

Selby District Council



Agenda

Meeting: **Executive**
Date: **Thursday, 5 November 2020**
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 1 October 2020.

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. Local Government Reform in York and North Yorkshire (Pages 7 - 150)

Report E/20/20 seeks the views of the Executive regarding the submission of the Case for Change to the Ministry of Housing Communities and Local Government (“MHCLG”) in response to the letter received by all the District Councils from the MHCLG on 9 October 2020 inviting proposals for unitary local government for the York and North Yorkshire area.

5. Council Delivery Plan 2020-22 (Pages 151 - 158)

Report E/20/21 seeks the views of the Executive on the Council Delivery Plan 2020-22.

6. Financial Results and Budget Exceptions Report to 30th September 2020 (Pages 159 - 180)

Report E/20/22 outlines the financial results and budget exceptions to 30th September 2020.

7. Treasury Management - Quarterly Update Q2 2020/21 (Pages 181 - 192)

Report E/20/23 reviews the Council’s borrowing and investment activity (Treasury Management) for the period 1st April to 30th September 2020 (Q2) and presents performance against the Prudential Indicators.

Janet Waggott

**Janet Waggott
Chief Executive**

Date of next meeting
Thursday, 3 December 2020 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.

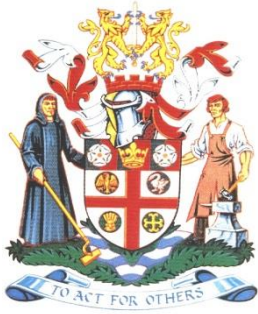
Recording of Council Meetings

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Agenda Item 2

Selby District Council



Minutes

Executive

Venue:	Microsoft Teams - Remote
Date:	Thursday, 1 October 2020
Time:	2.00 pm
Present:	Councillors M Crane (Chair), R Musgrave (Vice-Chair), C Lunn, C Pearson and D Buckle
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 38), Clare Dickinson (Principal Planning Policy Officer) (for minute item 38) Rebecca Leggott (Senior Planning Officer) (for minute item 38), Drew Fussey (Customer, Business and Revenues Service Manager) (for minute item 39), June Rothwell (Head of Operational Services) and Palbinder Mann (Democratic Services Manager)

NOTE: Only minute numbers 38 to 40 are subject to call-in arrangements. The deadline for call-in is 5pm on Wednesday 14 October 2020. Decisions not called in may be implemented from Thursday 15 October 2020.

Executive
Thursday, 1 October 2020

35 APOLOGIES FOR ABSENCE

There were no apologies for absence.

36 MINUTES

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

RESOLVED:

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

37 DISCLOSURES OF INTEREST

There were no disclosures of interest.

38 UPDATE ON HS2 PHASE 2B

The Lead Executive Member for Place Shaping presented the report which updated the Executive on High Speed 2 (HS2) and the future processes for reporting and delegations.

Concerns were raised over the impact of HS2 on some villages in the district. The Executive was informed that it was the intention for the Council to become a qualifying authority so that it could have more of a say regarding the effect of HS2 on the district.

RESOLVED:

- i) To note the contents of the report.**
- ii) To endorse the reporting processes and delegations recommended at paragraph 4.1 of the report.**

REASON FOR DECISION:

Establishing appropriate delegations will enable an efficient engagement process that will help to speed up service delivery and reduce costs.

39 OUTCOME OF COMMUNITY CENTRE REVIEW BY TASK AND FINISH GROUP WITH RECOMMENDATIONS

The Lead Executive Member for Housing, Health and Culture presented the report which outlined the outcome of the Community Centre Review by the Task and Finish Group established by the Scrutiny Committee.

Executive
Thursday, 1 October 2020

The Lead Executive Member for Housing, Health and Culture explained that a review had been undertaken by the Task and Finish Group which had looked at a wide range of factors concerning community centres including usage and cost.

Concern was raised at the total cost to the Council for running the community centre including the high insurance costs along with the low usage of the centres. It was noted that the insurance costs were high due to one of the community centres having a serious fire which would have raised the insurance costs of all of the centres.

The Executive acknowledged that the community centres needed more community use however work needed to be undertaken to amend any processes to ensure this occurred. Concern was also raised that if community centres were funded by the General Fund rather than the Housing Revenue Account, this may make them liable for business rates.

The Executive felt that the Lead Executive Member for Housing, Health and Culture should look at the different costs associated with community centres and how these could be improved along with other factors such as increasing usage. It was acknowledged this would be more effectively done when the buildings were open to public after the Covid-19 pandemic had subsided.

RESOLVED:

To ask the Lead Executive Member for Housing, Health and Culture to look at the different costs associated with community centres and how these could be improved along with other factors such as increasing usage when the buildings were opened to the public.

REASON FOR DECISION:

To ensure all of the relevant information is obtained before any decisions on community centres are undertaken.

40 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

Executive

Thursday, 1 October 2020

the following items as there will be disclosure of exempt information as described in paragraph 3 of Schedule 12(A) of the Act.

41 DISPOSAL OF THE FORMER CAR PARK AT PORTHOLME ROAD, SELBY, YO8 4QQ

The Lead Executive Member for Finance and Resources presented the report which provided details of the proposed disposal in principal of the former car park at Portholme Road, Selby for best consideration.

The Lead Executive Member for Finance and Resources explained that the report allowed a delegation to him, the Head of Operational Services, the Chief Finance Officer and the Solicitor to the Council to finalise the terms of the transactions based on the information outlined in the report.

RESOLVED:

- i) To agree that the land at Portholme Road, Selby, indicated on Appendix 1, be declared surplus to the Council's requirements.**
- ii) To agree that the freehold land at Portholme Road, Selby, indicated on Appendix 1, Area A be disposed of at above best consideration to Aldi UK to gain a capital receipt.**
- iii) To agree that the freehold land at Portholme Road, Selby, indicated on Appendix 1, Area B be disposed of at above best consideration to L & G Homes to gain a capital receipt.**
- iv) To authorise the Head of Operational Services to finalise the terms of the transaction in consultation with the Lead Executive Member for Finance & Resources, the Solicitor to the Council and the Section 151 Officer to give effect to this in principle decision.**

REASON FOR DECISION:

To enable the Council to make the best use of assets, to obtain capital receipts and potentially bring previously derelict sites back into use.

Executive
Thursday, 1 October 2020

The meeting closed at 2.37 pm.

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Report Reference Number: E/20/20

To: Executive
Date: 5 November 2020
Status: Non-Key Decision
Ward(s) Affected: All
**Author: Suzan Harrington, Interim Director,
Corporate Services and Commissioning**
Lead Executive Member: Councillor Mark Crane, Leader of the Council
Lead Officer: Janet Waggott, Chief Executive

Title: Local Government Reform in York and North Yorkshire

Summary:

This report presents the York and North Yorkshire Local Government Reorganisation Case for Change (“the Case for Change”). This document has been prepared on behalf of the seven North Yorkshire District Councils of Craven, Hambleton, Harrogate, Richmondshire, Ryedale, Scarborough and Selby. The seven leaders of the District Councils have worked together, across party lines, to develop a proposal for Local Government Reform in York and North Yorkshire that will provide strong, equal representation for everyone; building upon what the Districts do best for our communities and businesses. The proposal will enable the Districts to continue to respond to the needs of local people, create clean and inclusive economic growth and deliver value for money.

This report seeks the views of the Executive regarding the submission of the Case for Change to the Ministry of Housing Communities and Local Government (“MHCLG”) in response to the letter received by all the District Councils from the MHCLG on 9 October 2020 inviting proposals for unitary local government for the York and North Yorkshire area. Initial proposals to be submitted by 9 November 2020 and final proposals by 9 December 2020.

Recommendations:

The Executive is asked to recommend to Council:

- a. to determine that the function of responding to the invitation from the Secretary of the State pursuant to the Local Government and Public Involvement in Health Act 2007 is a function for the Council; and**
- b. to note the letter from the Secretary of State and the issues as set out in this report; and**

- c. to agree the submission to Government of the Case for Change set out in Appendix 1; and
- d. to agree to delegate authority to the Chief Executive in consultation with the Leader of the Council to make the initial submission, in line with the decision above, within the Government's timescale, i.e. by 9 November 2020; and
- d. to agree to delegate authority to the Chief Executive in consultation with the Leader of the Council to make any necessary changes to the initial submission and to submit the final submission in line with relevant government guidance within the Government's timescale, i.e. by 9 December 2020.

Reasons for recommendation:

To ensure that the proposal set out at Appendix 1 is submitted in accordance with the MHCLG timescales to include such further information as required following receipt of the letter dated 9 October 2020.

1. Introduction and background

- 1.1 In July 2020 the Minister for Regional Growth and Local Government advised the Council Leaders in North Yorkshire that local government in York and North Yorkshire would need to be reformed on unitary lines to attract devolution powers and investment.
- 1.2 The Government has announced its intention to publish a White Paper on Local Economic Recovery and Devolution. It was originally expected to be published in October 2020 but the latest information from government indicates that it is likely to be delayed until early 2021. The White Paper is expected to set out proposals for the reform of local government as part of proposals for devolving more powers to unitary authorities.
- 1.3 As a result of this information, and to secure a devolution deal for North Yorkshire, the seven District Councils have undertaken preparatory work to develop proposals for local government reform in advance of the White Paper that support the realisation of the County's devolution goals. The proposal set out at Appendix 1 meets this requirement and also enables more efficient governance, scale in service delivery, clarity in democratic representation and a stronger voice to central government.
- 1.4 The Case for Change has been developed by the seven Districts with the support of KPMG who have worked in collaboration with the District Council Leaders and Chief Executives. Together the Districts and KPMG have carried out a joint review of options for reorganisation to identify a proposal that will deliver not only stronger democracy but the devolution agenda.

- 1.5 The Executive will be aware that North Yorkshire County Council has also prepared a proposal to be submitted in response to the MHCLG letter. Their proposal suggests that the existing North Yorkshire County Council should be merged with the seven District Councils to form one unitary authority and that City of York Council remain as a unitary Council. The District Councils do not believe this would deliver the best solution for the communities and businesses in York and North Yorkshire.

2. The Case for Change

- 2.1 On 9 October 2020, the Council received an invitation from the Secretary of State for Housing Communities and Local Government to submit a proposal for unitary local government for the North Yorkshire area. Proposals may be submitted by individual Councils or jointly with any other councils in York and North Yorkshire. The seven District Councils are intending to submit a joint proposal. North Yorkshire County Council is also to submit a proposal. It is unclear at this time if York is minded to support the North Yorkshire County Council proposal.
- 2.2 The invitation is made under the provisions of the Local Government and Public Involvement in Health Act 2007 (“the 2007 Act”). Section 2 of the 2007 Act sets out the types of proposals permitted under the legislation and includes a proposal for a single unitary tier consisting of 2 unitary authorities for the County area as proposed in the Case for Change at Appendix 1.
- 2.3 The Case for Changes sets out the approach undertaken to select the preferred option for North Yorkshire. The Councils and KPMG worked together to identify a longlist of 11 options all of which reflected the current geographic area of the County of York and North Yorkshire. These options were then the subject of an initial evaluation which reduced the options to a shortlist of 7. The shortlisted options were subject to further analysis and an “East & West” model has been selected using standardised evaluation criteria which reflect both government priorities and local conditions. It establishes two new unitary authorities, large enough to be efficient, but small enough to remain connected to the communities in each District.
- 2.4 The proposal is for an “East” authority with a population of 465,375 comprising of the Districts of Ryedale, Scarborough and Selby and also to include York and a “West” authority with a population of 363,297 comprising of Craven, Hambleton, Harrogate and Richmondshire. This creates two relatively equal sized authorities around the 400,000 resident threshold which is regarded as optimal by government. It is noted that the North Yorkshire County Council proposal delivers two unitary authorities, one of which is significantly larger than the other and leaves City of York at what is regarded as “sub-optimally” sized.
- 2.5 This model will deliver for the people of York and North Yorkshire thorough:

- Ensuring that both unitary authorities have the scale and capacity to invest in improved service delivery and to achieve financial efficiencies.
- Reflecting functional geographic footprints with clear potential for strong, inclusive and green growth.
- Unlocking the potential of York and allowing it to address key challenges around housing delivery, capacity and improvement of children's services.
- Setting the Mayoral Combined Authority up for success with two equal partners, bringing balance, equity and fairness to the delivery of devolution.

2.6 The invitation to submit proposals for a single tier of Local Government in the York and North Yorkshire area includes guidance from the Secretary of State detailed in a Schedule to the invitation. Councils must have regard to the guidance set out in the Schedule and to any further guidance issued by the Secretary of State. The guidance is attached to this report at Appendix 2.

2.7 It is anticipated that further work will be needed to finalise the Case for Change to ensure that the specific issues set out in the guidance in Appendix 2 are addressed. This work will be undertaken within the timescale to ensure that a final proposal is submitted to meet the challenging 9 December 2020 deadline. For this reason, a delegation is sought from Council to the Chief Executive in consultation with the Leader in the terms set out in the recommendation.

2.8 This report seeks the views of the Executive to enable the Council to be cognisant of these when determining the matter at the Extraordinary Council Meeting on 5 November 2020.

3. Legal Implications

3.1 Proposals in response to an invitation from the Secretary of State are submitted under Part 1 of the Local Government and Public Involvement in Health Act 2007. The 2007 Act does not specify where the decision to submit a proposal should sit. It is therefore necessary to look at the general legislation in relation to local government decision making. The process initiated by the invitation of 9 October is of profound importance to local government in North Yorkshire. It is a matter that may be reserved to Council through E in Schedule 1 of the Local Authorities (Functions and Responsibilities) 2000. In any event, in consequence of function 1 in Schedule 4 of the 2000 Regulations, it can be determined by the Council that the function, (i.e. approving the response to the Secretary of State), is a function for the Council.

3.2 It is recommended to Council that it determines that the function of responding to the invitation from the Secretary of State is a function for the Council.

4. Financial Implications

- 4.1 The financial implications of the proposals are set out in the Case for Change at Appendix 1.
- 4.2 The costs of producing the Case for Change and supporting documents has been met by the seven District Council collectively. Each Council has contributed £ 25,000 to these costs to date.
- 4.3 It is anticipated that each Council will be required to contribute a further amount of £25,000 to finalise the proposals and to ensure it is communicated to the communities and businesses in York and North Yorkshire.

5. Policy and Risk Implications

- 5.1 The specific policy and risk issues will be developed if the proposal is accepted as part of the production of a detailed Implementation Plan. The most significant risk for the Council is that failure to submit a proposal within the deadline will mean that the proposal may not be considered. This could lead to a situation where the MHCLG only has the North Yorkshire County Council proposal to consider which the Council does not consider is the best option for Selby, its communities and its businesses.

6. Corporate Plan Implications

- 6.1 It is considered that the proposal set out in the Case for Change is the best option to facilitate the delivery of the aims and objectives set out in the Council plan in the context of moving to a single tier of local government for York and North Yorkshire.

7. Resource Implications

The delivery of any proposal for local government reorganisation is going to require significant redirection of resources to support the Implementation Plan. Further details of the specific resources needed will be brought to members when more information is known regarding the Government's preferred option.

8. Other Implications

- 8.1 There are no further implications.

9. Equalities Impact Assessment

- 9.1 There are no direct equality implications arising out of the submission of the Case for Change. Implementation of any proposal to reorganise local government in York and North Yorkshire will incorporate detailed consideration of these issues.

10. Conclusion

- 10.1 Submission of the proposal for local government reorganisation in York and North Yorkshire as set out in Appendix1 to this report will ensure that the MHCLG considers a way forward that best meets the needs of the Council, its communities and businesses.

Appendices:

Appendix 1: Local Government Reorganisation in York and North Yorkshire – A Case for Change

Appendix 2: Guidance Schedule to Invitation for Proposals for a Single Tier of Local Government

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York and North Yorkshire Local Government Reorganisation Case for Change

Page 13





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28 September 2020

Dear Chief Executives,

Local Government Reorganisation Case for Change

I'm pleased to provide you with the report which documents the Local Government Reorganisation work that we've undertaken with you over the past two months. This work has been developed with officers and members to provide a case for change for York and North Yorkshire local government.

This report has been prepared based on the scope and approach agreed in our contract dated 23 July 2020.

Please do contact me if further information is required in relation to this work.

Yours faithfully

Ruth Morgan

Director

Notice: About this report

This report is not suitable to be relied on by any party wishing to acquire rights against KPMG LLP (other than the North Yorkshire District and Borough Councils) for any purpose or in any context. Any party other than the North Yorkshire District and Borough Councils that obtains access to this Report or a copy (under the Freedom of Information Act 2000, the Freedom of Information (Scotland) Act 2002, and chooses to rely on this Report (or any part of it) does so at its own risk. To the fullest extent permitted by law, KPMG LLP does not assume any responsibility and will not accept any liability in respect of this Report to any party other than the North Yorkshire District and Borough Councils.

In particular, and without limiting the general statement above, since we have prepared this Report for the benefit of the North Yorkshire District and Borough Councils alone, this Report has not been prepared for the benefit of any other local authority, nor for any other person or organisation who might have an interest in the matters discussed in this Report.

Contents page

Contents	4
Executive summary	5
Purpose and approach	11
Challenges and opportunities	18
Vision and principles for reorganisation	23
Get Change Right: 'East & West'	27
Impact on service delivery	33
Financial benefits and sustainability	50
Democratic representation	59
Facilitating the aims of devolution	70
Public support	81
Comparing to alternative options	84
Implementing local government reorganisation	87

Page 16

Appendices	93
Appendix 1: Context and landscape	94
Appendix 2: Additional approach detail	115
Appendix 3: Financial assumptions and benchmarking	118
Appendix 4: The 'Local Delivery Model'	124
Appendix 5: List of figures, tables and case studies	129
Appendix 6: Glossary of terms	132

Executive Summary



Exec Summary: Purpose, approach and vision

Purpose and approach

The seven North Yorkshire District and Borough Councils have jointly developed this Summary Case for Change setting out a proposed model for local government reorganisation in York and North Yorkshire.

An 'East & West' model was selected after review of 11 potential options using standardised evaluation criteria which reflect anticipated government priorities and the local context.

The process has included independent analysis and engagement with senior stakeholders across the nine current local authorities in York and North Yorkshire.

Delivering the aims of devolution

Through its devolution proposals York and North Yorkshire has a clearly stated ambition to become England's first carbon negative economy, where people have high quality employment and develop the skills to reach their full potential, earn higher wages and live healthy lives in thriving communities.

Local government reorganisation must support the realisation of the devolution goals, whilst also enabling more efficient governance, scale in service delivery, clarity in democratic representation and a stronger voice to central government.

Vision for York and North Yorkshire

The Vision captures a clear ambition for local government reorganisation, set by the District and Borough Councils, focussed on the future for the whole of York and North Yorkshire and what future unitary authorities will deliver for citizens.

We will provide strong, equal representation for everyone in York and North Yorkshire; building upon what we do best, for our communities and businesses. We will respond to the needs of local people, create clean and inclusive economic growth and deliver value for money.

Exec Summary: The 'East & West' model

The 'East & West' model establishes a balanced Combined Authority with two new unitary authorities, large enough to be efficient, but small enough to be connected to our communities.

The model will deliver for the people of York and North Yorkshire through:

- Ensuring that **both authorities** have the **scale and capacity** to invest in **improved service delivery** and to achieve **financial efficiencies**.
- Reflecting **functional geographic footprints** with clear potential for **strong, inclusive and clean growth**.
- Establishing intelligent footprints, maintaining the **benefits of localism in democratic representation and service delivery**.
- **Unlocking the potential of York** and allowing it to address key challenges around **housing delivery, capacity and improvement of children's services**.
- Setting the **Mayoral Combined Authority** up for success with **two equal partners**, bringing **balance, equity and fairness to the delivery of devolution**.

Page 19 |

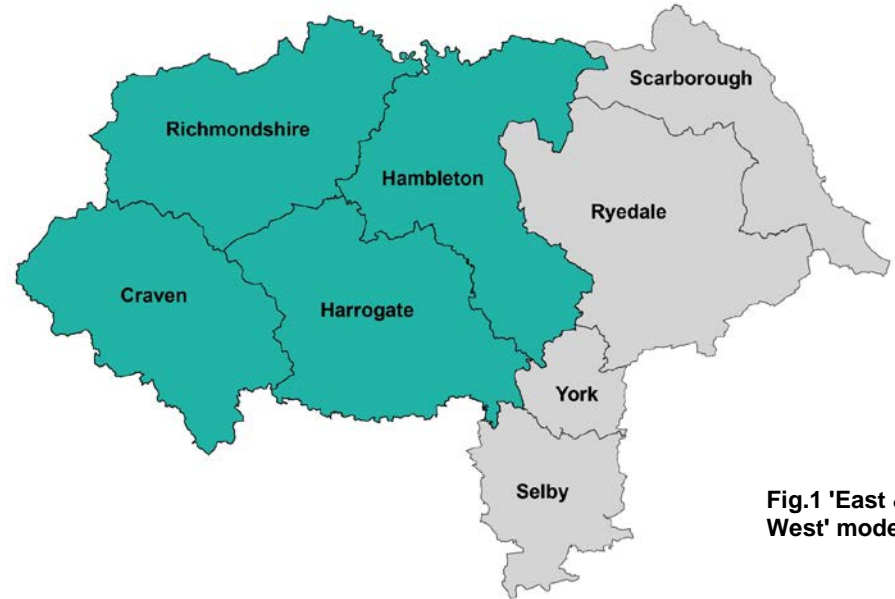


Fig.1 'East & West' model

'West'	'East'
Craven, Hambleton, Harrogate, Richmondshire	Ryedale, Scarborough, Selby, York
Population ¹ : 363,297 (44%)	Population ¹ : 465,375 (56%)
GVA (2019) ² : 9,431 (46%)	GVA (2019) ² : 10,921 (54%)

Exec Summary: Key strengths of the 'East & West' model

The 'East & West' model represents long-term thinking and delivers value for all residents and stakeholders across York and North Yorkshire, building on the best of the region but without being restricted by previous structures.

