council's and district's carbon emissions and we intend to work closely with the White Rose Forest Partnership to deliver an ambitious tree planting programme for the district.</p>
11	<p>I believe the council is doing a lot to help people</p> <p>I do think there are businesses out there that could do with a rates relief and even for a few months peppercorn rent to help them pull through. I know the council has helped a lot at the beginning. Some businesses have reopened for vulnerable adults but due to numbers are running at a loss but because of the mental health of the vulnerable adults they support they will not give up easy. Helping these companies for maybe 6 months until things become a little more "normal" will help so much.</p>	<p>We continue to lobby Government for support for local businesses and have already paid out £20m in grants and awarded over £7m in business rates relief.</p>
10	<p>Prioritise taking on staff for services. Funding projects is great but not consistently providing full time staff means constant staff changes with different agencies workers and it reflects</p>	<p>The Council is investing in its workforce but is mindful of the need for longer term savings - efficiency and service transformation will continue to play a major part in our plans.</p>

#	Do you agree with the way the Council has allocated its budget? If not, what else would you prioritise and - to ensure we balance the books and deliver services - what savings would you make?	SDC Response
	<p>badly on the full time staff who work extremely hard and it is frustrating for all customers. Projects and services would vastly improve if savings were not done by cutting full time staff. This has been a big problem since the last major restructure causing big cuts to services.</p>	
9	Yes	
8	No	
7	<p>I think you've done the best you can do under the current situation, I however feel that the discounts you give to council tax payers was slightly out of line this year during the peak of the pandemic. Myself and my husband both have been out of work for nearly six months he's been furloughed and myself I am self employed we weren't able to claim and relief or payment holidays on our council tax even though we had less than 50% of monthly income coming in. I. Asked to differ payment by a few months but wasn't allowed to</p>	<p>We aim to support residents as much as we can. If you are in financial hardship please contact us again.</p>
6	<p>Reading your budget proposal I think you are going the right way and not increasing council tax will be a big relief for everyone.</p>	<p>The proposal is to freeze the Council Tax charge relates to the district council element only. Please note that this does not apply to the Council Tax charges of the other preceptors that Selby District Council collects on their behalf.</p>

#	Do you agree with the way the Council has allocated its budget? If not, what else would you prioritise and - to ensure we balance the books and deliver services - what savings would you make?	SDC Response
5	Yes in principle, focus on the need to update village infrastructures due to the increase in new housing.	These issues are addressed in the Council's new Local Plan - we are consulting on the Preferred Options from the end of January until 12 th March.
4	<p>If residents of Selby have to pay to park then it is only fair that the rest of the district do too. Start charging for parking in Tadcaster and Sherburn and use the extra revenue to stop the rise in parking charges in Selby.</p> <p>Spend more money in Selby and less in the more strongly Tory seats in Tadcaster and outlying villages.</p> <p>Build less new houses in Selby and build more in Tadcaster Sherburn and other Tory villages.</p> <p>Build more affordable homes.</p> <p>Put the needs of residents above Tory ideology.</p>	<p>The Executive reviewed car parking tariffs in September 2020 seeking to achieve an appropriate tariff scheme, which balances the support for the local economy and financial impacts, with the need to sustain income which was sufficient to cover the cost of providing and maintaining the car park service. The report and decision can be found here: https://democracy.selby.gov.uk/ieListDocuments.aspx?CId=139&MId=1858&Ver=4</p> <p>We have introduced new affordable housing to Tadcaster through the Empty Homes Programme. We are committed to increasing the number of Affordable Homes across the district and we intend to play a direct role in the delivery of those homes.</p>
3	No, I would not make " cuts"	The Council has no plans to cut services. All of our savings proposals are related to improved efficiency or income generation.
2	No, As in Appleton we pay high rates and last get gritters etc	Gritting of the highways is the responsibility of North Yorkshire County Council
1	Seems a big reserve to hold even if half of it is restricted.	The Council does have significant reserves although much is earmarked for specific things such as projects or existing commitments. Our plans include using some of our reserves to support day to day spending in the medium term.

Extract from Policy Review Committee Minutes 12 January 2021

21 DRAFT REVENUE BUDGET AND CAPITAL PROGRAMME 2021-22 AND MEDIUM-TERM FINANCIAL PLAN (PR/20/9)

The Committee received the report of the Chief Finance Officer which asked the Committee to provide comments on the Draft Revenue Budget, Capital Programme and Medium-Term Financial Plan 2021-2022.

Also in attendance at the meeting was Councillor L Lunn, Lead Executive Member for Finance and Resources.

Officers explained that the report presented the draft revenue budget, capital programmes and the Programme for Growth for 2021/22 to 2023/24. Subject to the confirmation of the Local Government Finance Settlement and Council Tax level, the 2021/22 budget was expected to require £2.270m of funds earmarked in the Business Rates Equalisation Reserve (BRER) for revenue support.

Members noted that a Council Tax freeze for 2021/22 was proposed; this was a departure from the approved Medium-Term Financial Strategy (MTFS) and had added £160k p.a. to the forecast deficits. A CPI+1% increase was assumed for housing rents.

The Committee were informed that in 2021/22 (subject to confirmation of these receipts) it was proposed that £9.2m of renewable energy business rates be transferred to the Business Rates Equalisation Reserve. This would help to provide future support to the revenue budget as capacity was, in the shorter term, diverted towards the on-going Covid-19 response and existing investment programmes.

Officers went on to explain that the Medium-Term Financial Plan (3-year draft budget) showed there was an underlying gap between core spending (with spending reflecting the budget risk highlighted in the MTFS) and current assumed core funding as a result of New Homes Bonus being phased out and the renewable energy business rates windfalls ceasing. Beyond 2021/22 the Council awaited the outcome of the Government's Fair Funding Review, further consultation on the future of New Homes Bonus and reform of the Business Rates Retention System, to confirm the need for and level of future savings.

Members acknowledged that there was capacity in reserves to smooth the impact of funding reductions and the draft budget proposed deferring

savings until 2023/24 when the outcome of the Fairer Funding Review should be known. However, the on-going use of reserves to support the revenue budget was not a long-term sustainable solution and therefore achievement of efficiency savings and additional income generation remained crucial as plans for Business Rates and Council Tax growth were brought to fruition, and opportunities for savings would continue to be captured as they arose.

Officers confirmed that the draft budget was subject to public consultation before the Executive finalised their proposals in February 2021.

Members were pleased to note that the proposal was to freeze council tax for the 2021-22 year, as many people were under a great deal of financial pressure due to the Covid-19 pandemic. It was suggested by some Members that rents should also have been frozen.

The Committee asked a number of questions relating to the improvement of industrial units, grants, loans, savings and rents.

Officers confirmed that numerous Council resources would be directed towards tackling Covid-19 in the coming year, and that the majority of proposed savings would be pushed back. Members were reminded that with regards to housing rents, this was a ringfenced account and as such these monies would go directly back into the service in order to invest in the planned improvements to tenants' homes.

RESOLVED:

The Policy Review Committee endorsed the Executive's draft budget proposals for 2021-22 including the proposed freeze in Council Tax.



Report Reference Number: E/20/33

To: Executive
Date: 4 February 2021
Status: Key Decision
Ward(s) Affected: All
Author: Peter Williams, Head of Finance
Lead Executive Member: Cllr Cliff Lunn, Lead Executive Member for Finance & Resources
Lead Officer: Karen Iveson, Chief Finance Officer

Title: Financial Results and Budget Exceptions Report to 31st December 2020

Summary:

A revised budget was approved at Full Council on the 22nd September. As at quarter 2, quarter 3 outturn forecasts are reported against the revised budget.

Each month we complete a return to Government detailing the latest forecasts of the impacts of Covid-19 including additional costs, delayed savings and income losses. The latest return estimates losses as a result of Covid-19 of £2,963k in 2020/21 split between the General Fund £2.485m and HRA £478k. To date the Council has received (£1,168k) emergency Covid-19 funding from the Government of which (£350k) has been allocated to the HRA. A further (£71k) as compensation for losses in sales, fees and charges income for the period April – July. A further application for the period August to November will be submitted before Christmas and is estimated to be (£174k) plus a further tranche of Covid-19 emergency funding is expected in January.

At the end of Q3, the forecast full year revenue outturn shows a £197k deficit in the General Fund, and a HRA surplus of (£3,938k) for transfer to the Major repairs Reserve. The key variances are highlighted in the report with further detail in Appendix A.

General Fund and HRA planned savings are on target to be achieved against the revised budget targets of (£156k) and (£23k) respectively. Appendix B has additional details of the programme.

Following the reprofiling of projects in quarter 2, the majority of projects in the general fund are expected to deliver as expected in 2020/21 with (£75k) of further slippage forecast. In the HRA, there is a total of (£1,060k) of additional forecasted

slippage, (£700k) on the property refurbishment programme and (£350k) on the housing development programme - a more detailed analysis is shown in Appendix C.

Programme for Growth projects have been rephased with spend forecasted in 2020/21 reduced by £1.424m with this being delivered in future years. A project by project analysis can be found in Appendix D.

Recommendations:

Recommendations:

It is recommended that:

- i) The Executive endorse the actions of officers and note the contents of the report;
- ii) The Executive approve re-profiled capital programmes and Programme for Growth as set out at Appendices C and D.

Reasons for recommendation

To ensure that budget exceptions are brought to the attention of the Executive in order to approve remedial action where necessary.

1. Introduction and background

- 1.1 The revenue budgets and capital programmes included in this report were approved by Council on 22 September 2020, this report and associated appendices present the financial performance as at 31 December 2020 against these budgets and updated forecasts for the year based on the latest information available.
- 1.2 In the year to date, the Council has administered over £18m in emergency grants for businesses, council tax hardship funds, provided business support and assisted communities to reopen. This increase in workload has put pressure on capacity to deliver the planned expenditure programmes and this has been reflected in the revised estimates for the capital programmes and Programme for Growth reported in quarter 2.
- 1.3 The estimated financial impacts for the year as a result of Covid-19 have been recorded in monthly returns to the Ministry for Housing, Communities and Local Government (MHCLG). The latest December return, shows estimated additional costs, delayed savings and income losses of £2,963k across both the General Fund and HRA. To date the Council has received (£1,168k) emergency Covid funding from the Government and (£71k) for compensation for losses in sales, fees and charges for the period April to July. Further claims for fees and charges are expected with the next submission before Christmas to cover the period August – November plus a further tranche of emergency funding is expected in January 2021. The revised estimate draws down £1,440k New Homes Bonus from reserves, reduces the planned

transfer to the HRA Major Repairs Reserve by £374k, to help offset these costs and losses pending further potential funding from the Government.

2. Main Report

General Fund Revenue

2.1 Latest forecasts against the approved revised estimates, show a £197k deficit, £240k worse than the revised budget. The table below summarises the General Fund position at the end of Q3:

General Fund Account Q3 2020/21	Latest Approved Budget	Forecast	Forecast Variance
Net Service Expenditure	10,849	11,089	240
Contribution to / from reserves	7,398	7,398	0
Other Accounting Adjustments	(954)	(954)	0
Council Tax	(5,861)	(5,861)	0
Business Rates & Associated Grants	(2,382)	(2,382)	0
Collection fund Deficit / (Surplus) Share	(9,093)	(9,093)	0
Shortfall / (Surplus)	(43)	197	240

2.2 The main forecasted variances against the General Fund are:

- £329k forecast overspend in salaries, primarily due to anticipated £215k under-achievement of vacancy factor in the second half of the year as capacity is required to continue to cope with impacts of Covid-19 plus 1.0fte in the housing enforcement team which was omitted from the budget in error;
- An additional (£171k) of funding has been received from Government, (£100k) from tranche 4 of the emergency Covid funding and an additional (£71k) from the sales, fees and charges return. This is offset by an allocation of £350k to the Housing Revenue Account to cover part of the losses;
- (£59k) increase in planning income following a reassessment of volumes of planning applications;
- (£51k) increase in investment return from cash balances due to the average rates achieved reducing at a slower rate than anticipated;
- Drainage board levies (£21k) as inflation increases are lower than estimated in the budget.
- There have been improvements in income streams following reductions in previously forecasted impacts of Covid-19 on leisure where payments for the management fees have been received for Q2 (£83k), land charges (£35k), commercial waste (£24k) and industrial unit rents (£43k), the revised budget assumed more tenancies ending as a result of Covid-19 than has been the case.

- Offsetting this however are income streams where the impacts have worsened including the lifeline service where the customer base remains fairly static £26k and court fees from the recovery of Council Tax which as a result of court closures and backlogs will be lower this year. In addition, car parking footfall has fallen more than expected with 33% reduction in October and 51% in November following reintroduction of charging £44k.
- The streetscene service is reporting an overspend for the year of £83k. This is primarily due to the costs associated with increased levels of waste and recycling as a result of increased levels of people working from home and the new bin system. This has resulted in £216k increase in disposal charges. Recycling income has also increased with the higher volumes, but recycling income per tonne for card and paper continues to reduce, so the income has increased by less than the cost at (£133k).
- There are a number of other smaller variances across a number of codes as detailed in Appendix A which includes savings on premises costs, printing and postage. (£55k)

Housing Revenue Account (HRA)

2.3 Latest forecasts show an (£3,938k) surplus is expected by the year end, (£596k) higher than the budget.

2.4 The table below shows the summary position at the end of September 2020. Full details of forecast variances against budget are set out at Appendix A.