Criteria	Key strengths of the 'East & West' model	Key challenges addressed
Impact on service delivery	<ul style="list-style-type: none"> ✓ Improved access to, and delivery of, services to all customers ✓ Outstanding adult social care and children's services ✓ Responding to local need and reflecting place in service delivery ✓ Access to skills, capacity and scale to invest in services ✓ Effective planning and delivery of good, affordable housing 	<ul style="list-style-type: none"> ✓ Ongoing budget pressures and challenging savings targets, exacerbated by the impact of COVID-19. ✓ Increases in future demand for and spend on adult social care. ✓ England's largest county with many rural areas and large distances to manage for service delivery. ✓ Duplication and lack of clarity in accountability associated with two-tier local authority structure in North Yorkshire. ✓ Challenges around delivery of York's Local Plan and housing target. ✓ York constrained by lack of capacity and small geographic footprint. ✓ Ofsted identified areas to improve in Children's Services in York. ✓ Lack of investment in York compared to other similar cities.
Financial benefits and sustainability	<ul style="list-style-type: none"> ✓ Significant long-term financial efficiencies ✓ Limited reorganisation costs and complexity ✓ Financial sustainability for both future authorities ✓ Two authorities with the potential to transform 	
Democratic representation	<ul style="list-style-type: none"> ✓ Balanced and effective representation ✓ Effective partnerships within the region and across the North ✓ Clarity of accountability and responsibility 	
Facilitating the aims of devolution	<ul style="list-style-type: none"> ✓ A well-balanced and effective future Combined Authority ✓ Supporting strong, inclusive growth and the 'levelling up' agenda ✓ Enabling clean growth in both future unitary authorities 	

Exec Summary: Estimated financial efficiencies and implementation costs

Fig. 2 Estimated efficiencies, costs and payback period for 'East & West'

	Base case (£m)	Stretch case (£m)
Annual efficiencies*	32.5	55.8
West	14.3	24.5
East	18.2	31.3
One-off implementation costs*	(29.1)	(39.4)
West	(12.8)	(17.3)
East	(16.3)	(22.1)
Estimated payback period*	Within 2 years	Within 2 years

Estimated efficiencies are based on the level of savings identified in comparable local government reorganisation programmes, adjusted for the respective sizes of the Councils on a population basis.

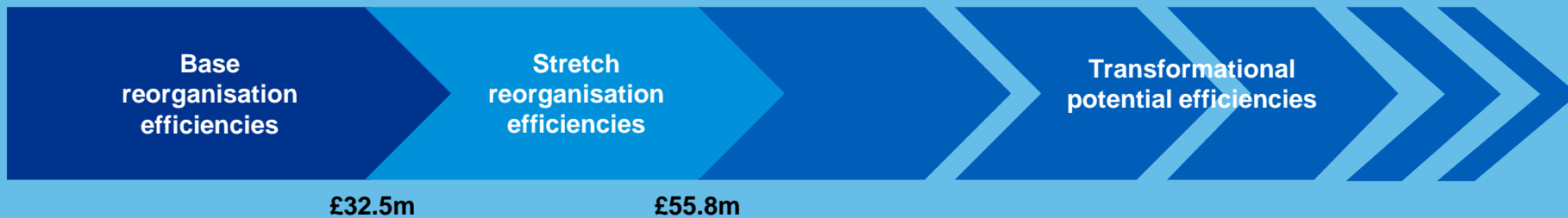
The opportunity for annual efficiencies through reorganisation under an 'East & West' model is estimated at **£32.5m - £55.8m**.

Estimated reorganisation costs are estimated at **£29.1m - £39.4m**.

A higher proportion of efficiencies and implementation costs are expected to be in the East, which is indicative based on population.

The two future 'East & West' authorities will need to consult with their communities and decide on their future transformation approach and level of ambition. With the right additional investment, efficiencies achieved could significantly exceed stated estimates.

Fig. 3 Reorganisation and transformation efficiency potential



Exec Summary: Implementation considerations

Implementation considerations

This document is a Summary Case for Change and includes a brief summary of the planning, transition and transformation process required to ensure local government reorganisation in York and North Yorkshire is successful.

Planning to date assumes a timeline which allows new unitary elections to take place in May 2022, with the new Mayoral Combined Authority elections in 2023.

Nine implementation workstreams have been defined, with more collaborative detailed planning to be progressed subject to the next stage of engagement and consultation.

Fig. 4 High level implementation phases



Fig. 5 High-level implementation workstreams

Implementation workstreams		
Programme management and governance	Service delivery	People and communications
Stakeholder engagement	Data, systems and technology	Finance
Customer contact	Estates	Legal

Purpose and approach

Page 23



Purpose of this report

This document is a **Summary Case for Change** setting out a proposed approach to local government reorganisation in York and North Yorkshire.

Development of the Case for Change has been prepared through collaboration between the seven District and Borough Councils across North Yorkshire.

Significant engagement with senior stakeholders across the seven North Yorkshire District and Borough Councils has been carried out to develop the Case for Change.

A key principle of the process was that the District and Borough Councils had no preconceived ideas regarding the preferred model, approaching analysis with an open mind.

Objectives of this report

The key objectives of this Summary Case for Change are:

1. To clearly communicate the model of local government being proposed by the North Yorkshire District and Borough Councils.
2. To describe the process undertaken by the District and Borough Councils in arriving at the proposed model.
3. To set out the benefits associated with the proposed model, including in comparison to other options where relevant.
4. To set out high level considerations around how the proposed model could be implemented.



Approach to developing the Case for Change (1/2)

The process to develop the North Yorkshire District and Borough Council’s Case for Change has included a balance of independent analysis and engagement with senior stakeholders across the nine current local authorities in York and North Yorkshire.

Analysis and evaluation of a longlist of proposed options was carried out to ensure a robust process for selecting the recommended model. This has included assessment against a comprehensive set of criteria aligned to expected government requirements.

This has been supported by analysis of recent cases for change to benchmark assumptions, and alignment with specific local requirements.

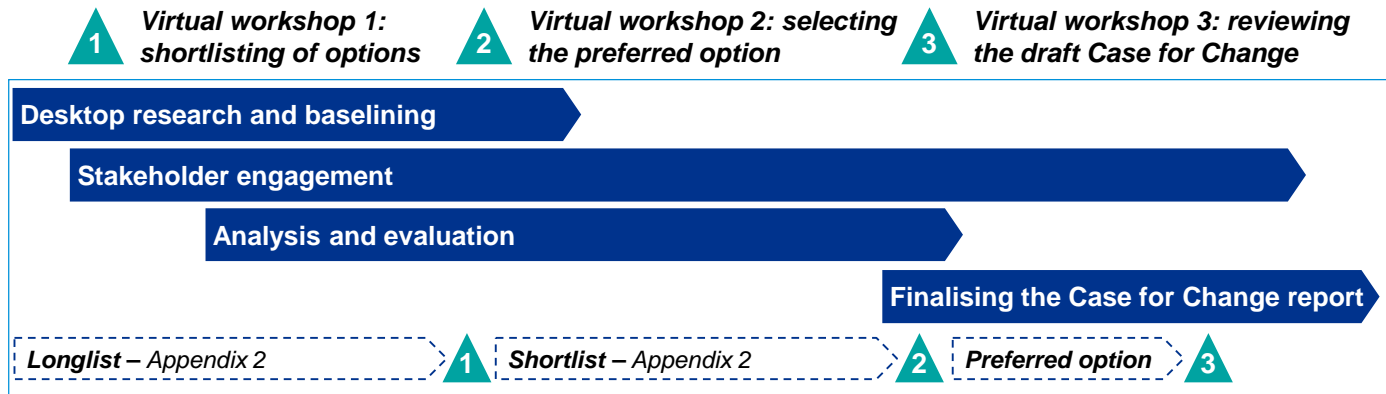


Fig. 6 Approach to developing the Case for Change

Desktop research and baselining

All work has been informed by desktop research and analysis. Publicly available data and information has been used, alongside additional information requested from the District and Borough Councils. For the City of York and North Yorkshire County Council only publicly available information has been obtained.

Sources of information and data are set out in Appendix 2.

Stakeholder engagement

Understanding of the baseline information has been supplemented through engagement with Senior Officers and Councillors across the District and Borough Councils. Interviews have been held with Chief Executives and Council Leaders at each of the Districts and the Chief Executives of North Yorkshire County Council and the City of York.

Virtual workshops have been held, attended by over 50 Leaders, Deputy Leaders, Chief Executives and Senior Officers from across the seven District and Borough Councils.

Throughout the process the Councils have engaged with external partners to gather insight, views and supporting information.

Approach to developing the Case for Change (2/2)

Analysis and evaluation

A longlist of options were identified (as set out in Appendix 2), and assessed during Virtual Workshop 1 against both quantitative and qualitative criteria, aligning to expected Local Government Reorganisation (LGR) assessment criteria. These options were then down-selected to form a shortlist against which detailed evaluation and analysis was completed. The full shortlist and justifications for down-selecting can be found in Appendix 2.

Two options - 'East & West' and 'North & South' - were prioritised for detailed analysis, with one further option – 'York and North Yorkshire' - identified for comparison purposes.

Page 26

An alternative model, referred to as the Local Delivery Model has also been considered in Appendix 4.

Finalising the Case for Change report

Through a final workshop, the draft Case for Change report, with a proposed preferred option, was reviewed against each of the key evaluation criteria categories.

This was not only to build a robust Case for Change, but also to ratify alignment, generate consensus and agree next steps.



Fig 7. Key options analysed

	'East & West'		'North & South'		'York and North Yorkshire'	
	West	East	North	South	North Yorkshire	York
Population (ONS, 2019) ¹	363,297	465,375	309,461	519,211	618,054	210,618

The case for local government reorganisation

The government has set a clear expectation that two-tier local authority structures are shortly to be a thing of the past. A shift to larger unitary authorities with a population of over 300,000 will be strongly encouraged, and will be a requirement for areas where devolution powers and funding are being sought.

The geographic area of York and North Yorkshire has a mixed model of local government, comprising:

- Seven district/borough councils (Craven, Hambleton, Harrogate, Richmondshire, Ryedale, Scarborough, Selby)
- One county council (North Yorkshire); and
- One unitary council (City of York).

City of York was a District Council until 1996, when it became a Unitary Authority taking on parishes formerly within Harrogate, Ryedale and Selby.

Page 27
The key benefits associated with a move to unitary local government are:

- **Unlocking devolution** – Local Government Reorganisation may be required by the Government prior to the agreement of a devolution deal, and the region has set devolution ambitions to lead the way towards carbon negativity while creating jobs, promoting growth and ‘levelling up’ across the region.
- **More efficient governance** - The two-tier system creates duplication and overhead costs for residents which reduces the value for money that the people of North Yorkshire receive for their Council Tax.
- **Scale in service delivery** – More efficient delivery will enable greater organisational sustainability to enable services to be resilient, efficient and improved.
- **Clarity in democratic representation** – The two-tier system creates confusion regarding the role of District and County councils. A unitary structure provides a single organisation to contact regarding residents’ local area.
- **Stronger voice to central government** - Unitary government will give a strong voice for the region on a regional, national and international stage.

This report assumes that local government reorganisation will take place in York and North Yorkshire, and focusses on the relative benefits of the options available.

Approach: evaluation criteria

Outlined opposite are the key evaluation criteria categories that have been used to assess the options for local government reorganisation throughout this report.

These have been defined and applied based on:

- an expectation of central government evaluation requirements in a local government reorganisation case for change;
- the District and Borough Councils' priorities for reorganised local government.

Page 28

Impact on service delivery	1a. Level of Council tax equalisation	Democratic representation	3a. Clarity of electoral model
	1b. Manageable demographics between authorities		3b. Clarity of accountability and responsibility
	1c. Housing development provision		3c. Local place leadership
	1d. Service continuity and improvement		3d. Representation in future Combined Authority
	1e. Workforce optimisation		
	1f. Geographically-appropriate service delivery		
	1g. Strong adult social care and children's services		
Financial benefits and sustainability	2a. Costs of reorganisation	Facilitating the aims of devolution	4a. Economically viable
	2b. Reorganisation complexity		4b. Clean economic growth
	2c. Long term financial benefit/savings potential		4c. Inclusive economic growth
	2d. Income potential to support sustainability		4d. Aligned with devolution deal asks
	2e. Sufficient reserves		4e. Parity of influence
	2f. Organisational sustainability	Public support	A critical element of a successful model will be public support. Activity carried out in relation to public support to date is set out in the 'Public support' section.

Approach: selecting the preferred option

In order to identify the most appropriate model for local government reorganisation, a longlist of 11 options was identified. These reflect the current geographic area of the county of York and North Yorkshire, including only contiguous geographic areas, and are based on combinations of existing district boundaries.

These options were then assessed against evaluation criteria, through a detailed qualitative and quantitative process.

As a result, 4 options were removed as 'non-viable' in advance of detailed scoring, and the 7 shortlisted options were assessed and down-selected for further analysis.

Note that detail on option K, the Local Delivery Model, is included in appendix 4.

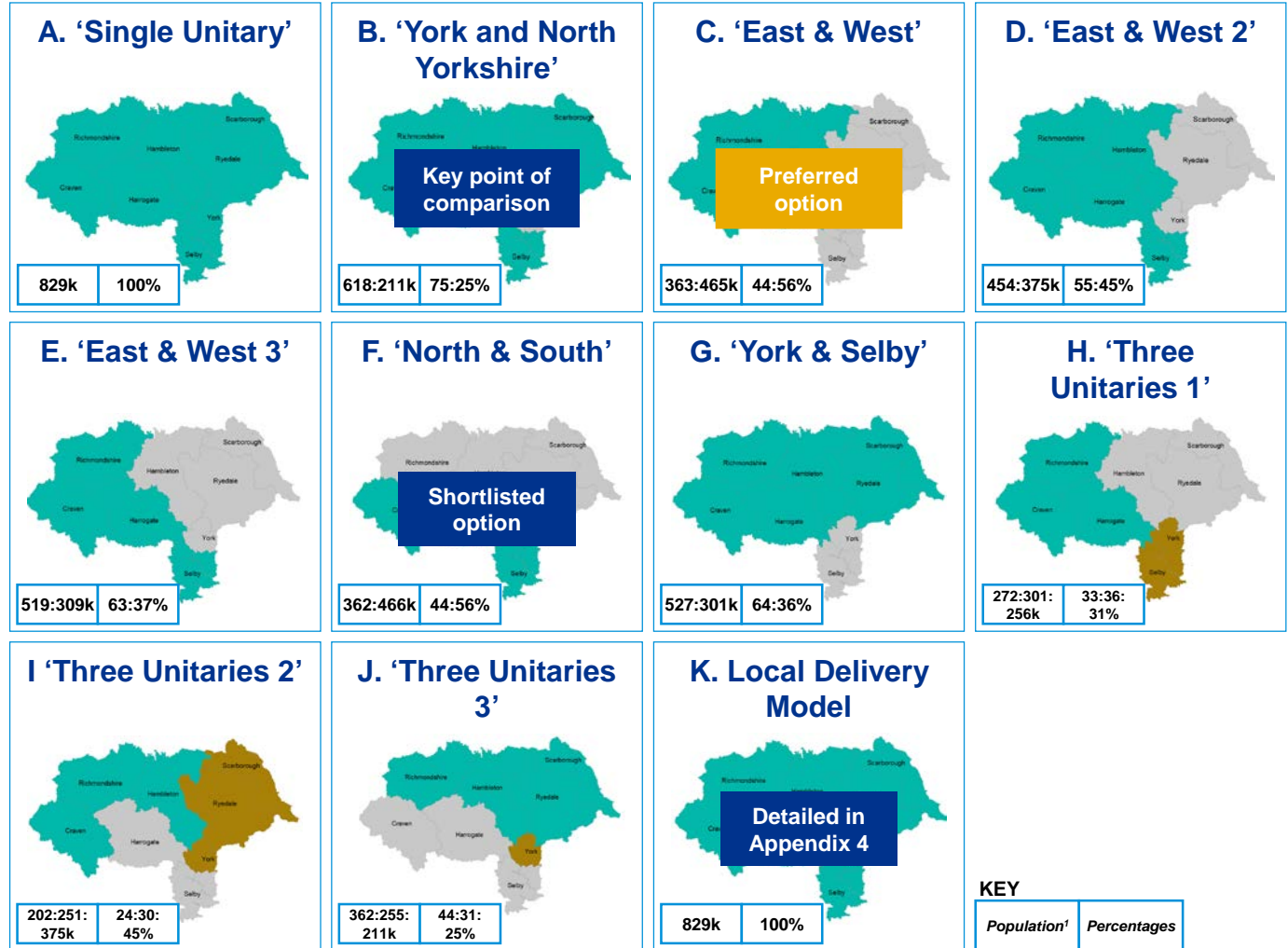


Fig. 8 Longlist of options



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Challenges and Opportunities

Page 30



Key challenges for York and North Yorkshire

The area of York and North Yorkshire has significant challenges to address. Reorganisation alone is not the solution to all of these challenges, but local government structures must set all future unitary authorities up to tackle them effectively.

Key challenges for York and North Yorkshire

Mutual challenges

- Budget shortfall with significant savings of £36.9m¹ over the next three years are required.
- Responding to economic and financial impact of COVID-19², with anticipated long term impact on public sector finances.
- Adult social care overspend and rising demand.
- Delivering the economic potential of devolution.

Page 31

York

- Historic issues around delivery of their Local Plan and failure to deliver the housing target³.
- Constrained by lack of capacity and small geographic footprint⁴.
- Ofsted identified areas requiring improvement in Children’s Services following a focussed inspection visit⁵.
- Lack of investment compared to other similar cities.

North Yorkshire

- England’s largest county⁴ with many rural areas and large distances to travel for service delivery/access.
- Poor transport links, particularly those running East to West.
- Duplication and lack of clarity in accountability associated with two-tier local authority structure.
- Poor broadband and mobile connectivity.
- Increasing inequality and levels of deprivation in some urban areas.

More in depth national and area specific context is set out in Appendix 1

Key challenge: the geographic footprint of the future Combined Authority (1/2)

The sheer size of the geographic area covered by York and North Yorkshire presents significant challenges for the delivery of local government services and the effectiveness of the future Combined Authority. This must be taken into account in the formation of new unitary authorities.

North Yorkshire is England's largest county at 805k hectares.

97% of the geographic footprint of the entire area is within the current North Yorkshire County area.

Distance and travel time across the County presents a significant challenge and **transport links** do not support quick travel across the County, particularly running East to West. It takes nearly three hours by either road or rail to travel from Bentham in the West to Scarborough in the East.

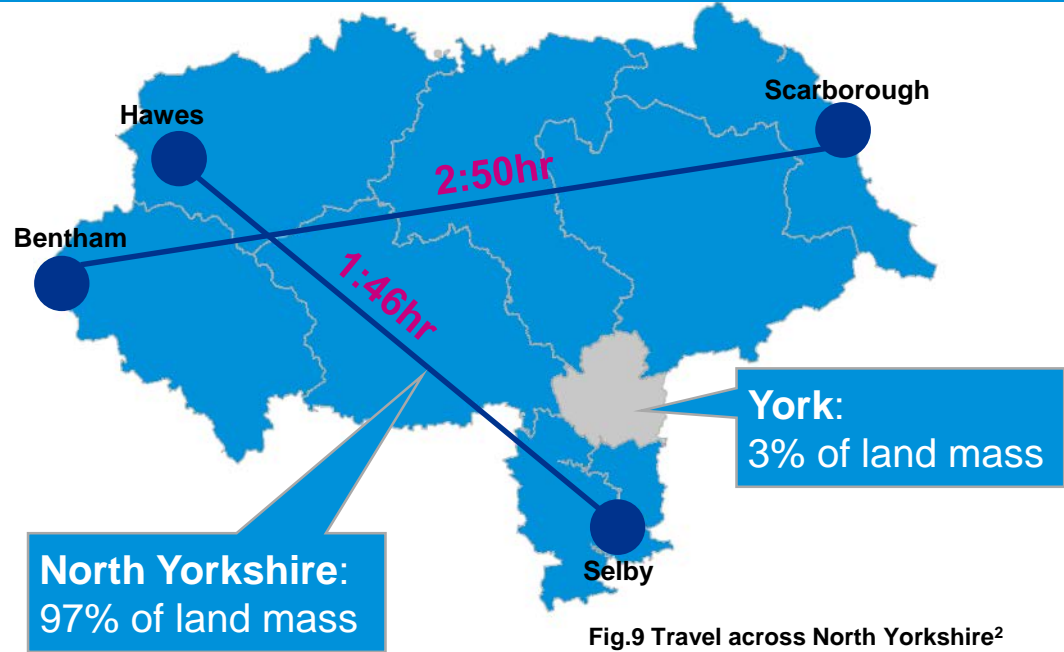


Fig.9 Travel across North Yorkshire²

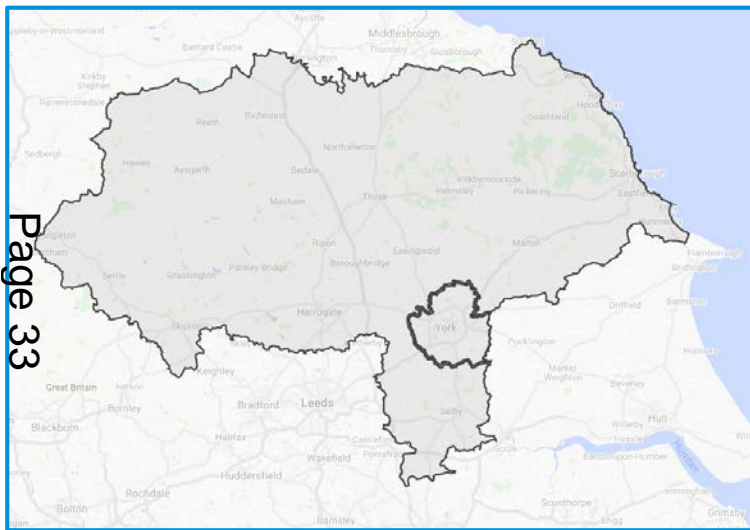
North Yorkshire	York
Population: 617,982 (75%) ¹	Population: 210,618 (25%) ¹
Area size (hectares): 805,220 (97%)	Area size (hectares): 27,190 (3%)

Comparing the North Yorkshire footprint to other geographic areas

North Yorkshire is England's largest county. At 805k hectares it is 5.5 times the size of Greater London, or the size of Bedfordshire, Berkshire, Buckinghamshire, Hertfordshire and Oxfordshire combined.

The maps shown below are to scale.

Fig. 10 Relative maps of North Yorkshire



Page 33

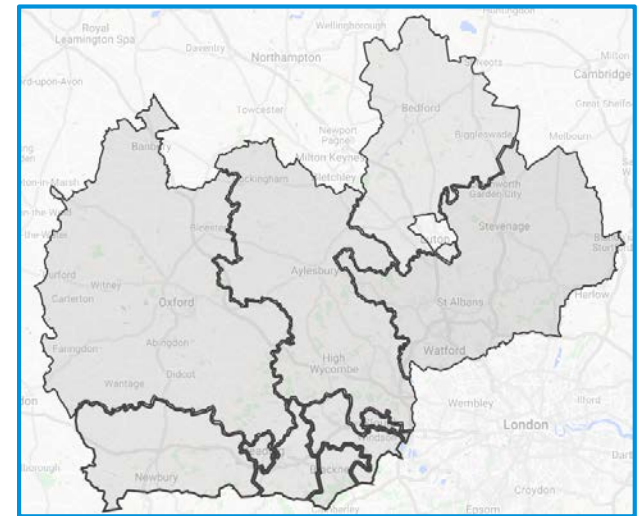
York and North Yorkshire

805k hectares in total, York represents 3% of the geographic footprint



Greater London Authority

The County of North Yorkshire is 5.5 times the area of Greater London Authority.



Bedfordshire, Berkshire, Buckinghamshire, Hertfordshire and Oxfordshire

These five counties combined are equivalent in size to North Yorkshire.

Key opportunities for York and North Yorkshire

The nine councils across York and North Yorkshire have collaborated on the development of a devolution submission designed to deliver on a number of exciting opportunities for the sub-region.

Local government reorganisation must facilitate the aims of devolution, allowing these opportunities to be capitalised on.

Key opportunities for York and North Yorkshire

- Secure a devolution deal, gaining a directly-elected mayor with new powers and additional investment. Establish parity of influence, balance and fairness between authorities within the Combined Authority to allow for effective decision making.
- Through the devolution deal, capitalise on major development opportunities (e.g. improved transport links and the development of York Central). For example, utilising over £52m of proposed ultra low emissions public transport on urban and rural areas.
- Create greater economic synergies by strengthening connections between the City of York and its surrounding area. Building on established visitor economies and professional service sectors, unlocking the potential of York and surrounding towns.
- Focus growth opportunities along the sub-region's two major corridors: the A1(M) and A64.
- Become a leader in green technology and digital place leadership, with York and Harrogate each playing a lead role. Leveraging six Strategic Development Zones (SDZs) in the region to provide opportunities for inclusive and clean growth.
- Become a tourism powerhouse with opportunities to add value through the globally-recognised City of York with National Parks, market towns, the heritage coast and other key attractions.
- Use local government reorganisation and devolution as the catalyst for investment in transformed public service delivery.
- Closing the North-South divide within the region, supporting the 'levelling up' agenda.

More in depth national and area specific context is set out in Appendix 1



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Vision and principles for reorganisation

Page 35



Setting a vision and principles for local government reorganisation

The seven District and Borough Councils have aligned around a vision statement and key principles for what local government reorganisation should deliver in York and North Yorkshire.

The Vision and principles are set out on the following pages.

The Vision captures a clear ambition for local government reorganisation, set by the District and Borough Councils, focussed on the future for the whole of York and North Yorkshire and what future unitary authorities will deliver for citizens.

The principles for local government reorganisation have been fundamental to the development of the Case for Change. They have been categorised using the same framework as the high-level evaluation criteria, outlined below. This framework has been used as the main structure of the Case for Change

Case for Change 36



Impact on service delivery



Financial benefits and sustainability



Democratic representation



Facilitating the aims of devolution



Public support

A vision for local government in York and North Yorkshire

We will provide strong, equal representation for everyone in York and North Yorkshire; building upon what we do best, for our communities and businesses. We will respond to the needs of local people, create clean and inclusive economic growth and deliver value for money.

The future of local government in York and North Yorkshire

- Two new unitary authorities with balanced populations and economies, ensuring that all of our people, communities and regions are listened to and fairly represented.
- Local needs are understood and responded to with outstanding services in the right place, at the right time.
- Authorities work in partnership to build on current strengths in areas such as children's services, delivering strong, safe and healthy communities.
- An equal partnership within the future Combined Authority, delivering the ambitious vision set out in the devolution proposal, prioritising investment on an equitable basis linked to functional economic geography.
- Delivering efficient services, representing great value for taxpayers.

Principles for local government reorganisation in York and North Yorkshire

What must local government reorganisation deliver?

Impact on service delivery	<ul style="list-style-type: none"> — The best aspects of current service delivery must not be lost through reorganisation, including partnership approaches to safeguarding and health prevention and the County's outstanding children's services. — The model must enable service delivery improvement across both York and North Yorkshire. — Effective partnership working, including health, police, voluntary sector and housing. — Minimised disruption to key services, especially for vulnerable groups.
Financial benefits and sustainability	<ul style="list-style-type: none"> — Future unitary authorities must be financially viable and sustainable in the long term, with the ability to generate sufficient revenue. — Both future authorities must have the ability to operate at scale, delivering significant ongoing efficiencies through reorganisation. — Implementation time and cost must be reasonable.
Democratic representation	<ul style="list-style-type: none"> — Future unitary authorities must have balanced and effective representation within the future Mayoral Combined Authority. — The leadership of unitary authorities must have an effective relationship with the Mayor of the Combined Authority. — There must be effective local leadership and accountability across York and North Yorkshire, enabling linkages to key economies and bodies within and outside of the sub-region and region. — The electoral model must be clear and easily understood by the electorate, and the roles and responsibilities of elected members must be clearly defined. — Effective governance and scrutiny must be incorporated in new structures.
Facilitating the aims of devolution	<ul style="list-style-type: none"> — New structures must deliver the ambitious devolution proposals for York and North Yorkshire, including clean and inclusive growth and a carbon negative future across the Combined Authority footprint. — Supporting the 'levelling up' of the Northern Economy, including through partnerships with neighbouring authorities and educational institutions. — Parity of influence in the future Combined Authority, meaning a fair and balanced distribution of the benefits of devolution.
Public support	<ul style="list-style-type: none"> — Functional economic geography must be reflected within unitary authority footprints, including existing transport links and travel to work geographies. — Proposals must be supported by a broad cross section of partners and stakeholders. — Authority footprints must reflect community interests and identities.



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Get change right: 'East & West'

Page 39



'East & West': the future of local government in York and North Yorkshire

The 'East & West' model establishes a balanced Combined Authority with two new unitary authorities, large enough to be efficient, but small enough to be connected to our communities.

The model will deliver for the people of York and North Yorkshire through:

- Ensuring that **both authorities** have the **scale and capacity** to invest in **improved service delivery** and to achieve **financial efficiencies**.
- Reflecting **functional geographic footprints** with clear potential for **strong, inclusive and clean growth**.
- Establishing intelligent footprints, maintaining the **benefits of localism in democratic representation and service delivery**.
- **Unlocking the potential of York** and allowing it to address key challenges around **housing delivery, capacity and improvement of children's services**.
- Setting the **Mayoral Combined Authority** up for success with **two equal partners**, bringing **balance, equity and fairness to the delivery of devolution**.

Page 40

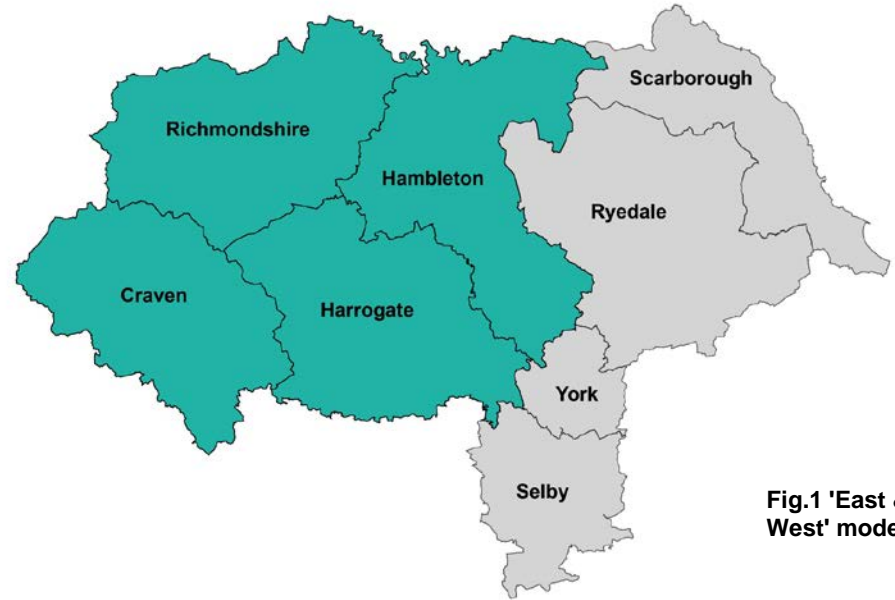


Fig.1 'East & West' model

'West'	'East'
Craven, Hambleton, Harrogate, Richmondshire	Ryedale, Scarborough, Selby, York
Population ¹ : 363,297 (44%)	Population ¹ : 465,375 (56%)
GVA (2019) ² : 9,431 (46%)	GVA (2019) ² : 10,921 (54%)

Key strengths of the 'East & West' model

Through the application of the evaluation criteria, the 'East & West' model was definitively selected as the preferred model for unitary local government in York and North Yorkshire.

The key strengths of the 'East & West' model are outlined opposite.

The following pages provide more detailed analysis and key themes for the 'East & West' model, using the evaluation criteria as the framework for this.

Page 41

Evaluation criteria	Key strengths of the 'East & West' model
Impact on service delivery	<ul style="list-style-type: none"> ✓ Improved access to, and delivery of, services to all customers ✓ Outstanding adult social care and children's services ✓ Responding to local need and reflecting place in service delivery ✓ Access to skills, capacity and scale to invest in services ✓ Effective planning and delivery of good, affordable housing
Financial benefits and sustainability	<ul style="list-style-type: none"> ✓ Significant long-term financial efficiencies ✓ Limited reorganisation costs and complexity ✓ Financial sustainability for both future authorities ✓ Two authorities with the potential to transform
Democratic representation	<ul style="list-style-type: none"> ✓ Balanced and effective representation ✓ Effective partnerships within the region and across the North ✓ Clarity of accountability and responsibility
Facilitating the aims of devolution	<ul style="list-style-type: none"> ✓ A well-balanced and effective future Combined Authority ✓ Supporting strong, inclusive growth and the 'levelling up' agenda ✓ Enabling clean growth in both future unitary authorities

What does the 'East & West' model deliver for key stakeholders?

Stakeholder group	What does the 'East & West' model deliver?
Residents	<ul style="list-style-type: none"> — Local service delivery informed by local knowledge and understanding. — Outstanding service delivery, including adult social care, children’s services and housing. — Effective and balanced local representation within both the future unitary authorities and the Mayoral Combined Authority. — Economic growth and opportunities for high-quality employment.
Business	<ul style="list-style-type: none"> — Councils representing functional economic areas focussed on investment to deliver growth and high quality employment and skills development tailored to their area. — A louder voice for business associations/chambers and individual businesses — More responsive to individual business needs, with less competition for attention.
Parish and Town Councils	<ul style="list-style-type: none"> — The potential to take on additional responsibilities based on a two-way conversation. — Close partnership working with the new unitary authorities.
Voluntary sector	<ul style="list-style-type: none"> — Councils which maintain localism, supporting communities through maintaining and building close partnerships with the voluntary sector.
Elected members	<ul style="list-style-type: none"> — The ability to represent the electorate in a well-balanced and equitable Combined Authority, giving citizens a strong voice in local and regional decision making.
Council staff	<ul style="list-style-type: none"> — Two new organisations with the scale to provide stability and exciting development opportunities for its staff. — Two authorities with the capacity and resilience to deliver for residents. — Recognition of the need to maintain core elements of current service delivery, building on the best of district, county and unitary work.
Partners	<ul style="list-style-type: none"> — Two large authorities focussed on delivering through a small number of key strategic partnerships, including with health, police & community safety, national park authorities and neighbouring authorities.
Central Government	<ul style="list-style-type: none"> — An effective Mayoral Combined Authority, providing fair representation to all of the people of York and North Yorkshire. — Strong local leadership: two council leaders and a strong mayor with distinctive roles.

Page 42

The 'East' and 'West' authorities

'East' & 'West' are two geographic footprints with major assets and significant potential for growth. They are well-balanced and ideal partners within a future Mayoral Combined Authority.

	'West'	'East'
Current authority areas	Craven, Hambleton, Harrogate, Richmondshire	Ryedale, Scarborough, Selby, York
Population¹	363,297 (44%)	465,375 (56%)
Area size in hectares²	511,790 (61%)	320,630 (39%)
Gross Valued Added⁽²⁰¹⁹⁾	9,431 (46%)	10,921 (54%)
Major settlements and population	Harrogate (75,070), Northallerton (17,002), Ripon (16,181), Knaresborough (15,557), Skipton (15,047)	York (210,618), Scarborough (61,749), Selby (19,224), Whitby (13,029),
Key geographic features	Yorkshire Dales National Park	North York Moors National Park 42 miles of coastline
Key transport links	A1(M), A65, A59, A61, A168, A19 Key rail hubs in Harrogate and Skipton	A64, A171, A170, A19 Key rail hub in York
Strategic Development Zones	Harrogate Line Corridor Airedale Corridor Central A168 Corridor	Coastal Growth Zone York Growth Zone Energy Corridor

As part of the next stage of engagement, current authorities will progress the development of clear identities and visions for each of the future authorities.

Lessons from other authorities

1. Well-balanced and equitable local authorities within a combined authority, results in effective governance and efficient delivery.

Case study: Tees Valley Combined Authority

The Tees Valley Combined Authority includes the unitary authorities of Darlington, Hartlepool, Middlesbrough, Redcar & Cleveland and Stockton on Tees. The Tees Valley Combined Authority Board is chaired by the Mayor of the Tees Valley and is made up of representatives from the five Tees Valley Local Authorities and the chair of Tees Valley LEP (Local Enterprise Partnership).

The five authorities are of relatively equal size with populations ranging between 94k to 197k (ONS 2019 mid-year estimates) which provides balance and constructive tension regarding decision-making in the Combined Authority.

This has enabled Tees Valley to agree a £588m Investment Plan (2019 Combined Authority Annual Report) across transport; education, employment and skills; business growth; culture and tourism; research, development and innovation; and investment in towns and communities. It has also been able to accelerate delivery of the 10-year plan with over £109m delivered in 2018/19. Due to the balance of power in the Combined Authority the benefits of this investment are expected to be evenly spread across the region, contributing to employment and social mobility.

2. Cities being part of a broader unitary footprint brings additional capacity and substantial economic benefits for the city and the whole authority area.

Case study: Cheshire West and Chester

Cheshire West and Chester is a Unitary Authority created in 2009 following a review of local government. It covers approximately 350 square miles and has a population of 343,071¹. The authority areas includes the historic city of Chester which represents 23% of the population. The authority also includes large rural areas, and bears significant similarities to the proposed 'East' authority.

The authority brings in over 36m visitors each year², which provides opportunities for growth and employment as well as boosting public finances across Cheshire West and Chester.

Chester further supports the wider region as a rail hub, home to Chester University and as part of the world class science, technology and innovation assets within the Cheshire Science Corridor so plays a similar role to York in the 'East' authority.

Chester operates as an employment hub for the region, as well as workers from Flintshire and Wrexham, by supporting the large financial services, office administration and retail trade business that drive GVA and have contributed to it being one of the fastest growing economies in England and Wales.

Impact on service delivery

Page 45





Impact on service delivery

Local government reorganisation will have an impact on services for residents, communities and businesses; from the transition period to create and set up the new unitary authorities, through to the decisions of the new councils.

This section of the report considers the key principles for impact on service delivery that the Districts and Boroughs have agreed and outlines how 'East & West' delivers against these.

Challenges	Opportunities
<p>— Vast and diverse geographic footprint, with services needing to cover over 8,000km² covering deeply rural and city areas.</p> <p>— No single functional economic and social geography across North Yorkshire.</p> <p>— Ageing population across the region, increasing the level of need and demands on social care services.</p> <p>— Financial challenges, with discretionary spend significantly decreased to meet savings targets.</p>	<p>— Maintain and build on existing strengths and established partnerships.</p> <p>— Increase localism and personalisation of service delivery, bringing services closer to citizens.</p> <p>— Promote place based working across agencies through prevention and targeted intervention.</p> <p>— Align local authority purpose, outlook and ambitions to reflect economic and social geographies.</p>

Key principles - Impact on service delivery

What should local government reorganisation deliver?

- The following principles were agreed in relation to the impact on service delivery. Local government reorganisation must deliver:
- The best aspects of current service delivery must not be lost through reorganisation, including the County's current outstanding children's services.
 - The model must enable service delivery improvement across York and North Yorkshire.
 - Effective partnership working to be built upon, including health, police, voluntary sector and housing, which promotes strong, safe and healthy communities.
 - Minimised disruption to key services, especially for vulnerable groups and safeguarding.



Impact on service delivery: 'East & West' overview

How can the 'East & West' model deliver this?

- **Improved access to, and delivery of, services to all citizens** – The 'East' and 'West' unitary footprints have the optimum size and population levels to enable effective strategic and local service delivery.
- **Outstanding adult social care and children's services** – The 'East & West' model is the right footprint to spread best practice and strengthen adult social care and children's services across the whole of York and North Yorkshire. The model prioritises minimised disruption through maintaining local partnerships and collaborative planning for reorganisation implementation.
- **Responding to local need and reflecting place in service delivery** – Under the 'East & West' model, unitary authorities will maintain local knowledge and understanding to ensure that service delivery reflects the diverse needs of people in all parts of York and North Yorkshire. The 'East & West' model provides a clear sense of place in which services can be joined up or work in partnership, ensuring strong, safe and healthy communities.
- **Access to skills, capacity and scale to invest in services** – Both authorities will have access to highly skilled people, the capacity to achieve resilience and the scale to invest in improved and more efficient services.
- **Effective planning and delivery of good, affordable housing** - The 'East & West' model ensures fair access to land supply across both unitary authorities, to enable delivery of new housing and integrates homelessness and housing support as part of a place-based approach.

Each of these key themes are explored in greater detail in the following pages.



Improved access to, and delivery of, services to all citizens (1/3)

Local government reorganisation should...

... result in unitary authority footprints with populations that are the appropriate size to deliver high quality services at scale, whilst maintaining the benefits of localism (aligned to Ministry of Housing, Communities and Local Government (MHCLG) guidance on the optimum size of unitary authority).

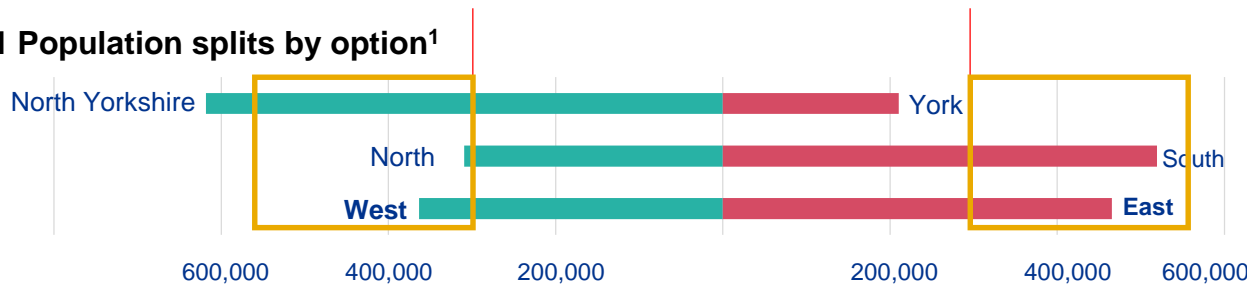
... establish unitary authorities with a fair and equitable balance of demographics and future levels of service demand.

... enable efficient service delivery across a manageable geographic area.

... consider functional economic to establish authorities with geographic footprints appropriate for effective service delivery.

Fig. 11 Population splits by option¹

Page 48



'East & West' provides a balanced population with both authorities having populations well in excess of 300,000, and is therefore most in line with MHCLG guidance.

The optimum size of unitary authority

Authorities need to be large enough to operate effectively, sustainably and to generate economies of scale but small enough to provide caring, fair and inclusive services.

The Ministry of Housing, Communities and Local Government (MHCLG) has indicated that minimum population sizes are expected to be substantially in excess of 300,000. The 'East & West' model provides two well-balanced authorities within those parameters indicating a viable size for service delivery, democratic representation and an effective Combined Authority.

Currently the populations of York and North Yorkshire are outside those parameters. York has a population of 210,618, significantly below all thresholds referenced by MHCLG. North Yorkshire has a population over 618,000 and is geographically nearly 30 times bigger than York, making up 97% of the geographic area. It does not have a single functional economic geography to support it as a platform for local service delivery; as shown by commuting patterns across the geography in Appendix 1.

Under the 'East & West' model key services such as strategic and local planning, highways, community safety and public health will cover an optimum-sized area to reflect and be responsive to specific local needs.



Improved access to, and delivery of, services to all citizens (2/3)

Balanced demographics

North Yorkshire has an ageing population, with a significantly higher ratio of older people to working age people (38%) than the UK average (29%). Across the sub-region there are currently 191,392 people over the age of 65, and this population is expected to grow by 39% by 2043. In that same period, the population under 65 is forecast to decrease. This trend is expected to increase the level of adults services that will be required, putting further pressure on budgets.

Based on 2019 populations the 'East & West' model has the most equitable split of age dependency ratio (39%:42%).

Balanced population density

The issue is compounded by where people live in the region. Across York and North Yorkshire the average population density is 1 person per hectare but across the north of the region the density is 0.62 people per hectare compared to 1.54 people per hectare in the south.