Housing Revenue Account – Q2 2020/21	Budget £000's	Forecast £000's	Variance £000's
Net Revenue Budget	8,649	8,105	(544)
Dwelling Rents	(11,991)	(12,043)	(52)
Net (Surplus) / Deficit transferred to Major Repairs Reserve	(3,342)	(3,938)	(596)

2.5 Collection of rents has improved as the year has continued, with the benefits system resulting in most being collected and rapid turn around times for claimants helping to ensure that arrears don't build up. In addition, furlough scheme has ensured fewer people are getting into difficulties and universal credit is deducting rent at source which is helping collection timings. As a result, the forecast reflects an improved position by (£52k), but continues to build in some caution for the final quarter which reflects the continuing economic impacts from Covid-19.

2.6 A proportion of the Covid-19 emergency grants has been set against the latest estimates of losses on rents, savings programmes and interest (£350k).

2.7 Savings are expected as a result of the closure of community centres (£44k). In addition, fewer fencing repairs are expected (£35k), although if it is a

severe winter this may be called upon. Revenue repairs on properties are forecast to be lower in year due to restrictions on the number of contractors who can access properties and restrictions to emergency works only during lockdown periods (£76k).

- 2.8 There are a number of other smaller variances reported in Appendix A resulting in a net (£39k) saving.

Planned savings

- 2.9 The significantly reduced General Fund and HRA savings plans are on target to deliver as per the approved revised budget. Details of all planned savings can be found in Appendix B.

Capital Programme

- 2.10 The capital programme shows forecast slippage of (£1,135k) which is expected to be spent in 2021/22. Details are below and in appendix C.

- 2.11 In the General Fund the variance of (£75k) is made up of:

- Procurement of the committee room microphone system is on hold due to Covid-19 and remote working, and has been postponed to 2021/22 - (£65k).
- Preparatory work on the development of the website will commence in quarter 4, but the £10k of delivery is not expected until 2021/22.

- 2.12 The HRA variance of (£1,060k) is made up of:

- The amount of work that can be carried out by contractors on the property refurbishment programme has been reduced by the lockdown period in November and an understandable increase in instances of refusals to enter property due to shielding and self-isolation. As a result £700k of works on this programme is proposed for carry forward to 2021/22.
- The housing development programme forecast spend for 2020/21 has been reduced by £350k to £50k. Planning permission has been granted to three schemes and the £50k in 2020/21 is to progress these through to tender. Further costs will be incurred from 2021/22 onwards.
- Following completion of the fire works at Grove House, no further works are expected on community centres in 2020/21. This was forecast at quarter 2, but the work to identify further requirements this year that remained in the forecast has now also been postponed due to prioritisation of resources, resulting in a further £10k be carried forward to 2021/22.

Programme for Growth (P4G)

- 2.13 The value of the current multi-year programme has increased following Council approval of new projects on the 22nd September. £14,433k is currently allocated to the programme from 2020/21 onwards of which £9,861k is project costs, £4,133k resourcing costs and after allocation of £35k towards the new Bawtry Road roundabout, £403k is available for allocation to projects.
- 2.14 At quarter 3, due to Covid-19 there has been spend across a range of projects including:
- £468k has been spent on an area of land close to Selby station as part of the Council's Transforming Cities Fund (TCF) programme for improvements in the station area. In addition, spending on the TCF programme is underway with monies to be recovered from West Yorkshire Combined Authority (WYCA) in the following quarter.
 - A places and movement study has been commissioned for the Towns masterplanning project with match funding received from the Local Enterprise Partnership (LEP), spend to date £37k.
 - Selby Station Masterplan work £58k
 - Continued Visitor Economy work £104k
 - A contribution towards the new Bawtry Road roundabout for £35k has been funded through P4G.
- 2.15 Project by project detail can be found in Appendix D.

3. Alternative Options Considered

Not applicable.

4. Implications

4.1 Legal Implications

There is a legal requirement to balance the budget. In addition, any actions to tackle the deficit position need to avoid any potential for contractual or legal dispute as well as following appropriate governance.

4.2 Financial Implications

If the deficit remains once the further funding is confirmed, then this will need to be mitigated by the use of reserves or further savings.

4.3 Policy and Risk Implications

There are no specific policy or risk implications beyond those highlighted in the report.

4.4 Corporate Plan Implications

The financial position and performance against budget is fundamental to delivery of the Council Plan, achieving value for money and ensuring financial sustainability.

4.5 Resource Implications

The pandemic has put considerable pressure on the Council to deliver all of its priorities from the Council Plan, in addition to the new requirements as a result of Covid-19. The latest assessed resource requirements have been incorporated into the revised budget and forecasts, but the impacts of the pandemic will be kept under review.

4.6 Other Implications

None.

4.7 Equalities Impact Assessment

There are no equalities impacts as a direct result of this report.

5. Conclusion

- 5.1 Whilst the additional Covid-19 funding received from Central Government to date is welcomed, it is not sufficient to cover the forecasted impacts and therefore the revised estimates include the drawdown of £1,440k New Homes Bonus from General Fund reserves and reduces the planned transfer to the HRA Major Repairs Reserve by £374k, to help mitigate the additional costs and income losses.
- 5.2 At quarter 3, the forecast indicates a deficit on the General Fund and a surplus on the Housing Revenue Account.
- 5.3 In the General Fund, there has been additional Government funding but this is more than offset by an allocation of some of this support to the Housing Revenue Account. There are also some additional savings but these are offset by increased overspend on salaries driven by vacancy factor not being achieved and increase pressure on costs of disposal of waste and recycling.
- 5.4 Capital programme has seen some slippage into 2021/22, particularly in the Housing Revenue Account.
- 5.5 The profile of programme for growth spend has been reforecast. Progress on projects is reported in Appendix D.

6. Background Documents

None.

7. Appendices

Appendix A – General Fund and Housing Revenue Account Revenue budget exceptions.

Appendix B – General Fund and Housing Revenue Account Savings.

Appendix C – General Fund and Housing Revenue Account Capital Programme.

Appendix D – Programme for Growth.

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GF Management Accounts 2020-21
Results as at 31st December
 General Fund

	Previous Year Actuals		Latest Approved Budget		Year to Date		Annual Total		Variances		Comment
	Actual £k	Budget £k	Actual £k	Budget £k	Forecast £k	Variances					
						Year to date Actual £k	Full Year Forecast £k				
Income											
Investment Income	-502	-388	-392	-259	-439	-134	-51	Improved results for Q3 of 0.68% which is better than expected in the revised budget but is expected to drop to 0.2% by quarter 4. 2% return in property investments assumed.			
Recharges	-12,574	-10,617	-2	-2	-10,625		-7	Net recharges to the HRA, particularly for increased bank charges.			
Customer & Client Receipts	-7,741	-3,748	-2,271	-2,055	-3,958	-216	-209	During the year following the impact of Covid 19 on households, there has been significant increases in recycling currently estimated to exceed budget by (£133k) The position on Planning Fee income has improved since figures were submitted for the revised budget exercise (£59k), Commercial waste as business impact has not been as high as previously anticipated (£24k), improved Land Charges Position (£35k), similarly improved positions on Property and Industrial Unit Rents (£43k) as business hasn't impacted as first expected offset by a stagnant customer base on the lifeline service £26k, Recovery of Council Tax through the Courts £27k as time is running out this year to get them through and £44k on Car Parks, footfall has not increased coupled with the 2nd lockdown has seen low usage.			
Government Grants	-11,652	-13,802	-8,098	-8,087	-13,829	-11	-27	There has been an increase in the allocation of Discretionary Housing Payments (£9k) this will be offset by payments, Housing Benefit resource management grants (£25k) offset by reduced Admin Subsidy £10k, Data & Systems IDEA funding (£3k).			
Other Government Grant	-2,001	-2,647	-1,337	-1,342	-2,647	5					
Other Grants/Contributions Etc	-40	-1,203	-1,385	-1,198	-1,024	-187	179	Covid Grant to the HRA			
Total Service Income	-34,510	-32,607	-13,486	-13,077	-32,723	-410	-116				
Expenditure											
Employees	8,336	8,798	6,296	6,033	9,127	263	329	Anticipated that with the current demands of covid, the vacancy factor will not be met in the second half of the year, currently forecasted at £215k. 1.0 fte in the housing enforcement team omitted from the base budget in error £25k.			
Premises	786	799	562	573	721	-11	-78	Majority are savings from the Contact Centre being closed (£20k), Closed Burial Grounds (£27k) inspections will commence in January and may impact on this forecast and smaller property running costs savings; Property Management (£7k), Civic Centre (£6k), Industrial Units and NNDR (£7k) resulting from the Sale of the former Natwest Bank.			
Supplies And Services	10,600	12,929	7,266	6,922	13,145	343	216	£216k is in relation to the costs across the Street Scene contract. Savings have been achieved from the realignment of the contract with the purchase of the vehicle fleet. These savings have been offset and exceeded by vehicle rental costs in the interim while the new fleet arrived and became operational and the significant increase in recycling from the Covid restrictions meaning more people were at home rather than travelling, this requires transporting to and bulking at the MRF facility. As the market is saturated there is a cost to disposal rather than return. There are numerous smaller variances including; Bank Charges for card processing £22k, Annual Canvass costs not grant funded £16k offset by swipe card charges (£8k), Public Convenience and CCTV Contract costs (£13k), Business Support printing and office costs (£12k).			
Transport	158	144	84	96	128	-13	-16	Various car allowance savings across services as a result of reduced travelling due to Covid-19 restrictions.			
Benefit Payments	11,112	13,910	7,765	7,840	13,919	-75	9	Increase in Discretionary Housing Payments offset by increase grant in Government Grants above.			
Support Services	9,458	7,604			7,604						
Third Party Payments	-308		-134		-83	-134	-83	Q1 charges were waived to IHL but charges for the period July to October have been raised to IHL.			
Drainage Board Levy	1,704	1,760	1,739	1,760	1,739	-21	-21	Inflation increases anticipated when setting the budget were higher than actual levies.			
External Interest Payable	80	75	32	32	75						
Contingency		142			142						
Total Service Expenditure	41,925	46,163	23,609	23,256	46,518	353	356				
Accounting - Non Service budgets											
Total Accounting & Non Service Budgets	-7,415	-13,599	-3,693	-3,905	-13,599	212					
Net Total		-43	6,430	6,275	197	155	240				

HRA Management Accounts 2020-21
Results as at 31st December

HRA

Appendix A

	Previous Year Actuals		Latest Approved Budget		Year to Date		Annual Total	Variances	
	Actual £k	Budget £k	Actual £k	Budget £k	Forecast £k	Year to date	Full Year		
						Actual £k	Forecast £k		
Income									
Investment Income	-187	-72		47	-92		-47	-20	
Garage Rents	-102	-97	-72	-72	-99			-2	
Housing Rents	-11,836	-11,991	-8,820	-8,993	-12,043		173	-52	
Customer & Client Receipts	-171	-134	-75	-36	-499		-39	-366	
Recharges	-13	-18		-14	-5		14	13	
Total Service Income	-12,309	-12,311	-8,968	-9,068	-12,738		100	-426	
Expenditure									
Employees	33	77	52	58	75		-6	-2	
Premises	652	779	488	503	707		-15	-71	
Supplies And Services	1,282	1,258	674	798	1,172		-123	-86	
Support Services	2,855	2,903			2,903				
Transport	109	143	110	119	132		-9	-10	
Debt Management Expenses	6	6			6				
External Interest Payable	2,413	1,920	985	1,008	1,920		-24		
Contingencies		75			75				
Provision for Bad Debts	260	267			267				
Total Service Expenditure	7,610	7,428	2,310	2,485	7,258		-176	-170	
Accounting & non service budgets									
Total Accounting & Non Service Budgets	4,699	4,884			4,884				
Net Total			-6,658	-6,582	-596		-76	-596	

Comment
Improved results in Q3 with 0.68% return in the year to date. Expected to reduce to 0.2% return by Q4.
Slight improved expectation for garage rents.
Anticipated improved position for rents after initial Covid impact, but still below original estimate.
£350k reallocation of Covid Grant. Recharges to former tenants now taking place offset by lower fees from Council House sales.
Internal rechargable works on corporate buildings have not been taking place due to Covid-19 restrictions, therefore no charges raised to date. Works have been focussed on void dwellings instead.
Small saving anticipated on salaries.
Potential utility and maintenance savings from the community centres being closed (£44k), Fencing repairs (£35k) although if we get a severe winter this budget may be called upon, small hostel savings (£6k), partially offset by running costs at the Vivars for the property service team £8k and pumping station maintenance £9k which will be come rechargable.
Due to covid acces to property has been restricted unless for emergency work which has forecasted savings on materials (£22k), Subcontractors - Adaptations (£61k), off set partially by the use of responsive work subcontractors £7k. There are small savings anticipated on Swipe Card fees & Charaes (£8k) and Resource Accounting (£6k).
The majority of this saving is due to working restrictions reducing fuel use for the vehicle fleet.

Planned Savings

Strategic Category	Lead	General Fund - Potential Saving	Budget Risk	2020/21 Target £000's	2020/21 Forecast £000's	2020/21 Shortfall £000's	Commentary
Growing resources	Suzan Harrington	Asset rationalisation	Medium	31	31	0	Income from third parties for use of the Civic Centre as well as savings generated from the sale of properties. Office closure means that whilst contracts will still be paid, there is still risk to some of this income and it will be kept under review.
		Total Growing Resources	0	31	31	0	
Transforming	Suzan Harrington	Introduce CT Penalty Scheme - NEW	Medium	5	5	0	Council Tax Penalty Scheme was not being enforced due to covid-19 but has now been reintroduced.
Transforming	Suzan Harrington	Review and introduce increased empty homes premium.	Medium	45	45	0	This scheme is intended to act as a deterrent against long standing empty properties and bring much needed homes back in to use. Whilst premiums have been billed, there remains some risk until full payment has been received for the year.
		Total Transforming		50	50	0	
Commissioning	Suzan Harrington	Contract renegotiations	Low	6	6	0	Renewal of the public conveniences contract has generated a £6k per annum saving.
		Total Collaboration & Commissioning	0	6	6	0	
Technical/housekeeping	Karen Iveson	Reduction in pension contributions	Low	69	69	0	Reduction in pension contributions following the 2019 triennial valuation.
		Total Technical/Housekeeping	0	69	69	0	
		Total		156	156	-	

Low Risk		75	75	0
Medium Risk		80	80	0
High Risk		0	0	0
Total		156	156	0

Strategic Category	Lead	HRA - Potential Saving	Risk	2020/21 Target £000's	2020/21 Forecast £000's	2020/21 Shortfall £000's	Update/Comments
Technical/housekeeping	Karen Iveson	Reduction in pension contributions	Low	23	23	0	
		Total	-	23	23	-	

Appendix C : 2020/21 Selby District Council Capital Programme - To 31 December 2020

General Fund	Annual Budget	Original Budget Incl C/F	Revised Budget	Year to date Revised Budget	Year to date Actual	YTD Variance	Forecast	Carry Forward	Year End Variance	Comments	Approved Programme & Carry Forward Proposal		
											Forecast 21/22	Forecast 22/23	Forecast 23/24
Transforming Customer Services	110,000	110,000	110,000	82,500	2,700	-79,800	110,000	0	0	Covid-19 has prevented the start of work on the reception alterations delaying the contact centre move. It is hoped that procurement of the contractor will be progressed with work being completed at the end of March 2021 with the contact centre operating from the Civic as soon as possible Covid allowing. The project is expected to be on budget. In addition the Call centre on the first floor of the extension is now operational working within Covid guidelines			
Website Development	10,000	10,000	10,000	7,500	0	-7,500	0	10,000	-10,000	This project is to enhance the platform to allow for future development of the website. We are in discussions with NYCC to deliver the new platform. A meeting has been scheduled with NYCC in January 2021 with a view for this work to be completed in 2021/22. The budget is requested to be reforecasted into the new financial year.	10,000		
Industrial Units - Road Adoption	325,000	325,000	0	0	0	0	0	0	0	The current condition of the road does not justify the significant investment required to bring the road up to adoptable standard. It is proposed to delay this project until such time as the condition of the road makes this work appropriate and necessary.			
GIS System	37,131	37,131	37,131	27,848	0	-27,848	37,131	0	0	The project has been scoped for this budget. Decision to be made is dependant on the decision for an Appointment System for the new Customer Contact Centre under Covid secure Government guidelines.			
Benefits & Taxation System upgrade	16,475	16,475	16,475	12,356	3,242	-9,114	16,475	0	0	This budget is linked to software upgrade supporting Channel Shift Phase 2.	15,000	15,000	15,000
IDOX Planning System	15,000	15,000	19,250	14,438	19,250	4,813	19,250	0	0	To support the IDOX suite of software applications for upgrades and patches as part of the IDOX Roadmap. This will ensure that we remain PSN compliant throughout 2020/21	15,000	15,000	15,000
ICT - Servers	7,590	7,590	7,590	5,693	7,410	1,718	7,590	0	0	Servers are being upgraded to align to Microsoft licencing requirements.	30,000		
IT - Software	29,694	29,694	29,694	22,271	8,000	-14,271	29,694	0	0	Budget committed to the Digital Workforce Project and the implementation of Microsoft 365 Tools. The project is underway for the implementation of Microsoft 365 tools. The project has been delayed due to Covid-19, however it is anticipated that the project will be completed in the current financial year.			
Adobe Licence Replacement	0	0	0	0	0	0	0	0	0	Replacement due 2021/22.	15,000		
Finance System Replacement	0	0	0	0	0	0	0	0	0	Replacement for the finance system proposed for 2021/22 in the current programme. It is proposed to reforecast this spend into 2022/23.	0	150,000	
Committee Management System	3,000	3,000	3,000	2,250	0	-2,250	3,000	0	0	ModernGov software now live as of 2019/20, the final £3k budget to cover final costs to upgrade the software due Q4 2020/21.			
Upgrade to Assure from M3	20,000	20,000	20,000	15,000	11,500	-3,500	20,000	0	0	This budget is to migrate from M3 to Assure software, this project commenced in Q3 2020/21 to be completed in the current year.			
Cash receipting System	32,500	32,500	32,500	24,375	0	-24,375	32,500	0	0	Income Management Software replacement project. The capital budget for this project will be used for training and consultancy on the new software commencing in Q3 with delivery completing in Q4 2020/21.			
Northgate Revs & Bens	7,856	7,856	3,606	2,705	0	-2,705	3,606	0	0	Budget required for system upgrades following legislative changes in relation to e-billing. The budget will be to complete the software changes / upgrades.			

Appendix C : 2020/21 Selby District Council Capital Programme - To 31 December 2020

General Fund	Annual Budget	Original Budget Incl C/F	Revised Budget	Year to date Budget	Year to date Actual	Year to date Variance	Forecast	Carry Forward	Forecast Variance	Comments	Forecast 21/22	Forecast 22/23	Forecast 23/24
Asset Management Plan - Leisure & Parks	32,780	32,780	32,780	24,585	1,084	-23,501	32,780	0	0	There are a number of planned maintenance works to be carried out this year at both Selby and Tadcaster leisure centres. The works are being co-ordinated by IHL and although have been delayed due to Covid, are expected to be completed on time.	47,891	9,005	17,746
Committee Room Microphone system	65,000	65,000	65,000	48,750	0	-48,750	0	65,000	-65,000	Specification is written and tenders have been invited for the Committee Room microphone system. However, the project is currently on hold due to Covid-19 and expected to be completed in 2021/22.	65,000		
Portholme Road Collapsed Culvert	0	0	0	0	-14,060	-14,060				Final invoices have been received against this project, costs have come in slightly below expected spend.			
Car Park Ticket Machines	36,000	36,000	36,000	27,000	13,527	-13,473	36,000	0	0	The purchase of new ticket machines is linked to changes to the Car Parking Strategy, new tariffs etc. There has been delays to all services as a result of coronavirus, following approval of the new tariffs by full Council, orders have been placed for upgraded software etc for the car parking machines. We are currently awaiting confirmation of timescales from the supplier for installation of the new software and card readers on the car parking machines. New signage to support the revised car parking tariffs has been ordered and is due for delivery before Christmas.			
Industrial Units Maintenance	150,000	150,000	20,000	15,000	0	-15,000	20,000	0	0	An initial report detailing the options has been provided to LT for consideration. Further work is now required to develop a formal business case for each option. Given the nature of the options being considered it is considered inappropriate to seek approval to invest the existing capital funds at this time. Improvements to the industrial units are subject to the outcome of a report to Executive in respect of the future direction. We are awaiting information regarding demand from colleagues in ED to inform the recommendations of the report. Progress has been delayed in respect of provision of demand information due significant resource pressures resulting from further Covid19 restrictions and additional support requirements for local businesses. The revised budget for 2020/21 is on the basis of expected essential spend for the year.	227,200	7,200	
Car Park Improvement Programme	530,096	530,096	300,000	225,000	9,928	-215,072	300,000	0	0	Work to progress improvement to Back Micklegate, Micklegate and Portholme Crescent car parks has been delayed in order to maximise funding options through external funding bids such as the Heritage Action Zone funding, delays have also been encountered due to discussions with Landowners. In the meantime engagement with the Landscape Architects will take place to progress designs for Portholme Crescent. The funds will be required in 2020/21 as match funding for the wider investment programme being considered. A pre-start meeting has been arranged with the winning bidder for provision of the Electrical Vehicle Charging Points (EVCP) in Back Micklegate and South Parade car parks, with a view to commencing installation as soon as possible after Christmas. Progress on delivery of the wider car park improvement programme remains paused whilst we continue to resolve a number of legal issues around land ownership on part of Back Micklegate car park. Plans to focus delivery on Portholme Crescent whilst these issues are addressed have been scaled back to enable the space to be utilised as a walk-in testing centre for Covid19.	230,096		
ICT - Channel Shift 2 Website & Intranet	57,500	57,500	57,500	43,125	40,775	-2,350	57,500	0	0	Channel shift Phase 2 (Customer portal) project which has been delayed from 19/20 as per the business case and project plan. Citizens Access Portal (Revenues) is anticipated to go Live in Q3 2020/21 with Citizens Access Portal (Benefits) in Q4 2020/21. The remaining budget will be used for Scanstation/CAB/CAR and CA_LL and e-forms development through 2020/21			
ICT - Channel Shift 3 Website & Intranet	18,000	18,000	0	0	0	0	0	0	0	Channel shift Phase 3 (Housing management CX integration) project which has been delayed from 19/20 as per the business case and project plan. This will follow the implementation of Channel shift phase 2 (Customer portal project) expected to be during 2020/21. This budget will be used as the Digital Front Door Options Appraisal, however, due to Covid-19 it is anticipated that this will not commence until 2021/22.	18,000		
ICT - Disaster Recovery Improvements - Software / Hardware	24,786	24,786	24,786	18,590	6,992	-11,598	24,786	0	0	This budget is for improvements aligned to Microsoft requirements & Disaster Recovery Improvements in 2020/21. In Q4 2020/21 it is anticipated a server upgrade will be required.			
ICT - End User Devices - Software / Hardware	25,341	25,341	25,341	19,006	19,930	924	25,341	0	0	Budget is required for replacement hardware in relation to the digital workforce strand of the digital strategy.	49,500	49,500	49,500
ICT - Digital Workforce - Telephones - Mobile Working	16,000	16,000	16,000	12,000	920	-11,080	16,000	0	0	Budget is for replacement Mobile phone hardware in relation to the digital workforce strand of the digital strategy. Replacements are scheduled to happen in Q4 2020/21.	9,500	9,500	9,500

Appendix C : 2020/21 Selby District Council Capital Programme - To 31 December 2020

General Fund	Annual Budget	Original Budget Incl C/F	Revised Budget	Year to date Budget	Year to date Actual	Year to date Variance	Forecast	Carry Forward	Forecast Variance	Comments	Forecast 21/22	Forecast 22/23	Forecast 23/24
South Milford Retaining Wall	15,000	15,000	15,000	11,250	0	-11,250	15,000	0	0	We are still awaiting confirmation from the parish priest as to whether approval for the improvement works to the wall will need to go through a Faculty application (similar to Listed Building Approval). It is currently unknown how long the process will take. Given the relatively small amount of funding involved, no alteration to the outturn forecast has been made at this time.			
Waste Collection Fleet	4,000,000	4,000,000	4,000,000	3,000,000	3,639,500	639,500	4,000,000	200,000	0	An order was placed last year via a framework for the purchase of 21 x RCV's and 1 x mechanical sweeper. All RCV's have been received, the mechanical sweeper is awaiting delivery due to a hold up in the manufacturing process, we anticipate this to be resolved and delivered before the end of the financial year.	200,000		
Wheelie Bins	0	0	0	0	-6,470	-6,470	0	0	0	Final invoices have been received against this project, costs have come in slightly below expected spend.			
Council Play Area Maintenance	105,000	105,000	105,000	78,750	3,130	-75,620	105,000	0	0	Groundwork have been commissioned to project manage this project and the design and consultation stages have been completed for the first site which is Grange Road, Tadcaster. Tender documents are in the process of being finalised and will be issued in the coming weeks with works scheduled to be completed by the end of the financial year.	100,000	100,000	
Replacement of Vehicle Fleet	7,950	7,950	7,950	5,963	0	-5,963	7,950	0	0	Following a couple of false starts caused by supply chain delays resulting from Covid19, the majority of the Council's replacement light vehicle fleet has now been received. Work to agree appropriate livery for the new fleet is currently underway and it is anticipated this will be completed and installed by early February 2021.			
Purchase of Land	937,500	937,500	0	0	0	0	0	0	0	To facilitate affordable housing development and acquisitions and will be subject to business case.	937,500		
New Build Projects (Loans to SDHT)	2,400,000	2,400,000	0	0	0	0	0	0	0	Sites have been identified for potential acquisition. However, the Covid lockdown has delayed negotiations. There small sites identified for development and are progressing through Planning, when approved, tenders can be completed to attain absolute costs. Tenders have been delayed due to resources being redirected as a result of Covid, the tenders are not likely to be issued until Q1 2021/22. Discussions are taking place with SDHT as part of the development of the new Affordable Housing Strategy.	2,800,000	9,132,038	
Private Sector - Home Improvement Loans	39,031	39,031	39,031	29,273	1,006	-28,267	39,031	0	0	There has been a slow start to RAS Loans in 2020/21, due in part to Covid-19 but also due to RAS loans been somewhat seasonal during the winter months and difficult to profile, despite this we would still expecting full spend of the budget in 2020/21. RAS loans are repaid to the council upon sale of the property and then recycled into new loans. This allows more vulnerable households to receive the help they need. In 2019/20 we received 4 repaid loans totalling £12,117 which meant that around 3 additional households were able to receive essential assistance. We would expect to receive at least a similar number of repayments in 2020/21.			
Empty Property Grants	80,000	80,000	80,000	60,000	49,415	-10,585	80,000	0	0	We have completed 3 Empty Homes Grants during the first three quarters of 2020/21. The Empty Homes Officer has progressed a number of enquiries leading to around 6 expressions of interest from empty property owners which we would expect to convert into full grants in due course. Empty Homes Grants remain popular and are an excellent way of sourcing private rented accommodation for vulnerable households at risk of homelessness. It is expected that the full budget be spent in 2020/21.	80,000	80,000	
Disabled Facilities Grants (DFG)	680,317	680,317	265,700	199,275	149,208	-50,067	265,700	0	0	Covid-19 continues to have a significant impact on the delivery of DFGs. Currently 48 are approved, on averaged there are 3 contractors on site a week. YTD 27 have been completed. This is comparable with previous years within the number of weeks contractors have been unable to get on site due to Covid. As a result of the estimated 17 weeks lost means the revise outturn of £266k is on target to be achieved.	816,977	402,360	402,360
Total General Fund	9,834,547	9,834,547	5,379,334	4,034,501	3,966,987	-67,514	5,304,334	275,000	-75,000		5,666,664	9,969,603	509,106