'East & West' divides those demographic groups to give a balanced population density in both authorities. This evens out the requirement for costly service provision to remote and rural areas, enabling both authorities to deliver efficiently and provide good quality services regardless of authority.

Fig. 12 Forecast growth of population aged 65+ (2020-2043)¹

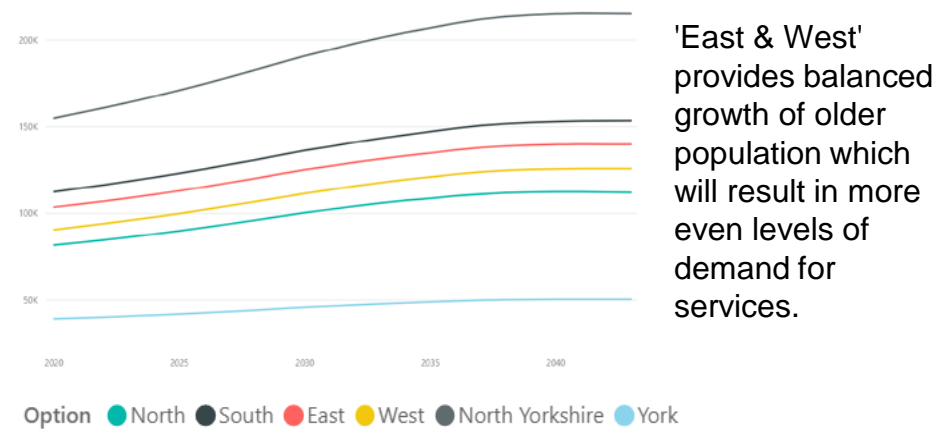
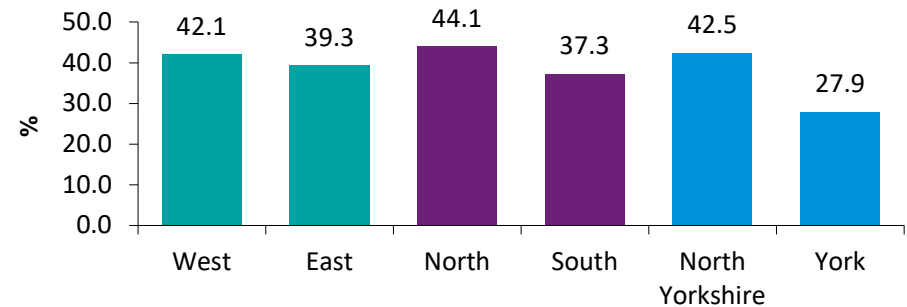


Fig. 13 Average Age Dependency Ratio, 2019¹



'East & West' provides the most balanced ratio of working age and older people.



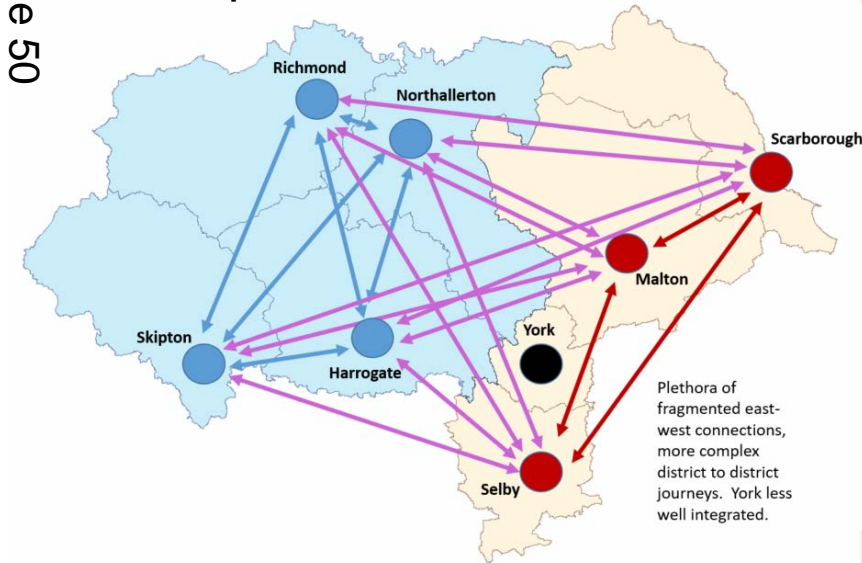
Improved access to, and delivery of, services to all citizens (3/3)

Delivery across a manageable footprint

As a proxy for travel around each potential authority, the combined travel time to drive between each of the Council offices in a proposed authority has been calculated.

In the preferred option this journey would take 2:54 hours, significantly quicker than an equivalent journey in the 'North & South' authorities (3:46 hours) and York and North Yorkshire (4:38 hours)¹.

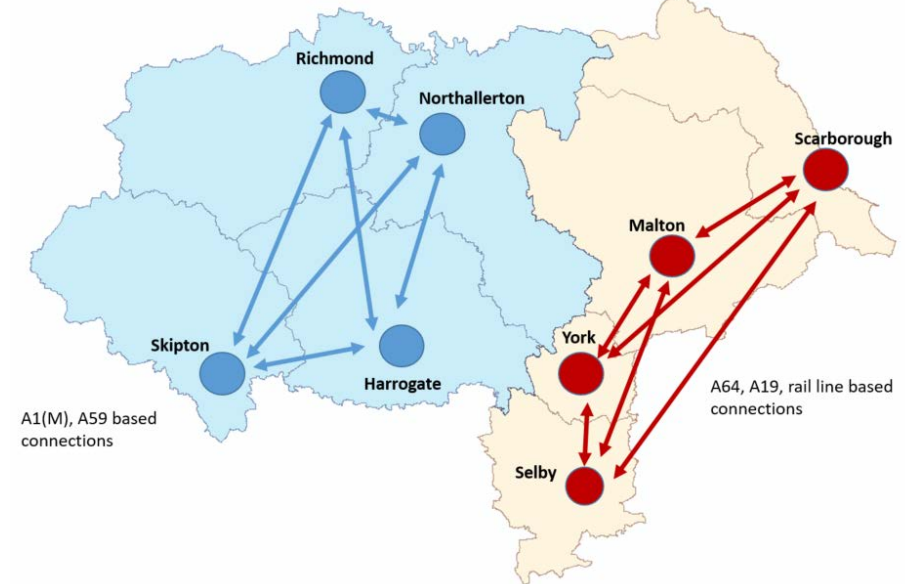
Fig. 14 Travel between population hubs of current North Yorkshire footprint



The charts below clearly demonstrate the travel issues in delivering and accessing services across North Yorkshire and clear synergies in the 'East and West' travel footprint.

It is vital to recognise the service delivery that currently takes place at the local level, largely through District and Borough Councils. The two new unitary authorities will have the opportunity to review all services which are currently delivered and to ensure spend is allocated most appropriately for residents.

Fig. 15 Travel between population hubs of 'East & West' model



Page 50



Outstanding adult social care and children's services (1/4)

Local government reorganisation should...

... accelerate and strengthen the sharing of outstanding practice in children's and adults services to provide consistently high quality services to all vulnerable and disadvantaged people.

... minimise disruption to services, ensuring that the current workforce and locality structure is maintained as far as possible across the future unitary footprints.

... address key current challenges, including providing additional capacity and resilience

The vision for adult social care and children's services through LGR

The District and Borough Councils have set a vision for adult social care and children's services: to ensure that those in need of help and support get timely and effective intervention.

At the same time, those people, and all residents, will live in strong safe communities that support their independence, with the intent of preventing, delaying or reducing the need for social care services.

The community and voluntary sector, and local services currently provided by districts, will be brought together in a way that strengthens, coordinates and maximises the impact. We will accelerate improvements by supporting good practice, and scaling this across the geographies.

We will also work as one team with partners, where that makes sense, supporting a joined up response across public health, primary and community care services, community safety, education and social care services.

For residents, we will seek to remove the transitions that can cause frustration and confusion, by offering services that align children's and adult social care.

Where there are issues in common across the wider geography we will continue to collaborate to find shared solutions, both within York and North Yorkshire, but more widely across the region.

Recognising links between children's services and adult social care

There are clear links between children's and adult's provision and support. Therefore, having two common footprints for children's and adult's services is an advantage.

Adults' and children's services operating in an 'East' and West' footprint will be able to support young people who are vulnerable (including those who have been safeguarded) or have disabilities as they progress into adulthood.

An all-age approach to core services will be appropriately tailored to need. 'East & West' will enable seamless support at all ages, with well managed transitions.



Outstanding adult social care and children's services (2/4)

Spreading of outstanding practice and addressing key challenges

Aligning social care services with 'East & West' authorities provides an opportunity to share leading practice across the whole of York and North Yorkshire, including:

- **Outstanding children's services:** North Yorkshire County Council has experience of supporting the improvement of other children's services and has offered peer support to other UK authorities. Working on an 'East & West' footprint allows locality teams in the 'East' to work with children's services teams in York, bringing the best practice from both teams to strengthen delivery, with limited disruption to core working practice. At the last Office for Standards in Education, Children's Services and Schools (OFSETD) focused visit¹, York required improvement regarding the experiences and progress of children who need help and protection. Whilst it is understood that significant improvement work has been undertaken, this could be a focus for joint working with colleagues from North Yorkshire. Teams in the 'West' will work as part of a focused authority, better aligned to preventative services currently provided by districts and boroughs.

- **Community and active citizen approach:** There has been national recognition² of York's approach that will support the delivery of adult's services, where people's strengths, skills and networks are harnessed to support healthy and independent lives. Recognising that local application may be different, there is an opportunity to develop an approach to active and healthy communities across the whole region.

These opportunities should be seen in the context of the expected White Paper on health and social care integration which may require a more fundamental review of services and governance.

Increasing financial resilience for sustainable services

The 'East & West' model provides opportunities to manage significant financial pressures while improving quality of services.

During 2018/19 spend per head of population within York increased by over £50 (12%)³. Placing York within the 'East' authority will provide the additional capacity and scale for efficiency and can be a catalyst for improvement.

COVID-19 has put further strain on local authority services and finances, with long term implications for public sector finances. Delivery through 'East & West' authorities reduces unnecessary costs of delivery without reducing quality by integrating support into a single-tier of adult social care.



Outstanding adult social care and children's services (3/4)

Building upon partnership working in social care

An 'East and West' model provides the ideal platform to develop opportunities for innovation and improvement across the region. The model builds upon a number of established joint working arrangements within current councils. These include:

- Local safeguarding multi-agency arrangements which is already delivered locally with an 'East & West' model. The 'East' authority would include the Local Safeguarding Partnerships (LSPs) of York, Selby and Scarborough, Whitby & Ryedale. The 'West' authority would include the LSPs of Harrogate & Craven and Hambleton & Richmondshire.
- Shared multi-agency policy and procedures for adult safeguarding are already in place on a wider footprint, this would reduce any disruption as employees will be working to common policy in this regard.
- The Emergency Duty Team.
- DCSs and DASs deliver their work through partnerships, often with the same public services and VCS organisations.

Page 53

Case study: Delivering in Partnership

The Harrogate District Community Safety Hub brings together partners who work within the district with a focus on individuals who create high demand on services. Partners jointly aim to reduce demand and at the same time support some of the most vulnerable people within our communities.

Fortnightly meetings bring agencies together including the local authority, police, fire, children & adult services, youth justice, hospital, treatment providers, mental health and the voluntary sector to understand, solve problems and find alternative solutions to often complex issues. These issues can be person specific, locational or thematic. For example, Harrogate Street Aid, was a collective response to dealing with the issue of street begging supporting those who were begging and sleeping rough.



Outstanding adult social care and children's services (4/4)

Minimising disruption to key services

Within York and North Yorkshire there are two sets of adult social care and children's services management teams. Under the 'East & West' model there will still be two management teams, and there is not expected to be any increase in cost.

The transition to 'East & West' provides an opportunity to rebalance rather than to abandon existing delivery models. The skills, experience and local knowledge that sits within existing teams and partners will be fundamental to the new model.

Due to well established shared working and the locality structures across the region, with the right planning, the model will cause limited disruption to the daily delivery of services, while providing opportunities for development and improvement across the region.

Implementation considerations

It is recognised that detailed implementation planning will be required for all services, but particularly in relation to adult social care and children's services.

High level planning considerations which include key services are set out in the 'Implementation considerations' section of the report.

At the next stage of the process more detailed joint planning will be required, with collaboration between North Yorkshire County Council, the City of York and the seven district and borough councils.



Responding to local need and reflecting place in service delivery (1/3)

Local government reorganisation should:

... embed localism and an understanding of place in service delivery, in order to promote and support strong, safe and healthy communities.

... use local intelligence to place greater emphasis on prevention and to facilitate targeted intervention.

... ensure effective place based partnership working, including with the voluntary sector and parish and town councils.

Embedding localism in service delivery

A range of services across the domains of public health, children's services, adult's services and community safety already work together to promote and support healthy lives. This includes public sector services, the community and voluntary sector and private sector organisations.

The Districts have played a critical local role through COVID-19 in economic recovery and distributing business grants, as well as working with the police on community safety, receiving devolved powers regarding pavement licenses and with towns and parishes on local issues such as markets and public toilets. LGR should not lose that local benefit by centralising powers in one hub for the whole County.

Local government reorganisation must recognise the experience, local knowledge and existing role of the District and Borough Councils. This will give a solid platform to build from, with effective local coordination at the heart of service delivery.

Local intelligence to enable prevention and targeted intervention

An 'East & West' model will establish unitary footprints that recognise place. Utilising knowledge and data gathered at a local level can help to identify common objectives that may be relevant at a larger footprint. When there are issues in common, the solutions can be locality based, based on a good understanding of the particular needs and context in neighbourhoods and communities.

Unitary government provides a greater opportunity to align children's and adult social care with housing and universal services, such as education, leisure services and the management of green spaces which contribute to quality of life for all residents.

An 'East & West' model will focus on closer alignment between services currently delivered through district and borough councils and social care services. This will ensure that the needs of vulnerable people are reflected. Universal services can be targeted to those who require additional help, who may be supported to access them, if required.



Responding to local need and reflecting place in service delivery (2/3)

The importance of partnerships in local delivery

The current model of coordinating multi-agency partnership working at a district level enables proactive work, but also feeds into wider place based intelligence, for example to the police in tackling issues around county lines and organised crime. The new model will allow for the appropriately-tailored response, at the right spatial level.

As the NHS is looking to consolidate Clinical Commissioning Groups (CCGs), 'East & West' provides a viable footprint to reduce the number of CCGs in the area or could act as two equal unitary authorities working with a large CCG across the area.

Relationships with the Voluntary and Community Sector

Local relationships with the Voluntary and Community Sector (VCS) enable local bottom-up solutions to be developed that the wider community can identify with.

York and North Yorkshire must not lose the benefits of this local partnership working. Within an 'East & West' model the VCS can build on established connections to develop and scale up where appropriate.

Working in partnership with town and parish councils

Town and Parish Councils will be vital to ensuring effective localism in future unitary authorities. Partnerships already established with District and Borough Councils will be critical to ensure that effective two-way relationships are in place across both future unitary authority footprints.

Future "East" and "West" unitary authorities are of a size that allows the interests of parish and town councils to be heard and acted upon.

Further information on the future role of town and parish councils is set out within the Democratic Representation section.

Case study: Local support to voluntary and community sector (VCS)

Due to decreasing levels of public funding available, Harrogate Borough Council has worked with the VCS to establish a sustainable funding model that will bring income support to local Harrogate district based VCS organisations across the district.

THE LOCAL LOTTO (TLL) for the Harrogate District established in July 2018 was the first of its kind in Yorkshire and provides an income stream both to the local good causes who have signed up to be a beneficiary and also into the central fund known as THE LOCAL FUND for the Harrogate District that will be distributed through a small grants process to local community based groups across the district.

Working with the VCS has been key to establishing and embedding both initiatives which has seen over £100k income generated by the good causes signed up. Using the lottery platform over the two years it has been operating and through championing local giving THE LOCAL FUND, there has been an increase of 134% of funds available through the central provision to the VCS.



Responding to local need and reflecting place in service delivery (3/3)

Case Study: Multiagency work in Scarborough

Scarborough Borough Council leads a partnership of public sector leaders within the Borough - the Public Sector Executive. This is a longstanding partnership designed to improve public sector collaboration and deliver better outcomes to improve the lives of local people.

The Borough has a well-developed multi-agency hub, known locally as the Community Impact Team (CIT). The co-located integrated team is jointly managed by the Council's Community Safety and Safeguarding Manager and a North Yorkshire Police Inspector. The essential approach of the team focuses on partnership working at its core, in recognition that complex problems require a multi-agency response. The team also promotes a visible approach in communities, to encourage trust and confidence with local residents.

Page 57
In 2018 the Police, Fire and Crime Commissioner undertook a survey of satisfaction with Neighbourhood Policing across North Yorkshire. Scarborough, and particularly the Community Impact Team approach, came out of this survey extremely well. Overall across North Yorkshire levels of satisfaction and confidence were relatively low. However, there were two areas in Scarborough highlighted that were described as "outperforming".



Access to skills, resilience and scale to invest in services (1/2)

Local government reorganisation should...

... ensure access to skills and resources across the region.

... enable workforce optimisation through the creation of unitary authorities able to provide opportunities and progression for the workforce across York and North Yorkshire.

... enable both future authorities to benefit from economies of scale to build capacity and resilience into service delivery.

Access to skills

Both future authorities will require access to a skilled workforce. The region is highly skilled and skills levels are well-balanced between 'East' and 'West', providing a good base for authorities to address skills shortages and for the wider economies to level up regarding productivity and economic output.

By removing the boundary between the City of York and the County, the 'East & West' model will enable services, jobs and opportunities to be more evenly distributed providing more equitable access to all residents.

New 'East' and 'West' authorities will look to build on existing relationships to establish more strategic partnership working with further education and higher education institutions within each footprint, ensuring that skills provision is matched to need.

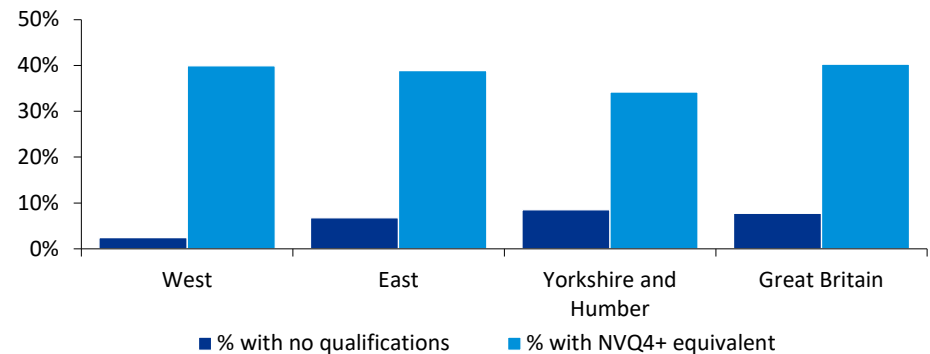
Culture and career progression

Both future authorities will be operating at sufficient scale to provide attractive career progression opportunities for officers.

The 'East & West' model creates two new unitary authorities, able to establish a modern, progressive working culture without being restricted by the culture of previous organisations.

Merging tiers of government without changing their geographic footprint would mean the culture and progression opportunities of a larger organisation are maintained, without the opportunity to build upon and improve it.

Fig. 16 Qualification levels of people aged 16-64¹





Access to skills, resilience and scale to invest in services (2/2)

Capacity and resilience in service delivery

Operating at scale provides greater capacity and therefore greater resilience of key services.

The City of York has a lower housing delivery score than the rest of the county, and OFSTED has identified areas of improvement within children's services. In 2020/21 York required over £4m savings prior to the COVID-19 crisis.¹

Getting local government reorganisation right will provide an opportunity for the City of York to benefit from increased scale and capacity, building sustainability and resilience into key services.

Case Study: Capacity in social care

Both authorities have a lower proportion of children looked after than the national average. In York the rate is 19 per 100,000, versus 12 per 100,000 in North Yorkshire.

The 'East' authority will employ social workers from across Ryedale, Scarborough, Selby, York which can help to address the higher caseloads, agency costs and vacancy rates currently reported by York. Moving to a model with three and four previous Districts/Boroughs in 'East' and 'West' respectively, will also bring significant expertise and capacity regarding housing, leisure and environmental health to integrate services for vulnerable people.

Scale to invest in services

Any model of Local Government Reorganisation (LGR) will be complex and lead to there being two authorities where there are currently nine. While the 'East & West' model changes the footprint of York and the County, requiring disaggregating county functions, it will help to make harmonisation of district functions easier. A county unitary model would require merging seven different planning, housing leisure and waste services, where 'East & West' has only four different systems to merge. LGR should be designed to use that disruption to create balanced new authorities, fit for the future across the region.

The change entailed by moving to unitary government will also enable transformation of services. The response to COVID-19 has demonstrated the potential of rapid and radical digitisation and new unitary authorities can be designed to build upon more efficient and modern ways of working. Reorganisation will also follow the expected White Paper on health and social care integration so authorities can design services based on those principles.

Case Study: Shared waste services

York already relies on North Yorkshire resources, for instance the 'Let's Talk Less Rubbish' waste management strategy is joint between all Councils in the region but relies on the Allerton Waste Recovery Park near Knaresborough to achieve 'zero waste to landfill'.

Greater cooperation on waste disposal between 'East & West' could continue under the Mayoral Combined Authority.



Effective planning and delivery of good, affordable housing (1/2)

Local government reorganisation should....

... enable each unitary authority to deliver a high number of good quality and affordable homes.

... facilitate a solution to York's constrained land supply by enabling planning to take place across a wider footprint.

Effective local planning

The 'East & West' model establishes two authorities with the ability to deliver effective local plans based on local understanding, economic development opportunities and the needs of residents.