Appendix C : 2020/21 Selby District Council Capital Programme - To 31 December 2020

Housing Revenue Account	Annual Budget	Original Budget Incl C/F	Revised Budget	Year to date Budget	Year to date Actual	Year to date Variance	Forecast	Carry Forward	Forecast Variance	Comments	Approved Programme & Carry Forward		
											Forecast 21/22	Forecast 22/23	Forecast 23/24
Housing & Asset Management System	132,375	132,375	132,375	99,281	28,710	-70,571	132,375	0	0	The remaining capital of £132k is expected to be paid in Q4 2020 following the Rents module Go Live and the repairs module that will commence in January 2021.			
St Wilfrid's Court	113,000	113,000	19,267	14,450	17,969	3,519	19,267	0	0	The programme scoping meeting identified requirement for significantly more investment than is available in the current budget. The current budget will therefore be utilised to address some of the higher priority issues identified during visit, as well as any essential health and safety related works. Work to replace the Tunstall system within the property has now been completed as this was deemed an emergency due to increasing false/no alarm reports. Progress in identifying additional improvement works at the scheme are however still on hold due to the continuing situation around Covid 19. Due to the nature of the scheme and to protect the safety of the residents it is felt essential to limit the works being undertaken whilst the Covid situation remains uncertain. With this in mind, we will focus efforts on fully scoping and procuring the improvement works with a view to implementation in April/May 2021, providing the situation allows.	93,733		
Environmental Improvement Plan	108,152	108,152	108,152	81,114	0	-81,114	108,152	0	0	This funding is earmarked to support a scheme being led by colleagues in the Contracts and Procurement Team. Work to progress the scheme has however been delayed by the coronavirus outbreak. Colleagues in our Contracts and Procurement team continue to progress the scheme. Tender for the work went out in early December with a view to having a contractor on site in January with completion before year end			
Housing Development Project	3,427,643	3,427,643	400,000	300,000	19,055	-280,945	50,000	350,000	-350,000	Programme for the development of HRA properties on phase 2 small sites, Starts on these sites has been delayed due to Covid and is anticipated in 2021/22. Work including, feasibility studies, asbestos surveys and garage clearance has been completed. Planning permission for development of three schemes has now been secured and work is underway to progress these through to tender. Due to the continuing delays due to Covid, progress on these projects has seen further delays, as a result the Q3 forecast is requested to be adjusted to £50k spend in the current financial year with the balance being phased into the 2021/22 budget. The actual costs relate to feasibility costs for the sites that are progressing to tender, these costs will be allocated to the individual programmes once the sites move into the construction stage.	3,377,643		
Housegate Hostel	10,394	10,394	10,394	7,796	9,125	1,330	10,394	0	0	An upgrade of the CCTV within the building was undertaken with Fire Risk Assessment and communal area refurbishment works progressing in tandem. This budget is required to complete the final elements of the works identified within the Fire Risk Assessment and will be assessed for Covid compliance. Formal certification of the fire safety works has now been received.			
Phase 1 HDP Byram Park Road	0	0	0	0	-5,305	-5,305	0	0	0	Final Retention invoice received £5k lower than anticipated			
Community Centre Refurbishment	64,377	64,377	10,000	7,500	0	-7,500	0	10,000	-10,000	The Fire Risk Assessment works identified at Grove House have now been completed except for the installation of the new entrance doors and door entry system which are on order. Work to identify further requirements outlined for other community centres under the FRA process is required. Progress on delivery of the programme remains paused whilst we deal with other priorities and as a result of diverted staff resources as a result of Covid. In light of the above, delivery of the programme remains paused whilst staff resources are focused on delivering other key priorities and adapting to the changing Covid 19 guidance. It is therefore unlikely any spend will be incurred in 2020/21 and thus the budget is requested to be carried forward to 2021/22.	64,377		
Empty Homes Programme - Improvements to Property	1,094,740	1,094,740	252,632	189,474	595	-188,879	252,632	0	0	This supports the Empty Homes Programme and is available to purchase Empty properties that will be brought back in to use and let through the HRA and former council properties sold through the Right to Buy. This is part of a 3 year programme to fund the purchase of 20 properties and includes S106 and Homes England Grant funding. We purchased 7 properties in 2019/2020, the work to improve these properties to a lettable position has been delayed due to the Covid lockdown, there was 1 long term empty property and 6 former Right to Buy, buy backs. We are also still progressing with the Compulsory Purchase of a long term empty property. These properties have been added to the HRA and will be let at an affordable rent once the works are complete. The Q2 forecast assumes a further 3 properties will be purchased in 2020/21 in line with the approved funding from Homes England with the balance of the budget forecasted to be spent in 2021/22. A revised programme is being drawn up for those further acquisitions.	842,108		
Assets Vehicle Fleet	60,950	60,950	60,950	45,713	0	-45,713	60,950	0	0	Following a couple of false starts caused by supply chain delays resulting from Covid19, the majority of the Council's replacement light vehicle fleet has now been received. Work to agree appropriate livery for the new fleet is currently underway and it is anticipated this will be completed and installed by early February 2021.			

Appendix C : 2020/21 Selby District Council Capital Programme - To 31 December 2020

Housing Revenue Account	Annual Budget	Original Budget Incl C/F	Revised Budget	Year to date Budget	Year to date Actual	Year to date Variance	Forecast	Carry Forward	Forecast Variance	Comments	Forecast 21/22	Forecast 22/23	Forecast 23/24
Energy Efficient Programme	701,869	701,869	701,869	526,402	219,790	-306,612	701,869	0	0	Whilst the cessation of all but emergency works due to lockdown severely impacted initial progress on delivery of the capital programme, the team have worked hard to accelerate delivery with our contract partners. Although we do understandably continue to see increased refusal of works due to self-isolation and/or shielding we anticipate the current 2020/21 programme will be completed.	500,224	510,225	520,430
Health and Safety Improvement Programme	886,724	886,724	886,724	665,043	361,613	-303,430	886,724	0	0	The cessation of all but emergency repairs due to Covid has impacted delivery of the capital investment programme. Whilst the cessation of all but emergency works due to lockdown severely impacted initial progress on delivery of the capital programme, the team have worked hard to accelerate delivery with our contract partners and the scheduled programme is to deliver this years programme of works. However, we do understandably continue to see increased refusal of works due to self-isolation and/or shielding.	668,652	554,675	565,770
Property Refurbishment Programme	4,618,490	4,618,490	4,200,000	3,150,000	1,614,651	-1,535,349	3,500,000	700,000	-700,000	The cessation of all but emergency repairs due to coronavirus has impacted delivery of the capital investment programme. We are continue to work on our recovery plans for reintroduction of services and talking with contractor partners about programme delivery. We have reassessed the programme with our main contractor and with the additional kitchen, bathroom, window and door replacements to be completed this financial year we anticipate completing 75% of works. This is monitored and reviewed with our contractors for future Covid impacts. Whilst the cessation of all but emergency works due to lockdown severely impacted initial progress on delivery of the capital programme, the team have worked hard to accelerate delivery with our contract partners; although we do understandably continue to see increased refusal of works due to self-isolation and/or shielding.	4,734,234	3,677,796	3,740,890
Property Investment Programme	1,140,375	1,140,375	350,000	262,500	224,486	-38,014	350,000	0	0	The cessation of all but emergency repairs due to coronavirus has impacted delivery of the capital investment programme. Current estimations are maintained to deliver 30% of the programme in the current financial year. Whilst the cessation of all but emergency works due to lockdown severely impacted initial progress on delivery of the capital programme, the team have worked hard to accelerate delivery with our contract partners; although we do understandably continue to see increased refusal of works due to self-isolation and/or shielding.	1,373,310	427,133	435,680
	0	0		0	0	0		0	0				
Total HRA	12,359,089	12,359,089	7,132,363	5,349,272	2,490,689	-2,858,583	6,072,363	1,060,000	-1,060,000		11,654,281	5,169,829	5,262,770
Total Capital Programme	22,193,636	22,193,636	12,511,697	9,383,773	6,457,676	-2,926,097	11,376,697	1,335,000	-1,135,000		17,320,945	15,139,432	5,771,876

Appendix D : Programme for Growth 2020/21 Financial Year Project Updates
Multi Year schedule for the project lifespan

Project	Lead Officer	Multi-Year Project Budget	Position @ 31 December 2020		Project Budget Remaining	Update	Phasing of future spend Q3			
			In Year Spend 20/21	Forecast			Forecast 20/21	Forecast 21/22	Forecast 22/23	Forecast 23/24
Healthy Living Concepts Fund	Angela Crossland	53,281	0	53,281	53,281	Of the remaining £53,281 in this fund - £10k allocated to develop active travel sustainable travel packs in line with the visitor economy niche trails work, £30k allocated to development of project with Yorkshire Wildlife Trust for Barlow Common to develop project and funding bids as they arise (Barlow Common delayed due to Covid). Remaining £13k will support public health initiatives identified as part of covid recovery plans.	0	53,281	0	
Visitor Economy (Tourism & Culture)	Angela Crossland	1,222,908	103,772	1,222,908	1,119,136	Delivery of the Visitor Economy Strategy and the Cultural Development Framework for the District. This is a multi-year programme which includes the cultural programme for the HSHAZ, visitor place-making and marketing, product development and sector support. Much of the investment is to be used as match funding against investment from external funding partners.	200,000	542,908	340,000	140,000
Celebrating Selby 950	Angela Crossland	30,311	5,571	30,311	24,740	Final reports have been submitted to funders. All delivery is complete, including an Audience Development Plan which builds on the findings in the Evaluation Report. National Lottery Heritage Fund have approved final activity report and financial evidence. Their final payment of (10%) will be made shortly. NLHF describe the activity as "brilliant". Arts Council England have different financial reporting requirements, which are not yet complete. The final part of the project is the completion of improvement and maintenance works to the area around the Abbey, including the Abbey railings, which was initially delayed due to workload (roll-out of new recycling bins) and further delayed due to Covid, but is expected to be completed for year end	30,311	0	0	
Low Carbon resources	Angela Crossland / Dave Caulfield	135,000	0	135,000	135,000	Low carbon/Environmental Projects Officer to oversee Low Carbon work	22,000	45,000	45,000	23,000
Marketing - Selby's USP	Stuart Robinson / Communications	157,753	4,841	157,753	152,912	The final elements of the first phase of the campaign have now been completed, apart from one remaining case study which was put on hold due to the flooding and Coronavirus emergencies, we are awaiting the final invoices. The 2019/20 phase of the place branding work has delivered the following: human interest marketing materials linked to the Council's strategic development sites , on-going positive regional coverage about opportunities in the district through media partnerships, new media partnerships focusing on the benefits of growth to existing residents and businesses, national coverage for the district in partnership with LEPs and the LGA, and the development of a new 'business portal website, linked through the Council's main website. A further £150k has been allocated to this budget as we continue to invest in place branding for the Council to present a consistent positive story of the district as a great place to do business. Business confidence is now the 2nd highest in the Leeds City Region & we've been recognised nationally by the LGA as good practice. Also important in helping with covid-19 economic recovery. This additional budget will enable the Council to continue to invest in good quality material to tell the story of investment, enabling us to invest in good quality images and films that create our story of place.	32,753	50,000	50,000	25,000
Retail Experience - STEP	Duncan Ferguson	76,749	2,105	76,749	74,644	Town centre revitalisation and strategy work is underway. Work to deliver on priorities in line with the town centre strategy and revitalisation action plans. Work being prioritised on digital development in line with recent LEP support and post Covid19 planning.	14,664	62,085	0	
Legal Support	Julian Rudd / Iain Brown	139,000	0	139,000	139,000	Legal Support for agreements and advice associated with the P4G programme / projects	23,000	46,000	46,000	24,000
Towns Masterplanning (Regeneration)	Duncan Ferguson	702,257	36,555	702,257	665,702	Work was commissioned in 2019/20 from the People and Places consultancy (Chris Wade) to develop town centre revitalisation plans and prepare for Future High Streets Fund application. Chris Wade's work is due to finish December 2020. Work will identify where match fund and further commission is needed and establish the further multi-partner governance model needed to deliver the strategies and action plans for each town centre. Places and movement study with Highways to commenced Sept 2020 and supported from this funding allocation, circa £30k match funded from the LEP. Anticipate that plans for local delivery will align with repositioning for town centres as part of new Corporate Plan period 2020+ and covid recovery planning. Funding of £50k to support reopening high streets scheme with MHCLG funding to support this, awaiting payment schedule for that scheme from MHCLG	68,289	633,968	0	