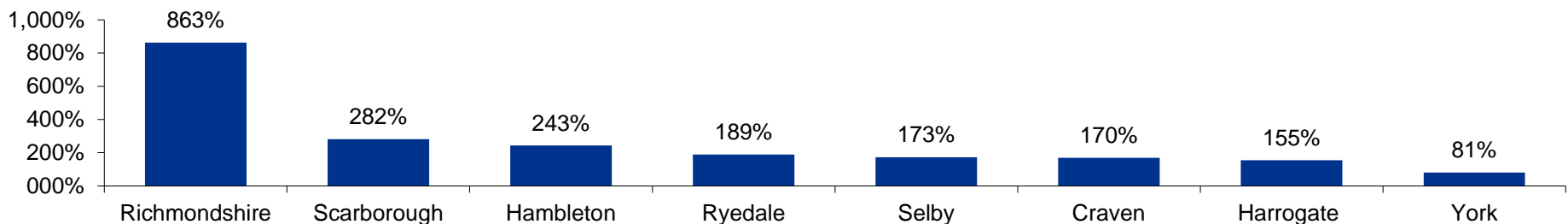
The geography of North Yorkshire is too large to be optimal for local plans and respond to local issues across the geography. York has historically been unable to deliver a local plan which should set strategic priorities and inform planning decisions.

Ability to deliver housing in both new authorities

Maintaining York as a separate unitary risks it being consistently unable to meet the housing needs of residents. This is particularly important as York is identified as a Growth Zone for devolution as well as a key employment site and host to key economic projects.

Local government reorganisation gives the opportunity for York to operate as part of the 'East' unitary with greater land capacity to achieve strategic growth in housing as well as wider economic synergies.

Fig.17 Housing Delivery Test score 2016-19 by area¹



All Districts overachieved on housing delivery between 2016 and 2019, York achieved 81% of the target set by the Government.



Effective planning and delivery of good, affordable housing (2/2)

Delivery of affordable homes and tackling homelessness

The District and Borough Councils are the bodies with direct experience of delivering affordable housing. This will be vital within future 'East' and 'West' authorities, which will be well positioned to benefit from the £12bn fund for affordable homes.

Additionally, by integrating Districts and Boroughs into each unitary 'East' and 'West' will both benefit from extensive local knowledge regarding temporary housing and homelessness. These services have been delivered by Districts and Boroughs and support housing in the region as a critical social determinant of health.

Case Study: Delivery of new homes in Scarborough

The Council set out an ambitious target in its 2016-2021 Housing Strategy of delivering 820 new affordable homes in the Borough. Up to end of 19/20 540 new affordable units had been completed with a further 230 due to complete in 20/21. The affordable housing completions have been across the whole Borough including Scarborough, Whitby, Filey and the rural areas. They have met a wide range of needs including family homes, older persons accommodation and supported housing, and have provided homes for rent and for low-cost home ownership.

The most ambitious project has been the development of Middle Deepdale, which will comprise when fully complete, 1,350 new homes of all tenures. The project arose from two large sites (one of which was in Council ownership) which were allocated in the Local Plan and includes some complex infrastructure requirements including a new link road, a new school and the building of a bridge to link the two sites. The project has been delivered via a development agreement with two house builders (Kebbell and Keepmoat), supported by three Housing Associations (Beyond, Sanctuary and Home Housing) and Homes England.

To date 576 homes have been completed including 231 new affordable homes. The development is meeting local need and incorporates a new Extra Care development and a Construction Skills Village, providing valuable employment and training opportunities for local young people. A further 600 homes are earmarked within Local Plan on Council owned land to the north of Middle Deepdale and the Council is currently undertaking a market engagement exercise with developers to look for ways to maximise the number of affordable homes on this land going forward.



150 years
supporting
the UK

Financial benefits and sustainability

Page 62





Financial benefits and sustainability: 'East & West' overview

The long term financial sustainability of local government has been in the spotlight for sometime. This has been further emphasised through the recent COVID-19 crisis. The financial sustainability of any new model of local government will be critical to future success.

This section of the report considers the key principles for financial benefits and sustainability that the Districts and Boroughs have agreed and outlines how 'East & West' delivers against these.

Challenges	Opportunities
<p>Page 63 </p> <ul style="list-style-type: none"> — Ongoing budget pressures and challenging savings targets, exacerbated by the impact of COVID-19. — Significant increases in future demand for services, particularly adult social care and housing. — Duplication of costs associated with a two-tier system. — Imbalance in council tax rates across the County. — Limited scope for further efficiencies without bringing greater scale through reorganisation. 	<ul style="list-style-type: none"> — Potential to meet combined Medium Term Financial Plan (MTFP) savings targets through reorganisation and transformation, without damaging quality and capacity of services. — Financial capacity and resilience for all areas of York and North Yorkshire, bringing greater financial sustainability. — Limited reorganisation costs and complexity through a two unitary model, better aligned to other service geographies.

Key principles – Financial benefits and sustainability

What should local government reorganisation deliver?

The following principles were agreed in relation to financial benefits and sustainability. Local government reorganisation must deliver:

- Future unitary authorities must be financially viable and sustainable in the long term, with the ability to generate sufficient revenue.
- Both future authorities must have the ability to operate at scale, delivering significant ongoing efficiencies through reorganisation.
- Implementation time and cost must be reasonable.



Financial benefits and sustainability: 'East & West' overview

How can the 'East & West' model deliver this?

- **Significant long term financial efficiencies** – Local government reorganisation that incorporates York has the greatest potential for long term efficiencies. Annual efficiencies for an 'East & West' model are estimated to be c£33m - £56m. This is achievable through both future unitary authorities having the potential to operate at scale.
- **Limiting reorganisation costs and complexity** – Reorganisation costs for 'East & West' have been estimated at £29m - £39m. Any form of local government reorganisation will be complex, but given the level of efficiencies achievable the payback period is expected to be within two years.
- **Financial sustainability for both future authorities** – Under the 'East & West' model both authorities would have significant reserves and achievable savings requirements. Reorganisation and the ability to operate at greater scale provides opportunities to realise challenging savings targets and opportunities to raise additional revenue.
- **Two authorities with the potential to transform** – Following reorganisation each authority will have the potential to achieve significantly greater efficiencies through transformation.

Each of these key themes are explored in greater detail in the following pages.



Significant long term financial efficiencies

Local government reorganisation should...

... generate significant annual efficiencies through realising the benefits of scale across all future authorities in York and North Yorkshire.

Estimated annual efficiencies through reorganisation

The opportunity for annual efficiencies under an 'East & West' model is estimated at £32.5m - £55.8m. A higher proportion of efficiencies is expected to be achievable in the East, which is indicative based on population.

Estimated efficiencies are based on the level of savings identified in comparable local government reorganisation programmes, adjusted for the respective sizes of the Councils on a population basis.

The range between base case and stretch case reflects the need more detailed planning, and the fact that each unitary authority will have choices regarding how reorganisation is carried out.

Efficiency categories

Efficiencies have been identified and estimated in five key areas as set out in the table below. All categories have been benchmarked against recent local government reorganisation cases (savings forecast and delivered, where available).

Fig. 18 Efficiencies (£ million per year)*		Total		% of total efficiencies
Category	Description	Base case	Stretch case	
Workforce and services	Number of full time employees including management, corporate services, customer management and service delivery.	17.9	30.7	55%
Systems	Software and technology requirements	0.6	1.0	2%
Third party spend	Buying power	8.8	15.1	27%
Estates and facilities	Ability to centralise services in fit for purpose estates	2.3	4.0	7%
Other incl. democratic arrangements	Number of elections and level democratic process and number of members	2.9	5.0	9%
Total (£m)		32.5	55.8	100%
West	Estimate of efficiencies achievable by the future 'West' authority	14.3	24.5	44%
East	Estimate of efficiencies achievable by the future 'East' authority	18.2	31.3	56%

*Please refer to assumptions set out in Appendix 3.

Further analysis will be required to quantify efficiencies on a bottom-up basis for each of the efficiency categories and for the 'East & West' model.



Limiting reorganisation costs and complexity (1/2)

Local government reorganisation should...

... be delivered effectively, using recent examples of local government reorganisation as examples of how the process can be delivered on time and to budget.

... allow for a reasonable payback period, ensuring that taxpayers' money that will be invested in reorganisation is returned in good time.

Estimated reorganisation implementation costs

Estimated reorganisation costs under an 'East & West' model are between £29.1m - £39.4m. In line with estimated efficiencies, a higher proportion of implementation costs are expected to be incurred in the East, which is indicative based on population.

Calculations are based on the level of costs identified and incurred in comparable local government reorganisation programmes, adjusted for the respective sizes of the Councils on a population basis.

Implementation cost categories

Implementation costs have been identified and estimated in six key areas as set out in the table below. All categories have been benchmarked against recent local government reorganisation cases (costs forecast and incurred)

A contingency of 10% of the total cost has been included, in line with best practice for complex reorganisations.

Fig. 19 Implementation costs (one off costs, £ million)*		Total	
Category	Description	Base case	Stretch case
Workforce	Redundancy and pension allowances	12.5	16.9
Systems	Aligning systems and digital infrastructure	1.6	2.2
Contracts	Termination costs of existing contracts and transaction fees	1.2	1.6
Estates and facilities	Reconfiguration of buildings and disposal costs	1.9	2.5
Transition team	Implementation programme team including; Legal, contract negotiations and specialist support	9.2	12.5
Culture and communications	Communications, branding and training	0.9	1.2
Contingency (10%)		1.9	2.6
Total (£m)		29.1	39.4
West	Estimate of implementation costs for the future 'West' authority	12.8	17.3
East	Estimate of implementation costs for the future 'East' authority	16.3	22.1

*Please refer to assumptions set out in Appendix 3.

Further analysis will be required to quantify implementation costs on a bottom-up basis for each of the categories and for the 'East & West' model.



Limiting reorganisation costs and complexity (2/2)

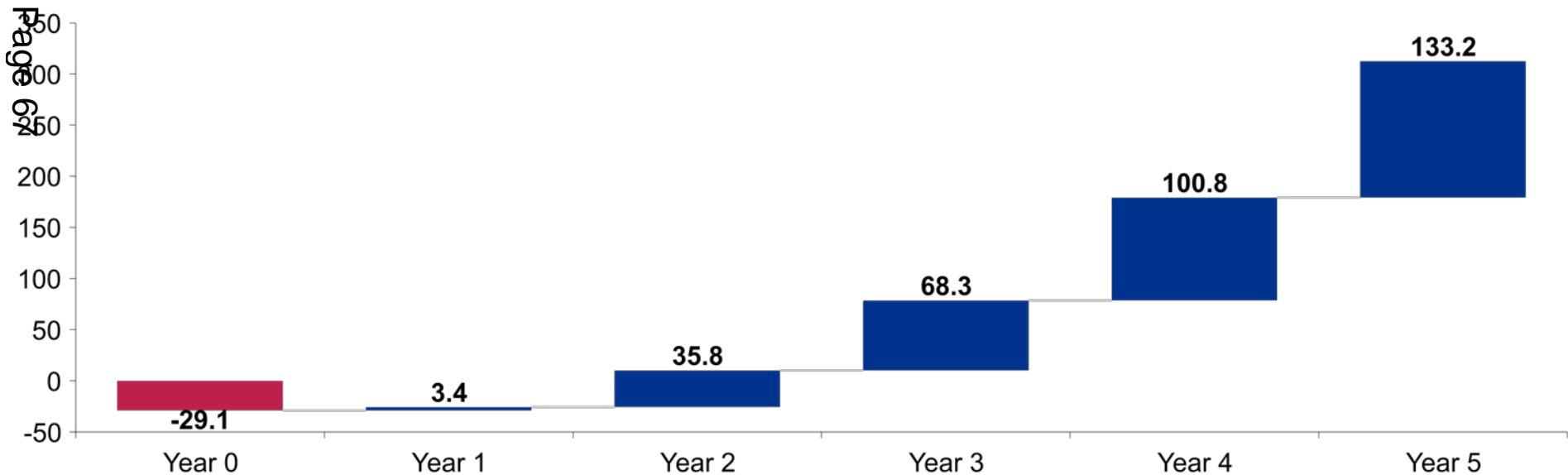
Net costs and benefits over the period

Under an 'East & West' model, given the level of financial efficiencies achievable the payback period is expected to be within two years.

It is assumed that implementation costs are spread across the year before and following the date of transfer, and potential savings start to be realised in the year following the date of transfer which is currently estimated to take place in May 2023.

The payback period could extend to three years if a more phased implementation is agreed following design and planning.

Fig. 20 Cumulative net costs and benefits of local government reorganisation (£m) - Base Case





Financial sustainability for both future authorities (1/2)

Local government reorganisation should...

... ensure that both future authorities start from a secure financial base, with sufficient reserves and the ability to meet savings requirements.

... allow both future unitary authorities to operate at scale, with the potential to deliver significant ongoing financial efficiencies through reorganisation.

... ensure that both authorities have the ability to generate revenue, including through council tax, business rates and housing.

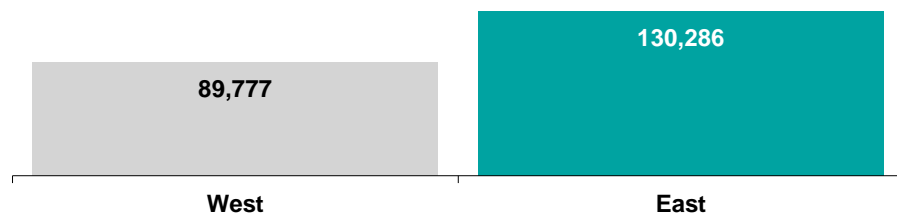
A secure financial starting point

Based on current financial positions, 'East & West' authorities would each start with a secure financial base.

Estimated non-earmarked reserves within each authority is in excess of £89m, with a future 'East' authority having a particularly healthy usable reserves balance.

The chart below is based on current non-earmarked reserves and an apportionment of the County Council's non-earmarked reserves based on population.

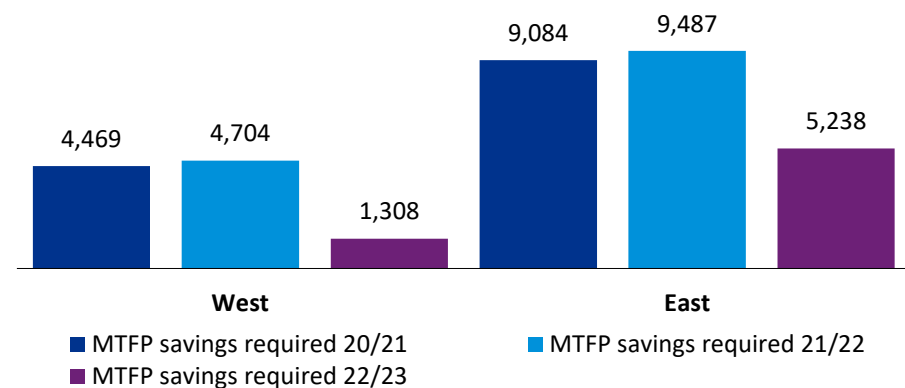
Fig. 21 Non-Earmarked Reserves at April 20¹ (£'000)



Medium Term Financial Plan (MTFP) savings required both appear to be manageable, particularly given the potential for economies of scale savings in each authority post reorganisation.

Authorities in the 'East' will be required to generate a higher level of savings over the next two years based on current MTFPs.

Fig. 22 MTFP Savings Required 20/21-22/23² (£'000)





Financial sustainability for both future authorities (2/2)

Revenue generation opportunities

The 'East & West' model provides both future authorities with significant revenue generation potential.

- **Business rates** – The 'East & West' model gives the most balance based on current income, with £189m in the 'East' and £119m in the 'West'.
- **Housing delivery** – As set out earlier in this section, the City of York has struggled to meet housing delivery targets in recent years, thereby limiting its income generation potential.

- **Council tax** – Three possible scenarios have been explored for future council tax receipts based on each Unitary having common tax rates. Moving to the highest, median, or lowest rate in each authority results in a +3/-1% change in total receipts. This is not a significant enough variance to impact the selection of unitary authorities. The 'East' unitary experiences larger fluctuations in total council tax receipts due to larger changes in the City of York council tax rates, however even in this case the difference is at most 5%.

Fig. 23 Business Rates Net Receivable Income¹ (£'000)

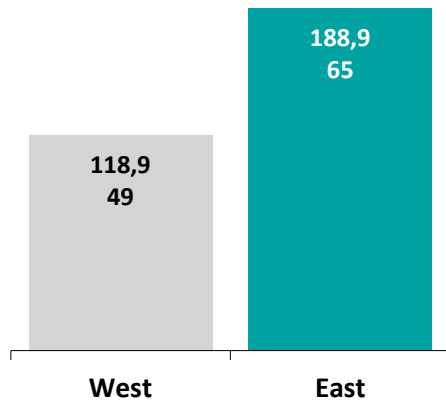


Fig. 24 Future Council Tax Receipts Analysis – Three scenarios	Future Receipts – Highest rate £'000s		Future Receipts – Median rate £'000s		Future Receipts – Minimum rate £'000s	
	West	East	West	East	West	East
Potential Band D council tax rate	£1,966	£1,966	£1,949	£1,950	£1,858	£1,734
Potential total council tax receipts	244,257	264,597	223,872	263,482	222,326	249,101
Baseline total receipts (based on annual income increase 5.2%)	223,273	252,678	223,273	252,678	223,273	252,678
Difference between potential and baseline receipts	885	11,919	600	10,805	(946)	(3,577)
Potential increase/decrease in total council tax income	< 1%	5%	< 1%	4%	< (1%)	(1%)



Two authorities with the potential to transform

Local government reorganisation should...

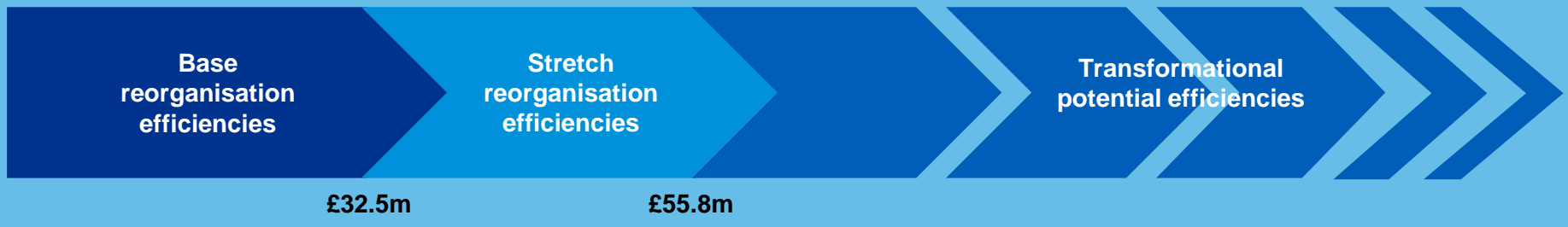
... allow both future unitary authorities to operate at scale, with the potential to deliver significant further financial efficiencies through transformation.

Operating at scale: transformational efficiencies opportunity

The two future 'East & West' authorities will have decisions to make regarding their level of transformation ambition. Investment is likely to be made in IT platforms and digital enablement – the level of this investment will be a key determinant of the overall level of annual efficiencies achievable in each authority. With the right additional investment, efficiencies achieved could significantly exceed stated estimates.

In order to deliver long term financial stability, the key is that both future unitaries are able to operate at scale and have the ability and capacity to invest in transforming service delivery.

Fig. 25 Reorganisation and transformation efficiency potential



Democratic representation

Page 71





Democratic representation: 'East & West' overview

Local democratic representation is central to effective local government, delivering for the people of an area. This remains a vital consideration for local government reorganisation.

This section of the report considers the key principles for democratic representation, that the districts and boroughs have agreed as priority, for the new unitary authorities and outlines how 'East & West' delivers against these.

Challenges	Opportunities
<p>— Lack of clarity and duplication of the roles and responsibilities of District and County Councils.</p> <p>— Complex, diverse and competing needs across the large geographic area of North Yorkshire.</p> <p>Role of the Combined Authority Mayor could add to the complexity and lead to confusion and disenfranchisement.</p> <p>Potential 'democratic deficit' through reducing the volume of councillors, giving responsibilities for larger geographic and population areas.</p>	<p>— Enhanced clarity of role and local representation through establishing a single-tier structure.</p> <p>— A stronger national voice for residents through an effective relationship between local government and Mayoral arrangements.</p> <p>— Simpler relationships and more effective partnerships, better reflecting economic and community geographies.</p> <p>— Accountability closer to citizens with potential for greater devolution to some town and parish councils.</p> <p>— Alignment and establishment of local area structures.</p>

Page 72

Key principles – Democratic representation

What should local government reorganisation deliver?

The following principles were agreed in relation to democratic representation:

- Future unitary authorities must have balanced and effective representation within the future Mayoral Combined Authority.
- The leadership of unitary authorities must have an effective relationship with the Mayor of the Combined Authority.
- There must be effective local leadership and accountability across York and North Yorkshire, enabling linkages to key economies and bodies within and outside of the region.
- The electoral model must be clear and easily understood by the electorate, and the roles and responsibilities of elected members are clearly defined.
- Effective governance and scrutiny must be incorporated in new structures.



Democratic representation: 'East & West' overview

How can the 'East & West' model deliver this?

- **Balanced and effective representation** - The 'East & West' model provides a balanced split of population, geography and key towns and cities as the foundation for an effective relationship between the leadership of unitary authorities and the Mayor of the Combined Authority. The model enables effective and fair local representation from local councillors representing wards within balanced footprints and built on partnership working with parish and town councils.
- **Effective partnership within the region and across the North** - The model will support, align, and provide representation of the proposed Unitary authorities on other bodies and in partnerships. It also enables linkages to key economies outside of York and North Yorkshire, Yorkshire and the Humber, and across the North.
- **Clarity of accountability and responsibility** – Transition to a unitary model of government removes a tier of local government and provides clear accountability and responsibility within the electoral model. The balance of the 'East & West' model ensures that there is a clear delineation between the unitary footprints and the Combined Authority footprint, avoiding potential confusion for the electorate. The model will provide strong, effective and accountable leadership for York and North Yorkshire.

Page 73

Each of these key themes are explored in greater detail in the following pages.



Balanced and effective representation (1/3)

Local Government Reorganisation should...

- ... provide balanced and effective representation within the future North Yorkshire Combined Authority.
- ... have an equitable split of population, geography and key towns and cities as a foundation for balanced representation.
- ... ensure councillor representation across the proposed unitary authorities provides fair and effective representation for all citizens of North Yorkshire.