Project	Lead Officer	Multi-Year Project Budget	In Year Spend 20/21	Forecast	Project Budget Remaining	Update	Forecast 20/21	Forecast 21/22	Forecast 22/23	Forecast 23/24
Strategic Sites Masterplanning	Duncan ferguson	254,832	58,142	254,832	196,690	Funded due diligence work for Selby Station Masterplan area and Selby TCF revenue costs (in partnership with NYCC). Future costs will include consultancy costs for development to Full Business Case stage, surveys, design, legal and valuation fees. A large proportion, if not all, of Selby TCF revenue costs should be reimbursed back to this budget by WYCA. A further £150k budget has been allocated to this programme. Future costs will include consultancy costs for development to Full Business Case stage, surveys, design, legal and valuation fees. A large proportion of this Council's Selby TCF revenue costs should be reimbursed back to this budget by WYCA.	204,832	25,000	25,000	0
Access to Employment	Iain Brown	19,282	0	19,282	19,282	Projects within this budget will be targeted at supporting social mobility to give unemployed people in areas of higher deprivation in Selby District access to current and future employment opportunities e.g. connecting people to employment opportunities at Sherburn, the former Kellingly Colliery, Church Fenton etc. Future initiatives being reviewed against this budget include the opportunity to support future LCWIP projects linking residential communities with employment hubs and opportunities related to electric bike programmes.	19,282	0	0	
Growing Enterprise	Iain Brown	270,542	(3,811)	270,542	274,353	Budget to support one of the 10 priorities in Economic Development Framework (EDF) 2 year delivery programme as approved at the January 2019 Executive. It helps to match-fund small business support with the Leeds City Region LEP and unlock assistance for small businesses through the Ad:Venture and Digital Enterprise. New initiatives that will be funded through the coming year will include a widening of the skills support programme and work with any businesses that could be affected by the TCF programme around Selby Station. The additional P4G budget awarded over the next 3 years will be used to support businesses displaced by the TCF land assembly to relocate within the district. The year to date spend is showing a credit due to a cancelled and refunded Business Conference event invoice due to the Covid Pandemic, it is hoped that the event can be rearranged in due course.	95,542	70,000	70,000	35,000
Selby TCF Revenue	Duncan ferguson	0	62,219	0	(62,219)	Current year to date costs to the end of September are recoverable from WYCA, these will be submitted and recovered in Q4 2020/21.				
Empty Homes	June Rothwell Simon Parkinson	3,846	1,853	3,846	1,993	Overall the project is progressing well and the Empty Homes Officer has directly helped bring empty homes back into use in line with the targets set 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 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. We are currently pursuing our first Compulsory Purchase Order - although this has been delayed due to the current Coronavirus crisis. If successful it is hoped that this will send a strong message that tackling empty homes are a priority for us. In 19/20 we brought 5 properties back into use through the Empty Homes Grants/Loans service. These provided homes to vulnerable households who were at risk of homelessness.	3,846	0	0	
Selby District Housing Trust	June Rothwell Phil Hiscott	34,850	0	34,850	34,850	This fund is to support SDHTs role in the more ambitious HDP approved by Executive in January 2018. A new officer has now been appointed to support the SDHT. The Trust have taken occupation of an additional 17 new affordable homes in 2018/19 delivered through new build and Section 106 acquisitions and a further 12 Section 106 acquisitions in Q1 2019/20. SDHT continue to work with SDC colleagues on the affordability and viability of new properties coming forward via the Housing Development Programme. Discussions with external providers regarding possible S106 acquisitions are also ongoing.	10,000	10,000	14,850	
Stepping Up' Housing Delivery	June Rothwell Phil Hiscott	7,052	114	7,052	6,938	The Project will support the implementation of the Housing Development Programme approved by the Executive in January 2018. Seeking opportunities to maximise the social and economic benefits of the Council's asset portfolio.	7,052	0	0	

Project	Lead Officer	Multi-Year Project Budget	In Year Spend 20/21	Forecast	Project Budget Remaining	Update	Forecast 20/21	Forecast 21/22	Forecast 22/23	Forecast 23/24
Olympia Park	Iain Brown	4,733	0	4,733	4,733	Following further detailed information about costs and technical issues at the Olympia Park development site in Selby, Selby District Council, the landowners and developers involved have reluctantly concluded that conditions attached to a government housing infrastructure grant towards site costs cannot now be met. Despite the best endeavours taken by the Council, its advisers and Olympia Park Development (OPD), the project in its current form cannot be delivered within the timescales required to access the grant offered towards infrastructure costs. Everyone involved remains fully committed to effective use of the site in the future to support existing businesses and enable the delivery of appropriate new employment space and homes. The Council and OPD now have the benefit of significant detailed technical information regarding the site and continue to work together to unlock its significant potential for development, particularly given the close proximity to the town centre and railway station. The Council is in discussion with OPD regarding the scope for a significant employment development on the site and, on this basis, has retained a pedestrian and cycle footbridge to the site from the town centre and station in the TCF proposals. Further details will be provided once further discussions have taken place. Outstanding fees relating to site development work have now been confirmed and will be fully paid during Q4 against accruals made at year end.	4,733	0	0	0
Making our Assets work	Duncan ferguson	100,000	4,047	100,000	95,953	The budget is targeted at funding due diligence work to bring the Council's own land assets to the market and see them developed. These include small garage sites, Portholme Rd, Egerton Lodge, Barlby Rd depot, Bondgate and Burn airfield. A further £100k has been allocated to this budget to continue the ongoing work, this will be used to fund the feasibility, surveys and technical work to enable the Council's own land assets to be brought forward for development to deliver housing and other beneficial uses.	60,000	20,000	20,000	0
Housing development Feasibility Work	Phil Hiscott	303,546	19,316	303,546	284,230	Housing development feasibility project to identify viability of sites for development. Phase 2 feasibility costs have been transferred to the individual development budgets for three identified sites; Camblesforth, Hambleton and Sherburn in Elmet. These sites have gone through planning and will progress to tender stage in Q1 2021/22. It is expected that Burn and West Haddlesley will progress to planning in Q4 2020/21, if successful these sites will progress to tender in Q2 2021/22. A proportion of the costs have been incurred as a result of fees against sites which will not be progressing. A further £300k budget has been allocated to progress the feasibility work on the Housing Development Project, costs will be allocated to the individual development budgets as the sites progress through planning and into development.	53,546	100,000	100,000	50,000
Asset Strategy	Phil Hiscott	80,000	0	80,000	80,000	Budget for the production of the Asset Management Strategy. This funding is required to support development of the Council's new Asset Management Strategy. Work to agree the brief has been completed. However progressing this to tender has been delayed by coronavirus. It is therefore requested that the budget is moved forward to 2021/22.	0	80,000	0	0
Finance Support	Peter Williams	139,000	0	139,000	139,000	Business Case development & Financial monitoring / reporting	10,000	59,000	46,000	24,000
Commercial property acquisition fund	Iain Brown / Duncan ferguson	3,039,424	467,584	3,039,424	2,571,840	This budget will be used to acquire strategic development sites consistent with the Council's regeneration and commercial development opportunities and to match fund acquisitions as part of the TCF bid submission. The current live project and spend to date relates to the purchase of a site near Selby Station to provide new access to platform 2 and additional car parking. A significant amount of funding from this budget has been put forward as match funding within the Council's TCF proposals for Selby Station including contingency for the purchases of property.	1,000,000	1,000,000	1,039,424	0
High Street shop fronts	Angela Crossland	100,000	0	100,000	100,000	The Project Fund is a match fund contribution to the successful High Streets Heritage Action Zone (HAZ) bid. Programme delivery commenced 1st April and this fund is part of a 4 year programme profile. HAZ Officer started in post August 2020	0	50,000	50,000	0
New lane - Public Realm	Angela Crossland	200,000	0	200,000	200,000	The Project Fund is a match fund contribution to the successful High Streets Heritage Action Zone (HAZ) bid. Programme delivery commenced 1st April and this fund is part of a 4 year programme profile. HAZ Officer commenced in post August 2020. Experimental road closures in place as part of Reopening High Streets project (ERDF Funded)	0	0	200,000	0
Low Carbon projects (Phase 1) CAPITAL	Angela Crossland / Dave Caulfield	1,200,000	0	1,200,000	1,200,000	Phase 1 project delivery fund to support approved projects flowing from the Low Carbon Working Group - projects subject to business case approval by the Executive.	200,000	400,000	400,000	200,000
Town Regen Selby	Duncan Ferguson	1,000,000	0	1,000,000	1,000,000	A Forward Framework and Action Plan is being prepared for each of the 3 town centres - work led by Chris Wade funded from the current Town Master planning P4G project. Two elements to this new ask: 1) Feasibility pot to work up project ideas 2) Delivery budget - for implementation of projects.	50,000	300,000	650,000	0

Project	Lead Officer	Multi-Year Project Budget	In Year Spend 20/21	Forecast	Project Budget Remaining	Update	Forecast 20/21	Forecast 21/22	Forecast 22/23	Forecast 23/24
Town Centre Tadcaster	Duncan Ferguson	500,000	0	500,000	500,000	A Forward Framework and Action Plan is being prepared for each of the 3 town centres - work led by Chris Wade funded from the current Town Master planning P4G project. Two elements to this new ask: 1) Feasibility pot to work up project ideas 2) Delivery budget - for implementation of projects.	50,000	200,000	250,000	0
Town Centre Sherburn	Duncan Ferguson	500,000	0	500,000	500,000	A Forward Framework and Action Plan is being prepared for each of the 3 town centres - work led by Chris Wade funded from the current Town Master planning P4G project. Two elements to this new ask: 1) Feasibility pot to work up project ideas 2) Delivery budget - for implementation of projects.	50,000	200,000	250,000	0
New programme resources	Extended Leadership Team	261,000	0	261,000	261,000	Additional staffing resources: Planning Projects Officer, Regenerations Town Centre Co-ordinator. The start date for these appointments is anticipated to be February 2021, the forecast has been adjusted into 2023/24	14,500	87,000	87,000	72,500
Funding for the 15% parish council contribution for the new Bawtry roundabout - £35062	Caroline Skelly	35,062	0	35,062	35,062	Funding for the 15% parish council contribution for the new Bawtry roundabout, this is expected to be paid in Q4.	35,062			
Staffing costs		3,459,475	598,534	3,459,475	2,860,941	This covers all the P4G funded posts across SDC including the extensions to contracts approved in the budget. These posts support delivery of this P4G programme. It also covers the additional core staffing costs in a number of teams required to deliver the Council's corporate growth ambitions including the Economic Development and Regeneration team (to deliver the Economic Development Framework 2 year action plan) and key posts in Communities and Partnerships, Planning and Marketing and Communications.	1,134,265	1,151,690	1,173,520	
Contingency		402,698	0	402,698	402,698	The funding we are receiving from the West & North Yorkshire Business Rates pool for the Tour de Yorkshire and UCI E200k has been put back into P4G contingency to fund essential work on the asset management strategy. Also the balance remaining on Tadcaster Linear Park has been transferred back to P4G contingency.	402,698	0		
		14,432,601	1,360,842	14,432,601	13,071,759		3,796,375	5,185,932	4,856,794	593,500



Report Reference Number: E/20/34

To: Executive
Date: 4th February 2021
Status: Non Key Decision
Ward(s) Affected: All
Author: Michelle Oates, Senior Accountant
Lead Executive Member: Councillor Cliff Lunn, Lead Executive Member for Finance and Resources
Lead Officer: Karen Iveson, Chief Finance Officer

Title: Treasury Management – Quarterly Update Q3 2020/21

Summary:

This report reviews the Council's borrowing and investment activity (Treasury Management) for the period 1st April to 31st December 2020 (Q3) and presents performance against the Prudential Indicators.

Investments – On average the Council's investments totalled £74.8m up to the end of the third quarter, at an average rate of 0.57% and earned interest of £321k (£232k allocated to the General Fund; £89k allocated to the HRA) which was £85k above the year to date budget. The expected fall in cash balances and falling rate of return have been slower than initially expected when budgets were revised in Q1 based on forecast returns in the region of £260k, a budget reduction of £225k. Latest estimates predict returns of £331k, a surplus of £71k against the revised budget. The Bank Rate of 0.10% is expected to remain in place for at least the next two years, and a Brexit trade deal has yet to be agreed. The position will be kept under review.

In addition to investments held in the pool, the Council has £4.58m invested in property funds as at 31 December. The funds achieved 3.60% revenue return at Q2 (Q3 revenue figures still awaited) and 2.17% capital loss as at end of December 2020. This resulted in revenue income of £83.4k to the end of Q2 and an 'unrealised' capital loss at the end of Q3 of £101.5k. These funds are long term investments and changes in capital values are realised when the units in the funds are sold.

Borrowing – Long-term borrowing totalled £52.833m at 31st December 2020, (£1.6m relating to the General Fund; £51.233m relating to the

HRA). Repayment was made in May 2020 of £6.5m HRA Debt. Interest payments of £1.917m are forecast for 2020/21, a saving of £0.871m against budget. This is due to HRA budgets allowing for borrowing to support Housing Delivery, which has not been required to date. The Council had no short term borrowing in place as at 31st December 2020.

Prudential Indicators – the Council’s affordable limits for borrowing were not breached during this period.

Recommendation:

- i. Councillors endorse the actions of officers on the Council’s treasury activities for Q3 2020/21 and approve the report.**

Reasons for recommendation

To comply with the Treasury Management Code of Practice, the Executive is required to receive and review regular treasury management monitoring reports.

1. Introduction and background

- 1.1 This is the third monitoring report for treasury management in 2020/21 and covers the period 1 April to 30 December 2020. During this period the Council complied with its legislative and regulatory requirements.
- 1.2 Treasury management in Local Government is governed by the CIPFA “Code of Practice on Treasury Management in the Public Services” and in this context is the management of the Council’s cash flows, its banking and its capital market transactions, the effective control of the risks associated with those activities and the pursuit of optimum performance consistent with those risks. This Council has adopted the Code and complies with its requirements.
- 1.3 The Council’s Treasury Strategy, including the Annual Investment Strategy and Prudential Indicators was approved by Council on 22 February 2020.
- 1.4 The two key budgets related to the Council’s treasury management activities are the amount of interest earned on investments £260k (£188k General Fund, £72k HRA), revised at Q1 based on latest assumptions resulting from Covid measures. And the amount of interest paid on borrowing £2.788m (£75.2k General Fund, £2.713m HRA).

2. The Report

Market Conditions and Interest Rates

2.1 The Council's treasury advisors Link Asset Services – Treasury Solutions summarised the key points associated with economic activity in Q3 2020/21 up to 31 December 2020:

- Bank Rate remained unchanged at 0.1%, with this rate now expected to continue for some time;
- The Bank of England announced a further tranche of quantitative easing (£150bn) is to commence January 2021;
- the final Brexit agreement on 24 December has eliminated a significant downside risk for the UK economy. However, the initial agreement only covers trade, leaving the services sector still to be formalised; and
- following the new national lockdown from 5 January the near-term outlook for the economy is poor. However, the distribution of vaccines and the expected removal of COVID-19 restrictions is expected to allow GDP to recover in the second half of 2021.

Interest Rate Forecasts

2.3 The current interest rate forecasts (last update 27 November) of Link Asset Services – Treasury Solutions are as follows:

	Mar-21	Jun-21	Sep-21	Dec-21	Mar-22	Jun-22	Sep-22	Dec-22	Mar-23	Jun-23	Sep-23	Dec-23	Mar-24
BANK RATE	0.10	0.10	0.10	0.10	0.10	0.10	0.10	0.10	0.10	0.10	0.10	0.10	0.10
3 month ave earnings	0.10	0.10	0.10	0.10	0.10	0.10	0.10	0.10	0.10	0.10	0.10	0.10	0.10
6 month ave earnings	0.10	0.10	0.10	0.10	0.10	0.10	0.10	0.10	0.10	0.10	0.10	0.10	0.10
12 month ave earnings	0.20	0.20	0.20	0.20	0.20	0.20	0.20	0.20	0.20	0.20	0.20	0.20	0.20
5 yr PWLB	0.80	0.80	0.80	0.80	0.90	0.90	0.90	0.90	0.90	1.00	1.00	1.00	1.00
10 yr PWLB	1.10	1.10	1.10	1.10	1.20	1.20	1.20	1.20	1.20	1.30	1.30	1.30	1.30
25 yr PWLB	1.50	1.60	1.60	1.60	1.60	1.70	1.70	1.70	1.70	1.80	1.80	1.80	1.80
50 yr PWLB	1.30	1.40	1.40	1.40	1.40	1.50	1.50	1.50	1.50	1.60	1.60	1.60	1.60

* Net of certainty rate 0.2% discount

2.4 As the interest forecast table for PWLB certainty rates, above, shows, there is likely to be little upward movement in PWLB rates over the next three years as it will take the UK a prolonged period to eliminate spare capacity in the economy

Annual Investment Strategy

- 2.5 The Annual Investment Strategy outlines the Council's investment priorities which are consistent with those recommended by DCLG and CIPFA:
- Security of Capital and
 - Liquidity of its investments
- 2.6 The Investment of cash balances of the Council are managed as part of the investment pool operated by North Yorkshire County Council (NYCC). In order to facilitate this pooling, the Council's Annual Investment strategy and Lending List has been aligned to that of NYCC.
- 2.7 NYCC continues to invest in only highly credit rated institutions using the Link suggested creditworthiness matrices which take information from all the credit ratings agencies. Officers can confirm that the Council has not breached its approved investment limits during the year.
- 2.8 The Council's investment activity in the NYCC investment pool up to Q3 2020/21 was as follows:-
- Balance invested at 30 December 2020 £74.83m
 - Average Daily Balance Q3 20/21 £75.4m
 - Average Interest Rate Achieved Q3 20/21 0.57%
 - Forecast income for the year £331k
- 2.9 The average return to Q3 2020/21 of 0.57% compares with the average benchmark returns as follows:
- 7 day -0.07%
 - 1 month -0.04%
 - 3 months 0.04%
 - 6 months 0.12%
 - 12 months 0.23%

Borrowing

- 2.10 It is a statutory duty for the Council to determine and keep under review its "Affordable Borrowing Limits". The Council's approved Prudential Indicators (affordable limits) were outlined in the Treasury Management Strategy Statement (TMSS). A list of the limits is shown at Appendix A. Officers can confirm that the Prudential Indicators were not breached during the year.
- 2.11 The TMSS indicated that there was no requirement to take external borrowing during 2020/21 to support the budgeted capital programme. However, the borrowing requirement is largely dependent on the Housing

Development Programme and whilst it is expected that this will be funded by internal borrowing, this will continue to be reviewed to optimise the timing of external debt.

- 2.12 The Council approved an Authorised Borrowing Limit of £90m (£89m debt and £1m Leases) and an Operational Borrowing Limit of £85m (£84m debt and £1m Leases) for 2020/21.
- 2.13 The current strategy in relation to capital financing, is to continue the voluntary set aside of Minimum Revenue Provision (MRP) payments from the HRA in relation to self-financing debt in order to be in a position to repay the debt over 30 years. £1.26m is budgeted for 2020/21. However, the HRA Business Plan assumptions indicate that there may be a requirement to revisit this approach due to increasing capital programme requirements over the coming years.
- 2.14 The combination of a voluntary MRP strategy, along with a long term loan repayment in May 2020, meant the Council was in an under-borrowed position of £1.1m as at 31 December 2020. This means that capital borrowing (external debt) is currently lower than Council's underlying need to borrow. The movement from an over-borrowed position of £5.3m, a movement of £6.4m compared to the year-end position is a result of £6.5m borrowing repaid in May 2020. Planned capital expenditure funded by prudential borrowing, will increase the Council's capital financing requirement as the year progresses. External borrowing requirements are reviewed on an on-going basis to ensure the borrowing strategy reflects the latest capital programme needs and forecast borrowing rates.
- 2.15 The 2020/21 Treasury Management Strategy forecast an under-borrowed position of £4.86m by the end of 21/22 as loans are made to support the Housing Trust, and HRA Housing Investment Programme. Whilst plans have been significantly delayed during the year, primarily as a result of Covid-19, plans to undertake any additional long term borrowing in the short/medium term will be kept under review as the Extended Housing Delivery Programme progresses and while borrowing rates remain low.

Capital Strategy

- 2.16 The Capital Strategy was included as part of the Council's Annual Treasury Management and Investment Strategy 2020/21, approved in February 2020. The Capital Strategy sets out how capital expenditure, capital financing and treasury management contribute to the provision of 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.
- 2.17 Alternative non-treasury investments are considered as part of the Capital

Strategy. Given the technical nature of potential alternative investments and strong linkages to the Council's Treasury Management function, appropriate governance and decision-making arrangements are needed to ensure robust due diligence in order to make recommendations for implementation. As a result, all investments are subject to consideration and where necessary recommendations of the Executive.

- 2.18 In addition to loans to Selby & District Housing Trust to support the Housing Delivery Programme, options for alternative investments will be kept under review and are subject to individual business case approval.

Housing Delivery Programme Loans

- 2.19 The Housing Delivery Programme has delivered a number of successful schemes so far, in partnership with Selby & District Housing Trust. One of the principles underpinning the programme is that financial support will be provided to the Trust by way of grant and loans to fund provision of affordable homes in the District whilst achieving a revenue return for the Council's General Fund. The forecast income for the year in addition to standard treasury returns is £120k, which is approximately £107k over the forecasted standard interest that would be achieved on cash investments. Latest updates on the programme suggest it is likely to be 2021/22 before further sites are in progress. The table below summarises the loans provided to date.

Scheme	Loan Rate %	Principal Outstanding 31 Dec 2020 £	YTD Interest Q3 20/21 £	Interest Full Year £
Kirgate, Tadcaster	4.56%	186,438	6,670	8,893
St Joseph's St	4.20%	202,346	6,526	8,702
Jubilee Close, Ricall	3.55%	536,299	14,381	19,174
Ulleskelf	4.87%	1,049,193	38,452	51,269
Ousegate	3.65%	866,729	23,763	31,684
Average Rate / Total Principal and Interest	4.36%	2,869,052	89,792	119,723

Commercial Property Investments

- 2.20 To date there have been two Commercial Property acquisitions, one in Selby town and one in Tadcaster, both buildings are ex-Natwest Bank Properties. The first acquisition was a Tadcaster property, which completed during Q2 18/19. The second in Selby, which completed towards the end of Q3 18/19, has subsequently been sold, completing in July 2020. A small surplus of around £10k was generated after taking account of interim property costs. No formal plans for Tadcaster have been approved as yet.

Property Funds

2.21 The position on Property Funds at 31 December 2020 is as follows:

In Year Performance

Fund	Bfwd Investment £k	Valuation as at 31-Dec-20 £k	In Year Performance Q3 20/21			
			Capital Gain / (Loss)		Revenue Return (Q2)	
			£k	%	£k	%
Blackrock	2,376.60	2,362.32	(14.3)	(0.60)	34.7	2.94
Threadneedle	2,308.11	2,220.85	(87.3)	(3.78)	48.6	4.29
Total	4,684.71	4,583.17	(101.5)	(2.17)	83.4	3.60

Total Fund Performance

Fund	Original Investment £k	Valuation as at 31-Dec-20 £k	Total Performance			
			Capital Gain / (Loss)		Revenue Return (Q2)	
			£k	%	£k	%
Blackrock	2,502.50	2,362.32	(140.2)	(5.60)	154.9	3.63
Threadneedle	2,439.24	2,220.85	(218.4)	(8.95)	209.9	4.60
Total	4,941.73	4,583.17	(358.6)	(7.26)	364.7	4.13

2.22 Investments held in Property Funds are classified as Non-Specified Investments and are, consequently, long term in nature. Valuations can, therefore, fall and rise over the period they are held. Any gains or losses in the capital value of investments are held in an unusable reserve on the balance sheet and do not impact on the General Fund until units in the funds are sold.

2.23 As a result of Covid-19, both funds experienced a sharp capital loss to the end of June 2020, which stabilised in the second and third quarter, with a marginal improvement on both Fund valuations. Both funds are expected to deliver a positive revenue return. Given the material uncertainty washing through financial markets and economies, many funds temporarily suspended trading (both in and outflows) as firm valuations could not be provided. Trading recommenced during by the third quarter on both Funds.

2.24 It is also important to stress that the largest potential impact on fund valuations may be still to come in future periods. This is in line with underlying economic impact of the on-going virus on the economy. The

funds intend to issue a summary statement in the coming months, once a more comprehensive assessment of the impact can be undertaken. Given the volatility and risk within the market, both property funds will be reviewed in terms of their strategies to mitigate risk within their portfolios, in the context of the longer-term nature of these investments. Should any changes to these investments be considered necessary, these will be reported to the Executive and to Council if required.

3. Alternative Options Considered

3.1 The Council has access to a range of investments through the pooled arrangements in place through North Yorkshire County Council.

4.0 Implications

4.1 Legal Implications

4.1.1 There are no legal implications as a direct result of this report.

4.2 Financial Implications

4.2.1 The financial implications are set out in the report.

5. Conclusion

5.1 The impact of the pandemic, and the turmoil in the financial markets, will continue to have an impact on the Council's investment returns. Forecasts predict slow recovery, exacerbated by the on-going delays with Brexit.

5.2 The Council's debt position is in line with expectations set out in the Strategy, with no immediate changes on the horizon. However, as the Housing Delivery Programme progresses, opportunities to optimise the Council's debt portfolio will be kept under review.

5.3 The Council operated within approved Strategy Indicators for the quarter, with no breaches on authorised limits. The Prudential Indicators are reviewed annually as part of the Treasury Strategy to ensure approved boundaries remain appropriate; activities to date during 2020/21 have not highlighted any concerns.