Potential councillor: elector ratios

There are currently 348 councillor posts across York and North Yorkshire, with 297 councillors in post (51 have dual district and county councillor roles).

At this stage a specific number of future councillors within an 'East & West' model is not being proposed, although it is assumed that local government reorganisation will reduce the overall number of councillors.

Unitary electorate ratios range from 1 : 6,053 (Nottingham) to 1 : 1,536 (Rutland). This results in a potential range of 137 to 540 councillors

combined across the two proposed Unitary authorities. In order to determine the number of councillors, it is imperative the following principles are followed. The number of councillors should:

- *Balance the need to represent an appropriate number of citizens, while having all voices heard in large forums;*
- *Support fairer representation for voters and parties at all levels of council;*
- *Facilitate local representation, decision making and scrutiny for all areas of York and North Yorkshire;*
- *Ensure there is no dominance at a Combined Authority level, with a proportionate split of Unitary Authority representation.*

Fig 26. Councillors numbers based on existing ratios

	Ratio	Total councillor posts	'West' Population: 363,297 (44%)	'East' Population: 465,375 (56%)
Current councillor posts (county, district and unitary)	1 : 2,381	348	153	195
Current district and unitary councillor posts	1 : 3,002	276	121	155
Nottingham City Council (highest in England)	1 : 6,053	137	60	77
Rutland County Council (lowest in England)	1 : 1,536	540	238	302
City of York Council	1 : 4,489	185	81	104



Balanced and effective representation (2/3)

Effective local representation

The 'East & West' unitary model ensures councillors can represent their electorate within Unitary authorities which are small enough for local voices to be heard.

A very large unitary, would require either:

- a higher number of Councillors to represent the electorate, which leads to Councillors struggling to have their voice heard amongst many; or
- fewer Councillors representing large numbers of electors, which leads to an inability to adequately represent the electorate.

Page 55
 To achieve the same representation as in City of York currently, a unitary covering North Yorkshire would necessitate 138 Councillors. Many of these Councillors would represent, large and diverse areas, but would still be competing with many other Councillors to have the views of their residents heard.

Both options are sub-optimal, and as such two equal-sized Unitaries provides the best of both worlds.

This balance of representation will also provide greater opportunity for representation of minority political groups to improve the democratic process.

Providing balanced representation across sensible geographic footprints

The 'East & West' model provides a well-balanced split of population. Further, the largest population hubs of York and Harrogate are split between the two proposed authorities.

Comparatively, a unitary authority covering the 805,220 hectares¹ of North Yorkshire would be by far the largest unitary geography in England. Achieving meaningful local leadership in this structure will inevitably be more difficult than for two authorities covering more functional economic geographies.

Imbalanced unitary authorities could disenfranchise voters and undermine the dynamics of a future Combined Authority. This would not only reduce the ability of a smaller authority to influence strategy, compromising decision making at the Combined Authority level, but also limit local representation for the residents of a larger Unitary Authority.



Balanced and effective representation (3/3)

Representation through Parish and Town Councils

The 700+ Parish and Town Councils across York and North Yorkshire play a vital role in delivering local representation, which will become even more important in a new Unitary model. Parish and Town Councils in an 'East & West' unitary model will have sufficient airtime to present local views, and have sufficient weight to their arguments when sharing views in a more manageable-sized Unitary closer aligned to functional economic geographies.

There is variation in the role and experience of Parish and Town Councils across York and North Yorkshire, and a 'one size fits all' model is not appropriate. There should be engagement, flexibility, and choice to determine the individual future role of each Parish and Town Council. As such there will be a 'menu' of potential services for Parish and Town Councils, to be agreed in each area based on engagement.

It is likely that for some Parish and Town Councils it is appropriate for them to hold greater powers and have an expanded remit of local service delivery and asset ownership, with the right support. This is particularly true for larger settlements, but the focus will be on consultation to understand the areas which individual Parish and Town Councils would like to take increased responsibility for.

There may be some Parish and Town Councils who are comfortable with their current roles and remit. The new unitary authorities will carefully define the new support offer and contact routes, to ensure reorganisation of local government preserves and develops mature relationships between the Councils.

In order to facilitate this, each Parish and Town Councils will be asked to:

- *Engage with District and Borough Councils in order to facilitate a conversation around the future role of their Council;*
- *Define their level of ambition and appetite for service delivery and asset transfer from District and Borough Councils;*
- *Identify the access and support required from Unitary Authorities in order to facilitate local representation and service delivery.*

Case Study: Parish and Town Councils in Scarborough

Three directors of Scarborough Borough Council have each been given responsibility for the three largest town councils in the Borough: Filey, Whitby and Eastfield.

This relationship proved critical during the COVID-19 pandemic when the directors benefitted from the local intelligence and support from the Town Councils to ensure that Council resources were best deployed to suit the individual circumstances of each area.

Issues arose due to an influx of visitors when lockdown measures were eased. Managing the infrastructure of the town with minimal facilities under the new social distancing and pandemic regulations was achieved in an inclusive and locally directed manner through recognition of the key role of Parish and Town Councils in service delivery.



Effective partnership within the region and across the North (1/3)

Local Government Reorganisation should...

... ensure proposed authorities have alignment and provide representation on other bodies and in partnerships.

... provide local representation and ensure alignment between Unitary authority activities and localised action in other bodies.

... allow future unitary authorities to focus on the establishment and development of key partnerships in the wider North Yorkshire and the Humber region.

Alignment with local partners

Retention of localism in the 'East & West' model is supported through the alignment of the Unitary Authorities with other bodies, in order to represent local views at a range of forums. Local Government reorganisation and the removal of District and Borough Councils in the area loses an element of localism through a reduction in representation, but getting change right means maintaining localism at a Unitary and Parish level, where sensible, and creating localism in other forums, where possible.

Local Enterprise Partnership – The proposed 'East & West' Unitary Authorities would both sit within the York and North Yorkshire LEP area. Although unitary authority and LEP boundaries do not necessarily follow functional economic geographies, strong collaborative arrangements within functional economic areas as well as Unitary authorities are important.

National Parks – Building authorities on an 'East & West' footprint connects each of the National Park Authorities to a single new unitary authority, bringing simplicity and efficiency of

governance for those Authorities. The Yorkshire Dales National Park Authority sits within the 'West' footprint and the North York Moors is predominantly in the 'East' footprint.

Healthcare – The 'East & West' model allows greater focus in healthcare partnership relationships. The 'East' and 'West' will each be served by two STP/ICCs, with one aligned to each of the 'East' and 'West' authorities, and one covering the North of North Yorkshire which cuts across 'East' and 'West'.

Note: The 'Impact on service delivery' section provides detail on how these services will operate in practice across the geographies.

Fig. 27 ICS, STP and CCG Footprint

	West		East
STP/ICS Footprint	Craven, Harrogate	Hambleton, Richmondshire, elements of Scarborough	Selby, York, Ryedale, elements of Scarborough
CCG Footprint	Craven	Hambleton, Richmondshire, Harrogate, Ryedale, Scarborough	Selby, York



Effective partnership within the region and across the North (2/3)

Working in partnership with the National Park Authorities

Case Study: Attracting Young families to the Yorkshire Dales

Working in partnership with the Yorkshire Dales National Park, the District and Borough Councils from Richmondshire, Craven, Eden and South Lakes have been working together to address the shared ambition to attract younger families back into the rural parts of our Districts. Led by the District and National Park Leaders and Chief Executives, a combined group of Officers from each participating authority have produced an action plan identifying the key drivers which aim to help to stem the loss of existing young families from the area and stimulate interest in the National Park as being a destination to both live and work.

By combining funding, Officer resource and expertise, the initiative has developed a number of current work streams such as building more affordable housing, creating better jobs, retaining essential services and promoting the National Park as a place to work and live. The importance of improving digital communication is also supported by partner involvement through NYCC and the LEP are also involved in supporting specific project aims.

The Action Plan looks to deliver outcomes in relation to site specific projects (such as the economic regeneration of redundant agricultural sites and identifying viable exception housing sites) but more importantly to allow for a consistent approach between partners in seeking to overcome jointly the obstacles to both working and living in a deeply rural environment.



Effective partnership within the region and across the North (3/3)

Alignment with regional partners

Northern Powerhouse – Looking outwards, the Northern Powerhouse forms part of a wider regional partnership, supporting the ‘levelling up’ agenda and recognising the importance of Unitary authority alignment to support this agenda. The ‘East & West’ model would form two authorities, both linked, but with different partnerships, which will be vital to the success of the model.

West Yorkshire – The County structure of North Yorkshire does not recognise the fact that parts of North Yorkshire are also aligned to West Yorkshire. Areas of both the future ‘East & West’ Authority will continue to look towards West Yorkshire and the Leeds City Region (i.e. Craven, Harrogate, York and Selby). A future ‘East’ and/or ‘West’ authority may also have the potential to negotiate becoming non-constituent members of the West Yorkshire Combined Authority and deriving the additional benefits this could achieve.

Tees Valley and East Riding – Similarly, East Riding of Yorkshire is more aligned to a future ‘East’ authority and as such potential future benefits from greater alignment through linkages with York and Selby. The Tees Valley Combined Authority will need to work in partnership potential future alignment with both the future ‘East’ and ‘West’ authorities.

79



Clarity of accountability and responsibility (1/2)

Local Government Reorganisation should...

... **remove layers of local government to simplify the model.**

... **provide clarity on the roles and responsibilities of members across local government.**

... **result in an electoral model that is clear and easy to understand for the electorate.**

Clear accountability and responsibility

The introduction of Unitary authorities provides clarity in the layers of local government. It defines distinct and complementary boundaries between the responsibilities of the Unitary Authority, and the Combined Authority and Mayor.

Under the 'East & West' model this benefit is maximised through clearly defined equivalent geographies, facilitating sufficient locality to identify local challenges, while providing sizeable Unitary Authorities to champion local issues at the Combined Authority.

Having clear roles and responsibilities for the Unitary Authority Councillor ensures elected members are aware of their responsibilities and that the electorate hold members to account.

At the highest level, the roles of Councillor relate to four dimensions: place, policy, people and processes.¹ The proposed 'East & West' model impacts directly on the place and people a Councillor is representing, and indirectly on the policies and processes.

The following principles should be taken in to account when defining the future Councillor roles and responsibilities:

- Unitary members will represent all services for the area they are elected;
- The electorate should be clear on how they are represented, and how their representation cascades to the Combined Authority;
- Councillors are holding to account, influencing, and providing local representation on behalf of citizens;
- There is a clear boundary of responsibilities to Parish councils, including how Parish councils will interact with the Unitary and Combined authority.



Clarity of accountability and responsibility (2/2)

Providing clarity for the electorate

Establishing two reasonably-sized unitary councils across York and North Yorkshire will clarify the role of the Unitary and Combined Authorities, and support fair representation at a Combined Authority level.

The 'East & West' model will provide clarity regarding the role of, and elections for, unitary and combined authorities in North Yorkshire. It avoids the potential to have one Unitary representing and setting policy for 75% of the people and 97% of the geographic area of North Yorkshire, causing confusion regarding the difference between elections and the different role of the two authorities. This allows the electorate to have a clear understanding of how they are being fairly represented firstly at a Unitary Authority and then Combined Authority level.

Clarity of roles of Mayor and Council Leaders

Within an 'East & West' Combined Authority there is clear differentiation between the roles of Unitary Authority Leaders and the Mayor.

However, in a less balanced Combined Authority, there is the potential for significant overlap, with the leader of a dominant unitary authority duplicating some of the roles ideally delivered by the Mayor.

Representation at Combined Authority level

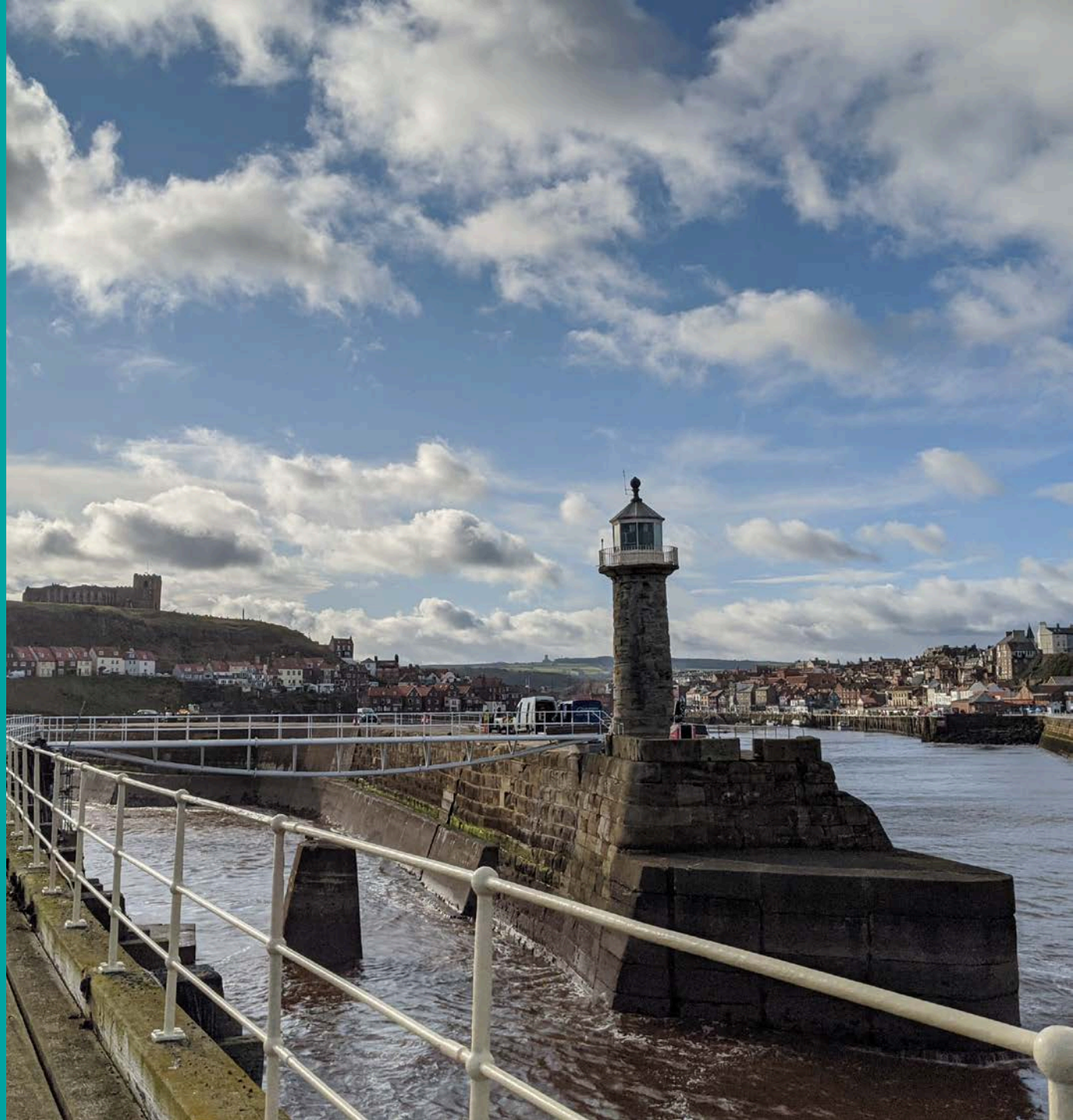
The 'East & West' model strengthens effectiveness and representation at the Combined Authority, by providing two balanced constituent members with a largely-equal balance of power.

Under a 'York & North Yorkshire' model, residents of each authority are potentially compromised:

- For residents of a potential North Yorkshire Unitary Authority, there is less opportunity for local views and concerns to be represented at the Combined Authority level, with many competing interests across a single unitary authority. An 'East & West' model enables more effective local representation, allowing the voice of residents to be better heard at the Combined Authority level.
- For residents of the City of York, there is a danger that the Unitary suffers from an imbalance of power (the area has 25% of the Combined Authority population and 3% of the geographic area). 'East & West' ensures an equal voice from each unitary at Combined Authority level.

Facilitating the aims of evolution

Page 82





Facilitating the aims of devolution: overview

Central government has indicated that the Local Recovery and Devolution White Paper will be released in the Autumn. As York and North Yorkshire have developed their priorities for devolution, ahead of discussions with central government, it is important to consider how local government reorganisation can be best aligned to the aims of devolution.

This section of the report considers the key principles for facilitating the aims of devolution, that the districts and boroughs have agreed and outlines how 'East & West' delivers against these.

Challenges	Opportunities
<p>— Authorities with limited scale to leverage clean growth investment opportunities, with the County administering investments across a large and diverse geographic area.</p> <p>— Unitary authorities based on current footprint would result in imbalance at the Combined Authority level.</p>	<p>— Delivery of the ambitious proposals set out in the devolution submission (refer to Appendix 1).</p> <p>— 'Levelling up' of economies, developing broader and more sustainable functional economic geographies.</p> <p>— Development of mixed geographic areas, with balanced rural and urban geographies with sufficient scale to leverage clean growth investment opportunities.</p> <p>— Potential for York and Harrogate to flourish as economic centres.</p>

Page 83

Key principles – Facilitating the aims of devolution

What should local government reorganisation deliver?

The following principles were agreed in relation to facilitating the aims of devolution:

- New structures must deliver the ambitious devolution proposals for York and North Yorkshire, including clean and inclusive growth and a carbon negative future across the Combined Authority footprint.
- Supporting the 'levelling up' of the Northern Economy, including through partnerships with neighbouring authorities and educational institutions.
- Parity of influence in the future Combined authority, meaning a fair and balanced distribution of the benefits of devolution.



Facilitating the aims of devolution: overview

How can the 'East & West' model deliver this?

- **A well-balanced and effective future Combined Authority** – Power and influence within the future Combined Authority will be evenly distributed to support better decision-making, leveraging infrastructure funding that enables better identification of local priorities. 'East & West' are well-balanced in population, rural/urban split, gross value added, levels of deprivation, employment, unemployment, skills and qualifications and house prices.
- **Supporting strong, inclusive growth and the 'levelling up' agenda** – The balance provided by the two footprints sets both authorities up to 'level up' and to deliver an economic response to COVID-19. Better balanced authorities enable improved delivery of ambitious infrastructure projects rather than putting pressure on resource within a smaller authority. The 'East' authority, which contains the largest area of deprivation would include York, with the opportunity to unlock economic potential through building on existing links with its neighbouring towns.
- **Enabling clean growth in both future unitary authorities** – The 'East & West' model facilitates delivery of the Local Energy Strategy and the green initiatives set out in the devolution submission. Authorities have a more balanced mix of rural and urban areas by dividing York and Harrogate and have potential and scale to leverage clean growth investments, in order to become carbon negative by 2040.

Page 84

Each of these key themes are explored in greater detail in the following pages.



A well-balanced and effective Combined Authority (1/2)

Local Government Reorganisation should...

... be consistent with the formation of an effective and balanced Combined Authority to support fair distribution of the devolutions asks and delivery of the Local Industrial Strategy.

... set the mayor up for success, through establishing a balanced Combined Authority, avoiding a situation where a dominant authority holds the balance of power.

Balance, fairness and effective governance

The 'East & West' model provides balance, fairness and parity of influence in a future York and North Yorkshire Mayoral Combined Authority.

In a two-unitary Combined Authority this balance will be crucial to allow effective decision making at the Combined Authority level and to ensure that the benefits of devolution are felt across the whole of York and North Yorkshire.

Other potential geographic footprints for York and North Yorkshire mean less balance, leading the smaller authority to have less influence, risking these residents being disadvantaged as the benefits of devolution are delivered.

Key elements of this balance between 'East' and 'West' include:

- **Total population and representation:** 'East & West' leads to a population ratio of 56:44, which is by far the most even split of the shortlisted options.

- **Rural/urban split:** 'East & West' footprints each have a mix of more urban and rural areas, providing each with a range of economic opportunities (and challenges). York, by far the largest population centre in the region would be in the 'East', with Harrogate, the second largest, in the 'West'. Over £600m of the devolution proposals focus on towns and cities, so a split between the two authorities is important to deliver balanced growth and a more equitable allocation of devolution funding.

Fig. 28. Potential Combined Authority make-up

	'East & West'		'York and North Yorkshire'	
	West	East	North Yorkshire	York
Population (ONS, 2019)¹	363,297 44%	465,375 56%	618,054 75%	210,618 25%
Area Size (hectares)²	511,790 61%	320,630 39%	805,220 97%	27,190 3%



A well-balanced and effective Combined Authority (2/2)

- **Gross Value Added (GVA)** - An 'East & West' model means GVA per person will be most evenly split of all options analysed, indicating equity for both footprints in productivity and economic potential.
- **Deprivation** - Areas with high deprivation are not disproportionately high in either 'East' or 'West'. The districts with the lowest levels of GVA per capita (Scarborough and Richmondshire) are split across the two Unitaries – each district requiring particular attention to address their disparate economic challenges.
- **Employment and unemployment** – The average median weekly wage of a resident in the 'West' is £17.45 higher than in the 'East' – the most balanced of shortlisted options analysed. As at June 2020 there are more Jobseeker's Allowance claimants in the 'East', though both footprints are well below the national average.
- **Skills and qualifications** – An 'East & West' split provides a balance of skill levels. In the 'East' 38.9% are qualified to NVQ4+ or equivalent, compared to 39.9% in the 'West'.
- **Key industries** – Both 'East' and 'West' have a healthy range of employment across multiple sectors, without an over-reliance on particular industries.

- **Housing** is comparatively evenly priced between 'East & West'. House prices in the 'West' are, on average, £29k more expensive than in the 'East' – more balanced than other options considered. This is also reflected in the rental market where the difference between average median monthly private rents in the 'East & West' model is just £5.50.