6. Background Documents

None

Contact Details

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Appendices:

Appendix A – Prudential Indicators as at 31 December 2020

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Prudential Indicators - As at 31 December 2020

Note	Prudential Indicator	2020/21 Indicator	Quarter 3 Actual
1	Capital Financing Requirement £'000	57,700	53,953
	Gross Borrowing £'000	52,833	52,833
	Investments £'000	49,674	72,833
2	Net Borrowing £'000	3,159	-20,000
3	Authorised Limit for External Debt £'000	84,000	52,833
4	Operational Boundry for External Debt £'000	79,000	52,833
5	Limit of fixed interest rates based on net debt %	100%	100%
	Limit of variable interest rates based on net debt %	30%	0%
6	Principal sums invested for over 364 days		
	1 to 2 years £'000	20,000	0
	2 to 3 years £'000	15,000	0
	3 to 4 years £'000	5,000	0
	4 to 5 years £'000	5,000	0
7	Maturity Structure of external debt borrowing limits		
	Under 12 months %	20%	0.00%
	1 to 2 years %	20%	0.00%
	2 to 5 years %	50%	0.00%
	5 to 10 years %	50%	0.00%
	10 to 15 years %	50%	3.00%
	15 years and above %	90%	97.00%

1. Capital Financing Requirement – this is a measure of the Council's underlying need to borrow long term to fund its capital projects.

2. Net Borrowing (Gross Borrowing less Investments) – this must not except in the short term exceed the capital financing requirement.

3. Authorised Limit for External Debt – this is the maximum amount of borrowing the Council believes it would need to undertake its functions during the year. It is set above the Operational Limit to accommodate unusual or exceptional cashflow movements.

4. Operational Boundary for External Debt – this is set at the Council’s most likely operation level. Any breaches of this would be reported to Councillor’s immediately.
5. Limit of fixed and variable interest rates on net debt – this is to manage interest rate fluctuations to ensure that the Council does not over expose itself to variable rate debt.
6. Principal Sums Invested for over 364 days – the purpose of these limits is so that the Council contains its exposure to the possibility of loss that might arise as a result of having to seek early repayment or redemption of investments.
7. Maturity Structure of Borrowing Limits – the purpose of this is to ensure that the Council is not required to repay all of its debt in one year. The debt in the 15 years and over category is spread over a range of maturities from 23 years to 50 years.



Report Reference Number: E/20/35

To: Executive
Date: 4 February 2021
Status: Key Decision
Ward(s) Affected: All
Author: Michelle Oates, Senior Accountant
Lead Executive Councillor Lunn, Lead Executive Member
Member: for Finance and Resources
Lead Officer: Karen Iveson, Chief Finance Officer

Title: Treasury Management – Treasury Management Strategy Statement 2021/22, Minimum Revenue Provision Policy Statement 2021/22, Annual Investment Strategy 2021/22, Prudential Indicators 2020/21 and Capital Strategy 2021/22.

Summary:

This report presents for approval the proposed Treasury Management Strategy together with the Minimum Revenue Provision Policy Statement, Annual Investment Strategy for 2021/22, Capital Strategy 2021/22 and Prudential Indicators 2021/22 as required by the Ministry for Housing, Communities and Local Government and CIPFA.

The capital expenditure plans for the next three years, along with re-profiled budgets carried forward from 2020/21 total £48.62m, which includes Housing Delivery projects and programme for growth. Given the anticipated level of expenditure, whilst there are no immediate plans to externally borrow, authorised borrowing limits are set at £78m to enable prudent assessment of the Council's borrowing needs over the year.

Cash balances are expected to remain relatively high over the three year period, whilst Programme for Growth projects are still in progress, and due to re-profiled capital plans. The Council will continue to adopt the NYCC investment strategy for cash balances, along with consideration of other alternative investment opportunities, where considered prudent and operating within CIPFA's investment guidance.

Recommendations:

It is recommended to Council that:

- i) The Operational Borrowing Limit for 2021/22 is set at £73m**
- ii) The Authorised Borrowing Limit for 2021/22 is set at £78m**
- iii) Councillors delegate authority to the Chief Finance Officer to effect movement within the agreed authorised boundary limits for long-term borrowing for 2021/22 onwards.**
- iv) Councillors delegate authority to the Chief Finance Officer to effect movement within the agreed operational boundary limits for long-term borrowing for 2021/22 onwards.**
- v) The treasury management strategy statement 2021/22 be approved.**
- vi) The minimum revenue provision policy statement for 2021/22 be approved.**
- vii) The treasury management investment strategy for 2021/22 be approved.**
- viii) The prudential indicators for 2021/22 which reflect the capital expenditure plans which are affordable, prudent and sustainable be approved.**
- ix) The Capital Strategy for 2021/22 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 including disclosures relating to Voluntary Revenue Provision payments, (VRP). The HRA Business Plan shows that the cost of planned improvement works will exceed the funds available in the major repairs reserve and consequently VRP previously set-aside to repay the self-financing debt will be needed to support the capital programme. This will mean that debt repayment will have to be deferred beyond the 30 years originally planned.
- 1.5 The strategy also takes into account new rules that prevent Public Works Loans Board borrowing primarily for yield. The Council has no plans to invest primarily for yield.

2. The Report

2.1 Treasury Management Strategy

- The Council's 'Authorised Limit for External Debt' is £<>m for 2021/22, which is the maximum that can be borrowed in the year.
- The 'Operational Boundary' (the maximum amount that is expected to be borrowed) is £73m in 2021/22, which includes £15m headroom for any unusual cashflow purposes or debt rescheduling, should this be required.
- The borrowing limits reflect capital spending plans arising from capital programmes and the Programme for Growth (P4G).
- 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 31/12/20 was £52.8m at an average rate of 3.63%.
- In 2020/21 a market loan of £6.5m has been repaid, as this loan has the highest interest rate in the portfolio (8.79%), bringing the average borrowing rate down to 3.63%.
- Total treasury deposits are around £75m at an average rate of 0.57%, along with investments in Property Funds of £4.58m (as at end of December 2020), achieving a net rate of return of around 3.60% (as at Q2).

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. Plans for a number of projects are in progress but balances are expected to remain relatively high for the next 2-3 years.

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 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 2021/22 is £0.654m (£0.6541 internal borrowing, and nothing remaining for leases);
- VRP for 2021/22 is £1.342m, 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 £51m and £24m over the coming year dependent upon cashflows.
- An average rate of return of 0.4% has been estimated for 2021/22 and loans to Selby District Housing Trust will help to increase overall returns although there are continuing delays to the Housing Development programme which drive these loans.
- 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 continue to investigate 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. Given current market uncertainty no further investments are planned at this time and existing investments will be kept under review.

2.4 Prudential Indicators

- The Council plans to spend £21.1m on capital projects in 2021/22;
- 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 2.13% of the General Fund Budget and 27.54% of the HRA net budget in 2021/22.
- Taking into account all capital spending plans during 2021/22 there is a borrowing requirement of £2.8m for the General Fund, relating to Housing Development Programme/Housing Trust Loans and Waste Collection fleet, in addition to £1m for the HRA relating to Housing Development. This reflects the estimated re-profile of carried forward slippage from 20/21 plans.

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 as a result of the Covid-19 pandemic 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, which includes the loans to Selby and District Housing Trust in support of the Council's Affordable Housing Delivery Programme. Alternative investments are currently earmarked as capital expenditure and as such are included in the Capital Programme. The decisions to undertake such investments are also driven by the Council's corporate objectives as set out in the Council Plan.
- The Capital Strategy provides a projection of how capital expenditure plans, including alternative investment plans, impact on capital borrowing and repayment plans. The Prudential Code requires the Chief Financial Officer to report explicitly on the affordability and risk associated with the Capital Strategy.
- The Council's capital expenditure plans include property acquisitions in support of the Council's Transforming Cities project and further loans to support the Housing Delivery Programme. In accordance with CIPFA's Commercial Property Investment guidance, issued in autumn 2019, the Council does not plan to externally borrow to finance commercial investments and has no plans for investment primarily for yield.

3. Implications

3.1 Legal Implications

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

3.2 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 (Capita Asset Services) look to maximise opportunities with the Council's investment and borrowing position.

4. Conclusion

- #### **4.1**
- The Council has a statutory duty to produce its annual treasury management and investment strategies. The underpinning purpose is to ensure the Council considers the key financial risks associated with managing cash flows, prudent investment decisions, financing of capital spending plans, and to ensure that capital investment is prudent, affordable and sustainable in the

long term. The strategies and prudential indicators are also designed to demonstrate proportionality and balance of risk.

5. Background Documents

None

6. Appendices

Appendix A – Treasury Management Strategy 2021/22
Appendix B – Minimum Revenue Provision Policy 2021/22
Appendix C – Capital Prudential Indicators 2021/22
Appendix D – Borrowing Strategy 2021/22
Appendix E – Annual Investment Strategy 2021/22
Appendix F – Capital Strategy 2021/22

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TREASURY MANAGEMENT STRATEGY STATEMENT 2021/22**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 the Council's 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 alternative investments 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 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. "

1.2 Reporting requirements**1.2.1 Capital Strategy**

The CIPFA revised 2017 Prudential and Treasury Management Codes require, 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 annual strategy is 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 2021/22 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 2021/22**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 2020/21 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

In the case of long term debtors from loans, the amounts paid out are classed as capital expenditure for capital financing purposes. The expenditure is therefore included in the calculation of the Council's Capital Financing Requirement. When the Council receives the repayment of an amount loaned, the income will be classified as a capital receipt. Where the capital receipts will be applied to reduce the Capital Financing Requirement, there will be no revenue provision made for the repayment of the debt liability (i.e. unless the eventual receipt is expected to fall short of the amount expended).

Total General Fund MRP for 2021/22 is estimated at £0.654m (£0.654m internal borrowing, with nothing outstanding 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 2021 the total VRP overpayments are **£10.84m**. This relates to VRP charged for the repayment of HRA self-financing debt.

The HRA Business Plan shows that the cost of planned improvement works will exceed the funds available in the major repairs reserve and consequently resources previously set-aside to repay the self-financing debt will be needed to support the capital programme. This will mean that debt repayment will have to be deferred beyond the 30 years originally planned.

THE CAPITAL PRUDENTIAL INDICATORS 2021/22 – 2023/24**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 The Council's capital expenditure plans are a key driver of treasury management activity. The output of the capital expenditure plans are reflected in the prudential indicators, which are designed to assist Members by highlighting the overall impact of capital investment decisions within the context of the Council's financing requirements.
- 2.2 This prudential Indicator is a summary of the Council's capital expenditure plans, both those agreed previously, and those forming part of the this budget cycle. The table below summarises the above capital expenditure plans and how these plans are being financed.

Table 1: Capital Expenditure

Capital Expenditure	2019/20 Actual £'000	2020/21 Estimate £'000	2021/22 Estimate £'000	2022/23 Estimate £'000	2023/24 Estimate £'000
General Fund	2,436	5,504	3,267	1,237	709
HRA	4,210	6,072	11,654	5,170	5,263
Non Financial Investments	764	1,000	3,800	10,171	0
Total	7,409	12,576	18,721	16,578	5,972

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

- 2.3 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.
- 2.4 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.
- 2.5 The 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.
- 2.6 Capital expenditure plans also include a Property Acquisition Fund (£3.5m spread across 2018/19 – 2022/23) which is earmarked to support the Council's Transforming Cities Project .

Table 2: Financing of Capital Expenditure

- 2.7 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	2019/20	2020/21	2021/22	2022/23	2023/24
	Act. £'000	Est. £'000	Est. £'000	Est. £'000	Est. £'000
General Fund	2,436	5,504	3,267	1,237	709
HRA	4,210	6,072	11,654	5,170	5,263
Commercial Activities / Non-financial Investments	764	1,000	3,800	10,171	0
Total	7,409	12,576	18,721	16,578	5,972
Financed By:					
Revenue & Reserves	-4,087	-7,941	-12,475	-6,864	-5,569
Capital Receipts	-1,881	-320	-1,454	-180	0
Grants	-386	-266	-817	-402	-402
Repaid Loans		-71	-246	-256	-266
Net Financing Need	1,055	3,978	3,729	8,876	-265

Table 3: Financing Need, Commercial / Non-Financial Investments

- 2.8 A key aspect of the regulatory and professional guidance is that elected Members are aware of the size and scope of any commercial activity in relation to the authority's overall financial position. 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	2019/20	2020/21	2021/22	2022/23	2023/24
	Act. £'000	Est. £'000	Est. £'000	Est. £'000	Est. £'000
Capital Expenditure	764	0	2,800	9,132	0
Financing costs	0	0	0	0	0
Net financing need for the year	764	0	2,800	9,132	0
Percentage of total net financing need %	72%	0%	53%	103%	0%

Commercial / Non-financial investments relate to affordable housing loans and properties to be acquired to support the transforming cities project.

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 4.
- 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:
- 3.3 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.

Table 4: Capital Financing Requirement

	2019/20	2020/21	2021/22	2022/23	2023/24
	Actual	F'cast	F'cast	F'cast	F'cast
	£000	£000	£000	£000	£000
CFR General Fund	4,401	8,118	10,218	18,441	17,522
CFR GF Leases	82	3	3	3	3
Total CFR General Fund	4,482	8,122	10,222	18,444	17,526
CFR HRA	49,542	48,250	47,883	47,283	47,476
Total CFR	54,024	56,372	58,105	65,727	65,001
Movement in CFR	-460	2,347	1,733	7,622	-726
Movement in CFR represented by:-					
Net Financing need for the year	1,055	3,979	3,730	8,876	-266
Less MRP & Other Financing movements	-1,515	-1,631	-1,997	-1,254	-460
Movement in CFR	-460	2,347	1,733	7,622	-726

4. Affordability Prudential Indicators

- 4.1 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:
- 4.2 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

	2019/20	2020/21	2021/22	2022/23	2023/24
	Actual	Est.	Est.	Est.	Est.
	%	%	%	%	%
General Fund	-0.39	-0.10	2.13	4.70	5.03
Housing Revenue Account	24.63	25.95	25.57	19.19	12.59

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).

1.0 BORROWING STRATEGY 2021/22

- 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 31/12/20

		Principal		Ave. rate
		£m	£m	%
Fixed rate funding	PWLB	52.8		
	Market	0	52.8	3.63 *
Variable Rate Funding	PWLB	0		
	Market	0	0	0
Other long term liabilities	Leases	0.1	0.1	4.51
TOTAL DEBT			59.5	3.63 *
TOTAL INVESTMENTS			74.8	0.57

* During financial year 2020/21, £6.5m market borrowing has been repaid, which has lowered the average rate for external debt to 3.63%. This historical debt had the highest rate of interest of all the Council's borrowing at 8.79%.

- 1.2 The Council's treasury portfolio position as at 31 December 2020 is shown in Table 1 and the forecasted position at 31 March 2021, 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

	2019/20	2020/21	2021/22	2022/23	2023/24
	Actual	F'cast	F'cast	F'cast	F'cast
	£000	£000	£000	£000	£000
External Borrowing					
Borrowing at 1 April	52,833	52,833	52,833	52,833	52,833
Expected Change in Borrowing	0	0	0	0	0
Leases	82	3	3	3	3
Actual Borrowing at 31 March	52,915	52,836	52,836	52,836	52,836
CFR - the borrowing need	54,024	56,372	58,105	65,727	65,001
Under / (over) borrowing	1,110	3,535	5,269	12,891	12,165
Investments					
Total Investments	57,890	56,087	53,216	39,276	34,813
Investment Change	10,897	-1,803	-2,871	-10,573	-4,463
Net Borrowing	-3,866	285	4,889	26,451	30,188

2. Treasury Limits for 2021/22 to 2023/24

- 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 2019/20, nor are any difficulties envisaged for the current (2020/21) or future years (2021/22 – 2023/24). 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	2019/20 £'000	2020/21 £'000	2021/22 £'000	2022/23 £'000	2023/24 £'000
Borrowing	89,000	89,000	77,000	77,000	77,000
Other Long Term Liabilities	1,000	1,000	1,000	1,000	1,000
Total	90,000	90,000	78,000	78,000	78,000

- 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	2019/20 £'000	2020/21 £'000	2021/22 £'000	2022/23 £'000	2023/24 £'000
Borrowing	84,000	84,000	72,000	72,000	72,000
Other Long Term Liabilities	1,000	1,000	1,000	1,000	1,000
Operational Boundary Total	85,000	85,000	73,000	73,000	73,000

- 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 2019/20 and 2020/21 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. Table 5 gives the Link central view.

Table 5: Link View interest rate forecast

Link Group Interest Rate View 9.11.20		These Link forecasts have been amended for the reduction in PWLB margins by 1.0% from 26.11.20													
	Dec-20	Mar-21	Jun-21	Sep-21	Dec-21	Mar-22	Jun-22	Sep-22	Dec-22	Mar-23	Jun-23	Sep-23	Dec-23	Mar-24	
BANK RATE	0.10	0.10	0.10	0.10	0.10	0.10	0.10	0.10	0.10	0.10	0.10	0.10	0.10	0.10	
3 month ave earnings	0.10	0.10	0.10	0.10	0.10	0.10	0.10	0.10	0.10	0.10	0.10	0.10	0.10	0.10	
6 month ave earnings	0.10	0.10	0.10	0.10	0.10	0.10	0.10	0.10	0.10	0.10	0.10	0.10	0.10	0.10	
12 month ave earnings	0.20	0.20	0.20	0.20	0.20	0.20	0.20	0.20	0.20	0.20	0.20	0.20	0.20	0.20	
5 yr PWLB	0.80	0.80	0.80	0.80	0.80	0.90	0.90	0.90	0.90	0.90	1.00	1.00	1.00	1.00	
10 yr PWLB	1.10	1.10	1.10	1.10	1.10	1.20	1.20	1.20	1.20	1.20	1.30	1.30	1.30	1.30	
25 yr PWLB	1.50	1.50	1.60	1.60	1.60	1.60	1.70	1.70	1.70	1.70	1.80	1.80	1.80	1.80	
50 yr PWLB	1.30	1.30	1.40	1.40	1.40	1.40	1.50	1.50	1.50	1.50	1.60	1.60	1.60	1.60	

4. Borrowing Requirement

- 4.1 The Council is currently forecasting an under-borrowed position in 2021/22. 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 2020/21 onwards as shown in **Table 6** below. This is a prudent strategy as investment returns are low and counterparty risk is relatively high – this approach will be carefully monitored during

Table 6 – Borrowing Requirement

	2019/20	2020/21	2021/22	2022/23	2023/24
Under / (Over) Borrowing	£000	£000	£000	£000	£000
General Fund	2,882	6,522	8,622	16,844	15,926
HRA	-1,691	-2,983	-3,350	-3,950	-3,757
Overall Position	1,191	3,539	5,272	12,894	12,168

* 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 2021/22 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 at acceptable levels.
- 4.5 Any decisions will be reported to the Executive at the next available opportunity.
- 4.6 The current capital programme funding forecasts for 2021/22 to 2023/24 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 2021/22

Maturity Structure New Borrowing 2020/21	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 entirely made up of £52.8m of PWLB debt. However, the portfolio will be kept under review for debt rescheduling options, although 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 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. This is a key message within the new CIPFA Prudential Property Investment Guidance, issued in Autumn 2019. Furthermore the Council has no plans to buy commercial assets primarily for yield – acquisitions planned are to facilitate the Council's wider regeneration plans. Within the context of Commercial activities undertaken by this Council, commercial property and property funds have been cash backed by applying reserve funding. Loans to Selby and District Housing Trust are funded through internal borrowing. 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 2020/21**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 2021/22.

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

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 equivalent) 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) All credit ratings will be monitored daily. The County Council is alerted to changes to ratings of all three agencies through its use of the Link Asset Services' creditworthiness service
- (c) If a downgrade results in the counterparty / investment scheme no longer meeting the County Council's minimum criteria, its further use as a new investment will be withdrawn immediately
- (d) In addition to the use of credit ratings the County Council will be advised of information in movements in Credit Default Swap spreads against the iTraxx European Financials benchmark and other market data on a daily basis via its Passport website, provided exclusively to it by Link Asset Services. Extreme market movements may result in downgrade of an institution or removal from the County Council's lending list
- (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). The limits for NYCC's entire investment pool are as follows, this Council's exposure being limited to its proportion of the overall pool
- (f) Sole reliance will not be placed on the use of this external service. In addition, the County Council will also use market data and market information, as well as information on any external support for banks to help support its decision making process.

6.2 UK banks – ring fencing

- a) The largest UK banks, (those with more than £25bn of retail / Small and Medium-sized Enterprise (SME) deposits), are required, by UK law, to separate core retail banking services from their investment and international banking activities by 1st January 2019. This is known as "ring-fencing". Whilst smaller banks with less than £25bn in deposits are exempt, they can choose to opt up. Several banks are very close to the threshold already and so may come into scope in the future regardless.
- b) Ring-fencing is a regulatory initiative created in response to the global financial crisis. It mandates the separation of retail and SME deposits

from investment banking, in order to improve the resilience and resolvability of banks by changing their structure. In general, simpler activities offered from within a ring-fenced bank, (RFB), will be focused on lower risk, day-to-day core transactions, whilst more complex and “riskier” activities are required to be housed in a separate entity, a non-ring-fenced bank, (NRFB). This is intended to ensure that an entity’s core activities are not adversely affected by the acts or omissions of other members of its group.

- c) While the structure of the banks included within this process may have changed, the fundamentals of credit assessment have not. The County Council will continue to assess the new-formed entities in the same way that it does others and those with sufficiently high ratings, (and any other metrics considered), will be considered for investment purposes.

6.3 Country limits

- a) Due care will be taken to consider the exposure of the County Council’s total investment portfolio to non-specified investments, countries, groups and sectors.
- b) **Non-specified investment limit.** The County Council has determined that it will limit the maximum total exposure to non-specified investments as being 20% of the total investment portfolio.
- c) **Country limit.** The County Council has determined that it will only use approved counterparties from the UK and from countries with a minimum sovereign credit rating of AA- from Fitch. The list of countries that qualify using these credit criteria as at the date of this report are shown in **Schedule 6**. This list will be added to, or deducted from, by officers should ratings change in accordance with this policy.

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 £40m of the County Council's 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 was reduced to 0.25% and then 0.1% in March 2020 and underpins investment returns. Investment returns are expected to stay flat 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 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 (Chief Finance 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, and referred to in the Code.
 - (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 shall report to the Executive on the strategy for treasury management it is proposed to adopt for the coming financial year with recommendations to Council for approval.
 - (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 Section 151 officer (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;

CAPITAL STRATEGY 2021/22

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, along with the Asset Management Strategy provide a framework for the preparation and appraisal of schemes proposed for inclusion in the Capital Programme, appropriate authorisations for individual schemes to proceed and facilitate the overall management of the Capital Programme 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 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 2019/20, and the estimates for 2020/21 through to 2023/24 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 2019/20 and forward projections for the current and forthcoming years are as follows:

	Actual £000 2019/20	F'cast £000 2020/21	F'cast £000 2021/22	F'cast £000 2022/23	F'cast £000 2023/24
CFR General GF	4,401	8,118	10,218	18,441	17,522
CFR Leases GF	82	3	3	3	3
CFR General HRA	49,542	48,250	47,883	47,283	47,476
Total	54,024	56,372	58,105	65,727	65,001

- 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 2023/24. This is primarily due to stepping up the Housing Delivery Programme over the next 3 years.
- 3.8 The Capital Programme includes loans to deliver the Housing Delivery Programme, and a Property Acquisition Fund to support the Council's "Transforming Cities" project. As investment plans continue to be developed and approved the Capital Programme 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. CIPFA Prudential Property Investment guidance, issued in Autumn 2019 sets out fundamental considerations Council's should consider prior to undertaking such activities, highlighting key points from existing CIPFA guidance used to formulate the Council's Treasury, Capital and associated strategies. Points relate to understanding the Legal powers the Council is using to invest, borrowing to invest and appropriate MRP policy. The Council's approach to these matters are disclosed in the appropriate sections of the annual strategies. In accordance with new PWLB lending terms introduced in November 2020, the Council will not have access to PWLB borrowing for commercial assets primarily for yield. Other borrowing is permitted but the Council has no plans to invest primarily for yield

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	2019/20	2020/21	2021/22	2022/23	2023/24
	£'000	£'000	£'000	£'000	£'000
Borrowing	84,000	84,000	72,000	72,000	72,000
Other Long Term Liabilities	1,000	1,000	1,000	1,000	1,000
Operational Boundary Total	85,000	85,000	73,000	73,000	73,000

Authorised Limit for External Debt	2019/20	2020/21	2021/22	2022/23	2023/24
	£'000	£'000	£'000	£'000	£'000
Borrowing	89,000	89,000	77,000	77,000	77,000
Other Long Term Liabilities	1,000	1,000	1,000	1,000	1,000
Total	90,000	90,000	78,000	78,000	78,000

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 2019/20 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 2021/22.

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 2021/22 has been compiled on a basis consistent with this policy
- 3.22 The HRA Business Plan shows that the cost of planned improvement works will exceed the funds available in the major repairs reserve and consequently Voluntary Revenue Provisions previously set-aside to repay the self-financing debt will be needed to support the capital programme. This will mean that debt repayment will have to be deferred beyond the 30 years originally planned.

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 Ministry of Housing, Communities and Local Government recently updated its Statutory Guidance on Local Authority Investments which reinforces the need for Commercial Activities to be included in the Capital Strategy. In addition, on 25 November 2020, Her Majesty's Treasury introduced revised lending terms for borrowing from the PWLB. Under these revised terms, the government has now ended access to the PWLB for Local Authorities that wish to buy commercial assets primarily for yield (as assessed by the s151 officer). Local authorities remain free to buy commercial assets primarily for yield but are not able to take out new loans from the PWLB in year where they have any plans to buy to buy such assets at any point over the following 3 years.

- 4.4 All alternative investment activities are subject to approval in accordance with the Council's governance framework for decision making.

Alternative Investment Objectives

- 4.5 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.
- 4.6 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.
- 4.7 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)
- 4.8 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.
- 4.9 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 to support our affordable homes agenda.

Investment Properties

- 4.10 The Council has no plans to acquire properties primarily for yield. Funds earmarked through the Programme for Growth for commercial property acquisition are being applied to facilitate property assembly for the Council's Transforming Cities Fund project. Where properties are not being used directly for service provision they will be classed as investment properties.
- 4.11 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.

Loans to Third Parties

- 4.12 Loans to third parties currently relate to the Council's affordable homes programme with loans to Selby and District Housing Trust.. Further lending maybe considered, as part of a wider strategy for local economic growth/support., 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 any state aid rules) and any other terms that will protect the Council from loss;

Property Funds

- 4.14 During 2018/19 approval was granted to earmark funds from the Special Projects 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 £4.5m 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 and as such an earmarked reserve will be established to mitigate against potential losses.

5.0 SECTION 151 OFFICER STATEMENT

- 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 In summary, the Capital Strategy and Prudential Indicators demonstrate that the capital expenditure, investment and financing plans of the Authority are robust, affordable and sustainable.

Agenda Item 9

By virtue of paragraph(s) 3 of Part 1 of Schedule 12A
of the Local Government Act 1972.

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