Fig. 29 Employees by key industries

East			
#	Industry ¹	Number of employees ¹	% of Total
1	Health	28,250	13.6
2	Accommodation & Food	24,750	11.9
3	Retail	22,000	10.6
4	Education	21,750	10.4
5	Manufacturing	21,000	10.1

West			
#	Industry ¹	Number of employees ¹	% of Total
1	Accommodation & Food	19,500	10.4
2	Health	18,750	10.1
3	Professional, Scientific & Technical	15,250	9.2
4	Manufacturing	15,000	7.1
5	Health	14,750	6.4

Page 86



A well-balanced and effective Combined Authority (2/2)

Setting the Mayoral Combined Authority up for success

The Mayor in a future Combined Authority will have just two unitary authorities, making the balance of this relationship critical for the successful governance of the area and delivery of devolution powers.

A situation where there is a clear dominant authority (i.e. one with greater weight in terms of population, geographic area, funding, GVA, etc.) could result in a situation where a mayor is hampered in their ability to ensure that decision-making and the allocation of funding is fair and equitable, and for the interests of the population of the whole Combined Authority.

In an effective Combined Authority unitary authorities act as the engine room for delivery of strategies. In a two-unitary model this requires two well-balanced authorities with the capacity to deliver at scale within an equal partnership.

Page 87



Supporting strong, inclusive growth and the 'levelling up' agenda (1/3)

Local Government Reorganisation should...

... facilitate strong, inclusive economic growth across both future unitary footprints.

... support 'levelling up' across York and North Yorkshire, as well as supporting the national 'levelling-up' agenda through strong regional growth.

... facilitate increased productivity and skills development across York and North Yorkshire.

... realise the full economic potential of York and ensure the benefits of this growth are spread more widely.

Strong growth across both unitary footprints

The 'East & West' model creates two well-balanced unitary authority footprints facing a similar range of challenges and with clear opportunities for growth.

Better balanced authorities enable improved delivery of ambitious infrastructure projects rather than putting pressure on resource within a smaller authority.

The economic impact of COVID-19 strengthens the case that all unitary authorities will need to have capacity, resilience and scale.

'Levelling up'

Not only is there a need for 'levelling up' of the economy across the UK and closing the North-South divide - there is a need to support 'levelling up' within York and North Yorkshire.

Authorities in the north of the region have historically produced a lower GVA per capita. The regional economy will be strengthened by areas with the greatest deprivation, such as Scarborough and Richmondshire, strengthening ties to more economically productive southern areas such as York, Harrogate and Craven.

Aligning to functional economic geography

It is clear that the County of North Yorkshire is not a functional economic geography, given distance and travel times across the County, particularly from East to West.

Whilst there is no way to fully reflect functional economic geographies within a two unitary split, the 'East & West' model allows each unitary footprint to build on well established existing connections and capitalise on current transport infrastructure.

Key road and rail transport corridors in the county generally run better North to South, and the key growth corridors of the A64 and A1(M) are split between 'East' and 'West'.

Local government structures that best align with and support these functional economic areas and strengthen the economic opportunities presented across the region will be best placed to facilitate inclusive growth.



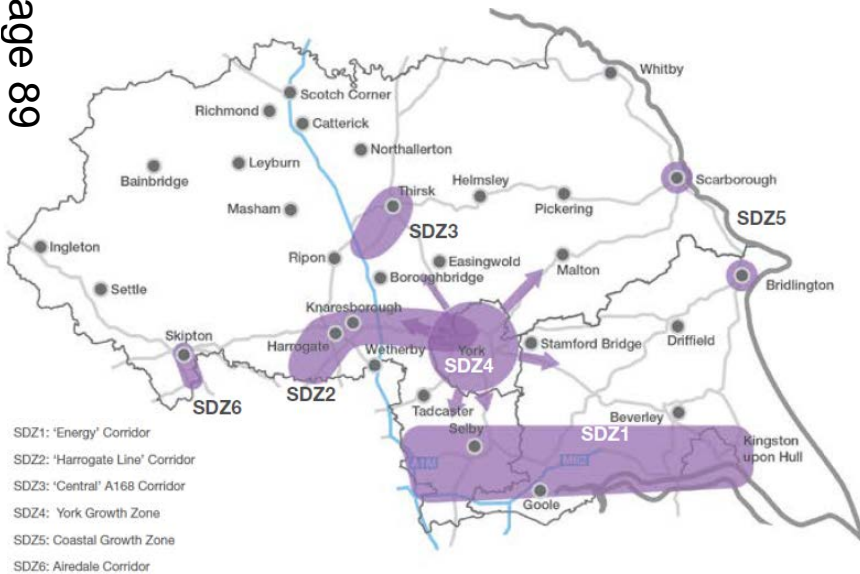
Supporting strong, inclusive growth and the 'levelling up' agenda (2/3)

Strategic Development Zones (SDZs)

There are six SDZs in the region which provide opportunities for clean and inclusive growth. These are predominantly in the south of the region and only one is wholly in the North (Coastal Growth Zone). In the 'East & West' model each authority will benefit from at least three SDZs.

Two of six Strategic Development Zones will be split between 'East & West' footprints so will required collaboration between the two unitary authorities to be effective.

Fig. 30 Strategic Development Zones⁴



Opportunities to grow tourism in 'East' and 'West'

Tourist attractions are well-balanced between the 'East' and 'West' authorities, supporting the LEP's ambition to grow the natural capital economy by 31% by 2050 and support sustainable tourism.

The sector provides £2.67bn GVA and 56,000 jobs across York and North Yorkshire¹.

There is an opportunity for the region to increase tourism through the greater focus that new 'East' and 'West' unitary authorities bring.

Tourism in the 'East':

- North York Moors: currently has over 8m visitors annually, generating spend of £696m and supporting 11,133 full time equivalent jobs.²
- York: aims to have a £1bn tourism industry by 2025 and benefits from Roman heritage, museums, galleries and tours and a racecourse.
- Coastal growth zone including Scarborough, Bridlington and Whitby

Tourism in the 'West':

- Yorkshire Dales: tourism in the Dales was worth £693m in 2017 and aims to grow by 5% by 2024²
- Harrogate: which benefits from the Harrogate Convention Centre, Victorian spa town architecture, restaurants and works as a base for the medieval city of Ripon and the Nidderdale Area of Natural Beauty



Supporting strong, inclusive growth and the 'levelling up' agenda (3/3)

Driving inclusive growth through York and Harrogate

Building on established visitor economies and professional service sectors, both York and Harrogate have adopted strategies that support higher-value job creation and developing and retaining talent. Each has an ambition to drive research-led business growth in key sectors.

Within an 'East & West' split both economic centres are ideally placed to power inclusive growth across a dual unitary footprint.

Unlocking the potential of York

York will continue to be a vital economic centre within North Yorkshire regardless of the future unitary authority footprints. However, to maximise the potential of York it needs to be outward looking, and well connected to its surrounding towns and rural communities.

There is currently no recognised concept of a York City Region, but an 'East & West' model allows York to strengthen existing links with Selby, Ryedale and Scarborough, with strategies and plans developed for the good of the wider region – benefiting both York and the rest of the 'East' footprint.

The average GVA per person in the City of York is above the national average, but has reduced significantly in recent years, while the majority of North Yorkshire Districts have been consistent or strengthened. This points to limitations of the geographic footprint of York, which local government reorganisation could address, providing synergies and opportunities for the economy of York to realise its potential.

Unlocking the potential of Harrogate in the West

Harrogate will be the largest town in the new 'West' authority. It has the potential to play a more prominent role in the future structure, unlocking economic growth opportunities.

Harrogate is well connected to Leeds, with significant travel to Leeds for work, and also has a direct train link to London.

It benefits from one of the country's leading Convention Centres, attracting businesses, visitors and generating significant revenue for the local economy.

Case Study: Digital Place Leadership

York and Harrogate have both experienced recent growth in the digital sector. Concurrently, the local authorities are at the forefront of digital innovation and infrastructure in the sub-region.

York was the UK's first gigabit city and the council is building on this platform with smart travel initiatives, new wireless networks and IoT solutions. Harrogate is set to benefit from its own full-fibre network courtesy of Cityfibre, yet this has not prevented the town from becoming the first place in the UK to introduce end-to-end smart parking. Imminent new wireless networks will also enable 'smart' outcomes linked to local objectives.

An 'East & West' model will allow Harrogate and York to continue to collaborate whilst leading the way in emerging smart technologies across both geographies and for the benefit of all.



Enabling clean growth in both future unitary authorities (1/2)

Local Government Reorganisation should...

... facilitate the delivery of the Local Energy Strategy and the green and clean growth initiatives set out in the York and North Yorkshire devolution submission.

... ensure there is potential for clean growth within both of the future unitary footprints.

Equitable starting point

The 'East & West' model creates two authorities with even levels of CO2 emissions (49% emissions in the 'East' authority and 51% in the West authority). This will avoid investment or pressure being unevenly applied to one authority.

Both authorities include a more urban area in the south and a more rural northern area including a national park. This provides an even footing from which to pursue clean growth.

Becoming carbon negative by 2040

The York and North Yorkshire devolution deal states the ambition to become the country's first carbon negative region.

To achieve this, there is a need to focus on reducing emissions across four key sectors of our economy: transport, buildings & industry, land use & agriculture and power. The 'East & West' model, through effective strategic and local partnership working can support the challenge of delivery at pace and scale.

Delivering the Local Energy Strategy Vision

York, North Yorkshire & East Riding, through the Local Energy Strategy¹ has set the following vision:

A resilient low carbon economy, where solutions to address the climate crisis are implemented to make our area a better place to live and create a more competitive economy.

Key projects have been defined, linked to four key ambitions:

- Establishing 'resource efficiency clusters'
- Creating an energy Smart City of York
- Support towns, rural communities and business benefit from energy independence
- Create a circular agri-food economy.

These projects provide substantial opportunities for clean growth to be delivered in both 'East' and 'West', including:

- In the 'East': York Smart Transport System, including EV charging points and traffic light sensors.
- In the 'West': Harrogate Borough Council's Garden Community circular energy system, which uses surplus waste from Allerton Waste Recovery Facility.



Enabling clean growth in both future unitary authorities (2/2)

Synergies and scale

Many of the green initiatives in the region's devolution asks require scale to deliver on their potential. Over £52m is proposed for ultra low emissions public transport and deployment is phased to focus on urban areas that will subsequently roll out to rural regions.

As the largest city, deployment will begin in York but the establishment of two well-balanced unitary authorities will provide a structure that incentivises shared learning and deployment across the wider region. Both 'East' and 'West' have the requisite scale and capacity to deliver but also ensure that the benefits of later phase initiatives can be spread more widely.

Case study: Bio-Yorkshire

Through Bio-Yorkshire, and already established connections with green initiatives in the Humber, the East of the County will be well placed to become a national leader in the bioeconomy and renewable energy.

The York and North Yorkshire devolution asks include multiple funding proposals relating to Bio-Yorkshire. Bio-Yorkshire Accelerator's primary purpose is to address the lack of connectivity between academia, industry, investors and the public sector, as well as between industry sectors within and beyond Yorkshire to promote the adoption of and investment in innovation.

There are three key areas of focus: fostering connectivity between academia, SMEs, industry and investors; encouraging bio-based entrepreneurship; and bringing global visibility to Bio-Yorkshire as a UK Centre of Excellence.

Enabling better management of climate change and the environment

An 'East & West' model allows the separate areas to focus on the very specialist and unique challenges faced by two distinctly-different areas in relation to climate change, flooding and coastal erosion.

Both areas suffer from flooding but of differing types. The hillier terrains of the 'West' area are predominated by pluvial (surface) flooding, whereas the flatter areas of the 'East' suffer more from fluvial (river) flooding. The 'East' also has the coastal environment and the risks presented by tidal surge flooding, cliff and slope instability and coastal erosion.

Climate change models predict that severe weather will continue to intensify in the decades to come, and creating two unitary authorities that are capable of managing these differing risks in each area is crucial to the safety of residents in the areas.

Scarborough Borough Council has a specialist in-house coast protection service which already leads for the whole of the North East Coast and is recognised nationally as an award winning centre of excellence. The service also assists the other District and Borough Councils with the procurement and delivery of their major strategic projects through the YORhub frameworks.

Two 'East & West' unitary authorities means a clearer vision for coast and flood protection for the local areas, greater focus on the problems in these areas and building on the existing strengths within the districts, providing greater control over preservation of life and protection of property.

Public Support

Page 93





Engagement approach to date

Establishing public support is critical to successful local government reorganisation. Consultation has commenced, with the findings to follow at a later date.

Engagement to date

We have consulted widely with members of the public, businesses, local organisations and stakeholders across the region, recognising that public support is crucial for the success of any model.

The District and Borough Councils have consulted on the principles of the case, and continue to consult on the 'East & West' model.

Methods of engagement to date

- Press coverage, social media and website all encouraging feedback
- Online survey
- Market research – survey of York and North Yorkshire residents asking for their views on the district and borough model, compared with the county council model
- Online engagement sessions
- One-to-one meetings/calls
- Letters to stakeholders, parish councils and businesses

Key stakeholders being engaged

- Central government – key ministers and civil servants
- Local MPs
- Local councillors
- Local authority staff
- Parish and town councillors
- County and city authorities
- Local Government Association
- District Councils' Network
- Local public services (health, fire, police, etc)
- Key businesses, business leaders and organisations
- The voluntary and community sector
- Residents



Results of engagement to date

The District and Borough Councils are in the early stages of engagement. Further engagement is being undertaken to determine the level of support for an 'East & West' option.

Online engagement sessions

To date there have been:

- 3 sessions for businesses
- 3 sessions for community groups
- 2 sessions for residents
- 1 session for the community and voluntary sector

Parish and Town Council engagement

All district and borough councils have written to their local parish and town councils and set up engagement sessions. Many parish and town councils have been supportive of the East-West model.

'A single authority to cover the whole of North Yorkshire would be too large and far too remote from the public at large.'

'...the Councillors have decided that having two unitary councils with an East West divide would be a better solution. It would still be a large area with many miles between main towns but would link people with a more similar economic and social need than those in the east and York.'

'(This Council) strongly agrees with your concerns over the proposal to create a 'super' unitary authority covering the whole of North Yorkshire.'

Online survey results

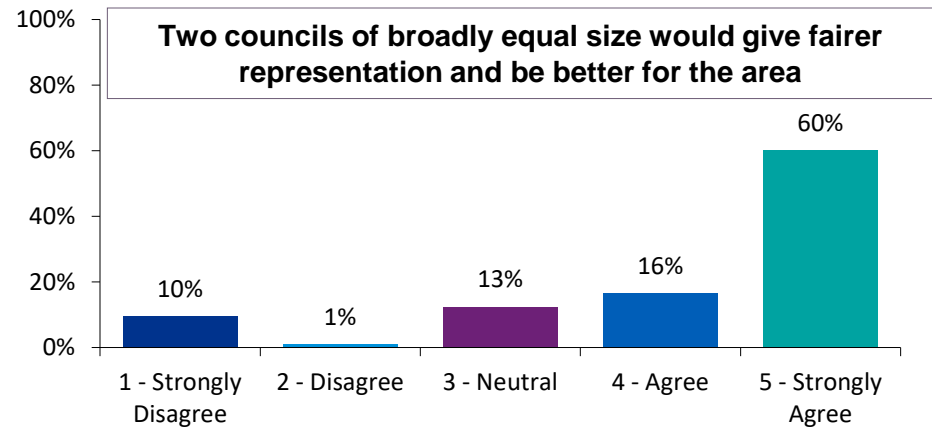
The online survey at www.get-change-right.com/consultations has so far received over 200 responses.

50% of these are from residents, 24% from businesses, 19% from parish or town councillors, and 3% elected members.

85% of respondents live and work in York and North Yorkshire, while 9% live in the region but work outside it.

Respondents were asked to agree or disagree with a number of statements, to test the principles behind the 'East & West' model.

Fig. 31 Online survey results



Comparing to alternative options

Page 96



Overview of options analysed

A future 'East & West' Combined Authority provides significantly greater balance in population compared to the alternative models analysed.

While the geographic size is similar between 'East & West' and 'North & South', the current County Council footprint takes up 97% of the total land mass



Page 97

Fig. 32

	'East & West'		'North & South'		'York and North Yorkshire'	
	West	East	North	South	North Yorkshire	York
Population (ONS, 2019) ¹	363,297	465,375	309,461	519,211	618,054	210,618
Population Ratio	44 : 56		33 : 67		75 : 25	
Area Size (hectares) ²	511,790	320,630	496,200	336,220	805,220	27,190
Area Size Ratio	61 : 39		60 : 40		97 : 3	

Summary of comparison

Alternative: 'North & South'



Comparison: 'York and North Yorkshire'



Page 98

The 'North & South' model was rated highly throughout the options appraisal process though did not score higher than the preferred option against any of the evaluation criteria categories.

'North & South' split groups Districts in the Leeds City Region in the 'South' authority.

It has the potential to benefit from some specific devolution proposals (e.g. strengthening transport links between York and Harrogate within the 'South' authority.)

While the option was rated highly, its key weakness is that it creates a greater imbalance in a future Combined Authority. The 'North' authority has a smaller and more rural population with fewer east-west transport links. Economically there is also a greater disparity between the proposed authorities regarding wages, house prices and GVA per head, leaving the 'North' authority with significantly greater challenges.

This option is also more disruptive to the National Parks boundaries as the Yorkshire Dales will be divided between the two authorities.

The 'York and North Yorkshire' model results in a significant imbalance in unitary authorities, which would result in a senior and junior partner in the future Combined Authority. York would be under-represented and North Yorkshire would need to represent a large, disparate area with complex and competing priorities.

The option maintains the status quo for the City of York which reduces potential disruption across the region but does not provide solutions to limited land supply, children's services that require improvement or the opportunity for efficiencies, greater resilience and greater capacity. The model does not provide for the long term capacity, resilience and sustainability of York and the population is below 300,000 and too small to realise economies of scale and opportunities.

One unitary authority across North Yorkshire would be the largest unitary in England in terms of area, and the third largest council in terms of population size.

This risks local residents losing democratic representation, as well as a loss of local identity and service delivery.



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Implementing local government reorganisation

Page 99



Expected implementation timeline

Detailed implementation planning will be fundamental to successful local government reorganisation. Whilst timings are uncertain, the timeline that the District and Borough Councils are working to is set out below. Activities and milestones are considered against four high level phases, which are explained in the following pages.

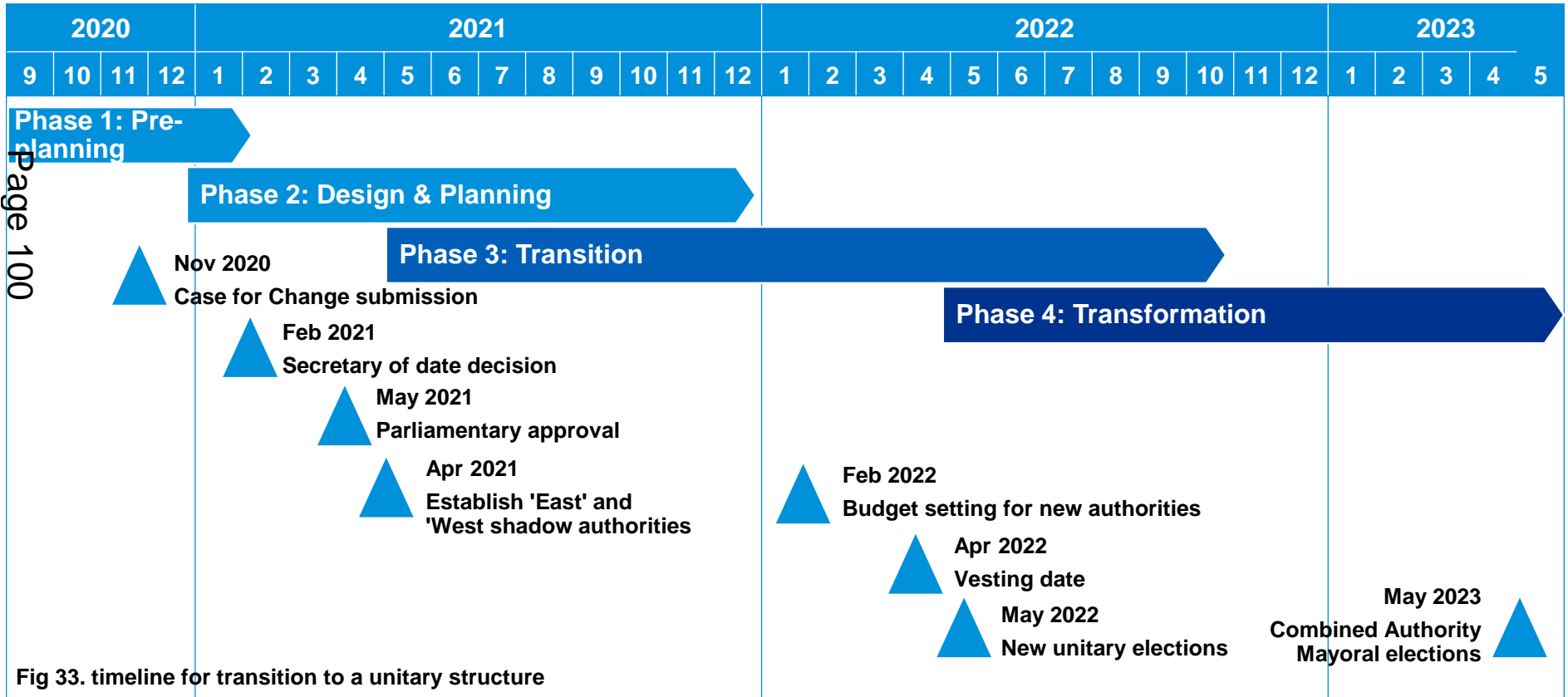


Fig 33. timeline for transition to a unitary structure

Implementation workstreams

As part of initial planning, eight workstreams have been identified to support detailed planning. These workstreams are described below. During Phase 1 and 2 activities require significant contribution and co-ordination from the authorities across York and North Yorkshire. At the start of Phase 3, when shadow authorities form, the majority of activities take place within both 'East' and 'West', separately, but with ongoing engagement and co-operation.

Activities within these workstreams run throughout the phases set out on the previous page

Workstream	Workstream scope
Programme management and governance	Ensure that all planning, governance and delivery activities that support the programme and the other workstreams are in place and tracked. Ensure that effective governance structures are established in the new unitary authorities and oversee development and delivery of a target operating model for the new authorities.
Stakeholder engagement	Carry out engagement with communities, parishes, towns and businesses. Engage partners to develop how to work effectively within each of the new councils across all services.
Customer contact	Plan, design and deliver the new approach to customer engagement in each authority across all services.
Service delivery	Integrate service within each of the new Councils, ensuring all existing services are aligned to new policies and process. Procedures are in place for the creation of the new unitary council. Each authority will determine their approach and level of ambition in relation to service optimisation/transformation.
Data, systems and technology	Review the existing IT assets and systems before designing and implementing the IT solutions for the new authorities, linked to the target operating model. Ensure that data is transferred and managed effectively during the transition, setting the authorities up to become data driven organisations.
Estates	Analyse the estate portfolio of the constituent authorities and determine the appropriate estate strategy for each of the new authorities.
People and communications	Plan and manage the HR process and overall people and cultural change for each of new authorities. Carry out staff and trade union engagement and develop and deliver a communications strategy.
Finance	Manage the financial transition to the new authorities, including setting the first budget for each of the new authorities. Develop and deliver a financial strategy for each of the new authorities.
Legal	Establish the constitutions of the new authorities and manage the contractual changes required as multiple authorities integrate into new legal entities.

Implementation phases (1/2)

Phase 1: Pre-planning

Stakeholder engagement and consultation is ongoing, as set out in the Public Support section.

Prior to the delivery of Local Government Reorganisation, there will be a need for cooperation and consensus building between key stakeholders across central and local government. Within North Yorkshire there will likely be competing bids for the structure of local authorities, and as such the Secretary of State will form a conclusion based on consultation with all parties involved.

The following key activities take place :

- Finalise a structured engagement plan for all partner authorities, impacted bodies, and key stakeholders.
- Further consultation on the options put forward, seeking wider citizen engagement on the topic of local government reorganisation.
- Challenge sessions within the York and North Yorkshire boundaries, designed to build consensus.

Phase 2: Design & Planning

Design and more detailed planning work commences from the moment that the Secretary of State makes a decision on the future structure of local government in York and North Yorkshire.

Activities begin to focus on the establishment of the 'East' and 'West' authorities, but with coordination required across all nine current authorities.

The following key activities will take place:

- Establish formal governance and programme management arrangements to be taken forward into new shadow authorities
- Agree detailed programme implementation plan
- Confirm future service requirements and commence detailed service transition planning
- Appoint programme team to support transition
- Align existing change activity across constituent authorities
- Review baseline IT architecture
- Baseline property portfolio and commence planning
- Agree communications strategy
- Agree high level HR transition plan
- Ongoing staff and trade union engagement and communications

Implementation phases (2/2)

Phase 3: Transition

In line with other Local Government Reorganisation processes, the District authorities expect shadow authorities to be in place one year prior to the vesting date (i.e. from April 2021, with a vesting date of April 2022).

The two 'East' and 'West' shadow authorities will be made up of Councillors and Officers from the current authorities, who will oversee the following key activities:

- Detailed integration planning and transition of services to the new unitary authorities, identifying cost and timelines.
- Organisation and operating model design, and initial structures for the new authorities.
- Appointment of Chief Executives and leadership teams.
- Staff transition process, focussed on the need to retain a skilled workforce with the right culture. TUPE of staff to new authorities.
- Establishment of new payroll arrangements.
- Management of data as part of initial IT systems transition;
- Ongoing stakeholder engagement, including reinforcing current partnerships and formation of new partnerships, where appropriate.
- Budget setting for the new authorities.
- Consolidation of funding arrangements, council tax equalisation, business rates collection, harmonisation of HRA, alignment of treasury management and reserves.
- Ongoing staff and trade union engagement and communications.

Phase 4: Transformation

At the point that new authorities formally come into existence, greater focus can be placed on the long term strategy for the future authorities.

Authorities may vary in their level of ambition, but likely activities include:

- Establishment of a transformation programme, with responsibility for confirming and implementing a target operating model for the new authority and leveraging synergies. This is likely to include detailed review of:
 - Customer contact;
 - Service delivery;
 - Back office/enabling services;
 - IT and data strategy;
 - People, organisational development and culture;
 - Estates.
- Implementation of new Enterprise Resource Planning (ERP/Customer Relationship Management (CRM) systems, or further consolidation of current systems.
- Detailed review of existing contracts and third part spend, consolidating and rationalising spend whilst seeking to take advantage of economies of scale.
- Consolidation of fees and charges.
- Alignment of pay, terms and conditions.
- Ongoing change management and communications.

Transition of services and next steps

Transition of county and unitary services, including social care

There are currently two authorities within the York and North Yorkshire providing services such as Adult Social Care and Children's Services.

Under an 'East & West' model, the working assumption is that these services will be delivered in 'East' and 'West', meaning that there will continue to be two authorities delivering these key services across the geography.

Existing operating models will be used as the basis for future operations, with opportunities for improvement and the benefits of increased capacity for York also to be further explored.

Key activities will include:

- *Review of current locality structure and workforce to identify appropriate allocation to future authorities.*
- *Agreement of future delivery structures with service providers and shadow authorities;*
- *Refinement of functional operating models and services, aligned to new geographies;*
- *Review and refinement of service policies, processes and procedures, including Service Level Agreements for each level of service provision;*

- *Restructure of membership on boards, reviewing local representation;*
- *Detailed transition planning development, in order to ensure continuity of services.*

Transition of district services

District level services will be consolidated into each of the two unitary authorities. However, decisions will be required regarding the estates and working locations to be retained, with many of the current District offices likely to continue in a different form under the new authority.

Next steps

As set out in this section, the District and Borough Councils have commenced high level implementation planning, and are seeking to engage the County Council and the City of York to progress more detailed joint planning.

Recent local government reorganisation processes, for example in Dorset, will provide invaluable insight, as well as confidence that the formation of two unitary authorities across a County area can be delivered successfully and on time.



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Appendices

Page 105

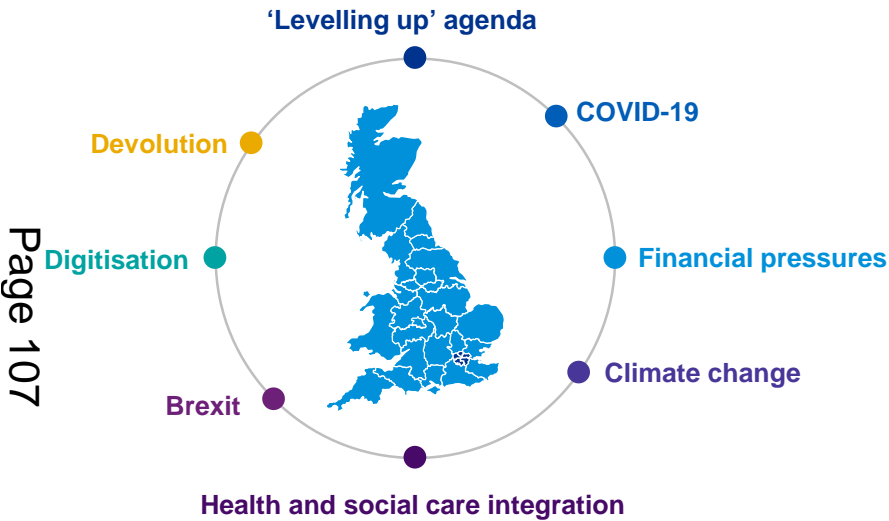


Appendix 1 - Context and Landscape

The national context (1/2)

The national economic, political and policy landscape is highly complex, with devolution and local government reorganisation proposals being prepared up and down the country, all whilst public attention remains focussed on the impact of COVID-19, Brexit and climate change.

Fig. 34 National Context



Page 107

Devolution and Local Government Reorganisation

It is anticipated that a recovery and devolution white paper will be published during 2020. Following a number of briefings there is an expectation that devolution will be linked to local government reorganisation. All devolution deals to date have been granted in areas where there is a single tier of local government.

The 'levelling up' agenda

A focus on devolution and the role of mayoral Combined Authorities is expected to be a key component of the government's stated intention to 'level up' the economy, shifting power and funding away from Whitehall out to regional administrations.

Brexit

The UK has left the EU and the transition period after Brexit comes to an end this year. The full economic impact of Brexit is yet to be felt, and will be impacted by the ongoing negotiations.

The Government has stated that the intention is to shift power away from Whitehall as Brexit shifts powers from Brussels to the UK.

Health and social care integration

Health and social care integration has been high on the policy agenda for a number of years, with local authorities already formally collaborating with health providers through Strategic Transformation Plans (STPs). The potential for further integration has been the source of speculation in recent months – were this to take place it could have a fundamental impact on the shape of local government.

The national context (2/2)

COVID-19

COVID-19 has already had a profound impact on the economy and our day to day lives. Current ONS figures indicate that UK GDP is estimated to have fallen by a record 20.4% in the three months to June¹, the largest recession on record.

Councils across the country have played a vital role in responding to the crisis, including shielding clinically vulnerable, managing the crisis in care homes, supporting local businesses, responding to tackling homelessness, safely restarting local areas, as well as continuing to provide key front line services.

Financial pressures

The impact of COVID-19 in particular has only increased the already significant financial challenge faced by many Councils. Delivering savings and managing changes to local government finance whilst maintaining service quality is a familiar challenge. The need to deliver public services more efficiently is a key driver of reorganisation, with a recognition of the benefits achievable through operating at scale.

Climate change

Over 60% of Councils in the UK have declared a Climate Emergency². Decarbonisation and focus on clean growth must be a central focus for local authorities and Combined Authorities.

Digitisation

Opportunities to work more efficiently through digital delivery have been accelerated by the pressure for remote working. Digitisation opens up different ways of working and potentially better ways to deliver services.

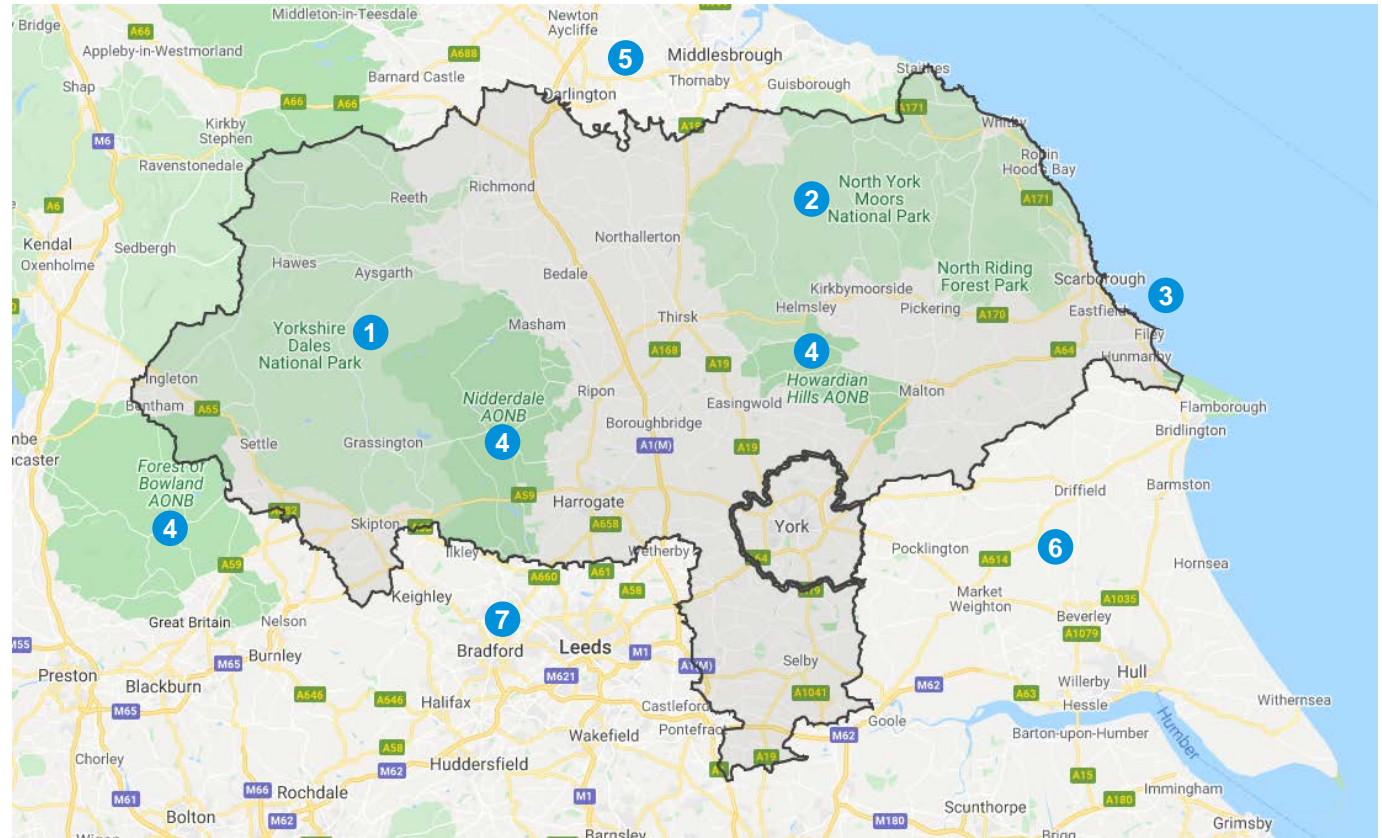
York and North Yorkshire: overview

York and North Yorkshire covers 832,410 hectares and 829,000 people. The region covers seven Districts and the City of York, the largest city in the region.

North Yorkshire is rich in its diversity from the heritage Yorkshire coast in the east, across the moors and vales, through the ancient city of York to the Yorkshire Dales in the west. It contains:

- Page 109
- two of England’s nine national parks in the Yorkshire Dales and the North York Moors;
 - the Heritage Coast;
 - three areas of outstanding natural beauty;
 - 244 sites of special scientific interest;
 - over 12,000 listed buildings and many thousands more monuments and archaeological sites, including Fountains Abbey, a world heritage site; and
 - thriving, attractive market towns and isolated rural upland.

Fig. 35 York and North Yorkshire map¹



- 1 Yorkshire Dales National Park
- 2 North York Moors National Park
- 3 Heritage Coast
- 4 AONB
- 5 Tees Valley
- 6 East Riding of Yorkshire
- 7 West Yorkshire

York and North Yorkshire: population and demographics

Population

York and North Yorkshire have a total population of 829,000 as of the 2019 mid-year population estimates. This covers 8 authorities, three of which are over 100,000 population: York (211k), Harrogate (161k) and Scarborough (109k). The other five authorities have between 54-92k residents. They are Hambleton (92k), Selby (91k), Craven (57k), Ryedale (55k) and Richmondshire (54k)

Population trends

Overall population across York and North Yorkshire is anticipated to increase by 2.5% between 2020-30, and 4.6% by 2043. Growth is slightly greater within North Yorkshire compared to York, with 5.43% growth by 2043 compared to 2.5% respectively. Ryedale and Selby are facing the most significant population growth by 2043 (12.6% and 11.8% respectively), with only one authority, Richmondshire, anticipated to decrease in size by 1.9%.

Fig. 36 Current authority area	Population ¹	Population projection (2043) ²	Population aged 65+ ²	Projected population 65+ (2043) ²
Ryedale	55,400	62,407	15,196	21,168
Scarborough	108,800	114,477	30,268	41,056
Selby	90,600	104,931	18,855	27,177
City of York	210,600	216,313	39,266	50,485
Craven	57,100	60,959	15,862	21,788
Hambleton	91,600	93,267	24,456	32,868
Harrogate	160,800	163,086	38,499	54,124
Richmondshire	53,700	52,678	11,738	16,995
TOTAL	828,600	868,118	194,140	265,661

Demographics

The region has a population of 829,000¹ of whom 23% are over 65 and, due to an ageing population, over 30% off the population will be over 65 by 2043¹. This is slightly behind the national average of 40% across the UK, but a significant increase that will present ongoing challenges to service provision across the region.

Across York and North Yorkshire there is a high-level of anticipated population growth of over 65s between 2020 and 2043, with all authorities (excluding York) anticipated to have population growth in the 65+ category of over 35%. This is accompanied by a forecasted 5.4% decrease in the population aged 0-19, and a 5.2% decrease in those aged 20-64. This will continue to place increasing demands on the working population, and will represent a need to shift focus within local government in the future.

Deprivation

Overall levels of deprivation are well below the England average. Of the 373 Lower Super Outputs Areas (LSOAs) in North Yorkshire, 23 are amongst the 20% most deprived in England. These have a combined population of 39,000 people.

Eighteen of these, and 28,000 people, are in the Scarborough district. Selby has three of these areas, and York and Harrogate have one area each. Four authorities (Craven, Hambleton, Richmondshire and Ryedale) have no LSOAs in the most deprived 20%.

There is a significant imbalance in the spread of deprivation between authorities in the York and North Yorkshire area.

York and North Yorkshire: geography and urban/rural mix

Geography

The region is large and covers 832,410 hectares with a density of 1 person per hectare³. North Yorkshire is the largest County area in the country and, as a unitary, would have a population size second only to Birmingham. The region has two geographically distinct areas, North Yorkshire excluding York that has a population density of 0.77 persons per hectare and covers 97% of the total area, and York that has a population density of 7.74 persons per hectare and covers only 3% of the total geographic area.

The region has two national parks: The Yorkshire Dales and The North York Moors. The Yorkshire Dales spread across Craven, Richmondshire and Harrogate in the west and expands to regions within West Yorkshire. The North York Moors cover Scarborough, Ryedale and part of Hambleton in the north east.

The authority of Scarborough lies on the North Sea, with circa 67km of coastline. Much of the region is geographically rural, with only one town/city with a population over 100,000, the City of York with 211,000 residents. See Figure 30. The region is bordered by the Tees Valley to the north, the East Riding of Yorkshire to the east and the Leeds City Region (West Yorkshire) to the south west.

Rural/urban mix

When observing the Urban/Rural split in each Authority, there is a dichotomy between York and North Yorkshire. Each authority within North Yorkshire is over 93% rural, compared to York which is close to 27% rural. See figure 38..

Fig. 37	Name	Borough	Population ¹
1	York	City of York	210,618
2	Harrogate	Harrogate	75,070
3	Scarborough	Scarborough	61,749
4	Selby	Selby	19,224
5	Northallerton	Hambleton	17,002
6	Ripon	Harrogate	16,181
7	Knaresborough	Harrogate	15,557
8	Skipton	Craven	15,047
9	Whitby	Scarborough	13,029
10	Catterick Garrison	Richmondshire	12,673

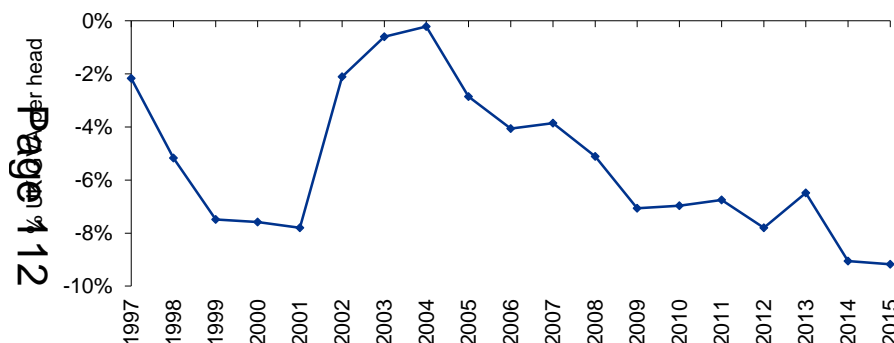
Fig. 38	Urban/Rural ONS classification ²	Key settlements
Ryedale	98.3% rural	Malton, Norton-on-Derwent, Helmsley, Pickering, Kirkbymoorside
Scarborough	93.4% rural	Scarborough, Whitby, Filey
Selby	94.2% rural	Selby, Tadcaster, Sherburn-in-Elmet
City of York	26.9% rural	York
Craven	97.7% rural	Skipton, Settle, Bentham, Grassington
Hambleton	98.2% rural	Northallerton, Thirsk, Stokesley, Easingwold, Bedale
Harrogate	94.7% rural	City of Ripon, Harrogate, Knaresborough, Boroughbridge, Pateley Bridge, Masham
Richmondshire	98.6% rural	Catterick Garrison, Leyburn, Richmond, Hawes, Middleham

York and North Yorkshire: Economy and skills

GVA

York and North Yorkshire has a GVA of £18.5bn (2016 figures) and an average GVA per head of £22.5k.¹ The GVA per head is lower than the national average and weakened significantly against it from 2004-2015).

Fig. 39 York and North Yorkshire GVA per head indexed to UK



Employment

The employment rate for people 16-64 across the region April 2019-March 2020 was 79%, above the national average of 76% though this likely to have reduced significantly since March.

Across the same period the jobs density was above the national average but average earnings, both for residents and workers in the region, were below the national average.²

The proportions of 16-17 year olds not in employment, education or training for York (3.9%) and North Yorkshire (5.3%)

Skills

The skills profile of the area includes:

- The LEP area performs above the national average on the proportion of local people qualified at level 4 and above (40% versus 39%), whilst the proportion with no formal qualifications or qualified below level 2 is smaller (6% versus 8%).
- Accessibility of jobs is a key issue. 18% of hard-to-fill vacancies are due to remote location and/or poor public transport links, significantly higher than the national average of 11%. The situation varies considerably within the LEP area – from 9% in York to 23% in North Yorkshire.
- A decline in the working age population – falling by 2% over 2008-2018 in contrast to an expansion nationally of 4%. Only York bucks the trend with an 8% increase.
- An ageing population – where 24% are over 65 compared to a national average of 18%, and with only Selby and York having a much younger profile at 20% and 18% respectively.
- The proportion of people in employment who work outside their home district ranges from 18% for Scarborough to 59% for Selby.
- Of the roughly 12,000 apprenticeship starts in the LEP area in 2017/18 more than 40% were provided by the British Army. Regarding the others, four subjects dominate provision: Business, admin and law; Health, public services and care; Retail and commercial enterprise; and Engineering/manufacturing.

York and North Yorkshire: Transport (1/2)

The large geographical extent of York and North Yorkshire, combined with the predominantly rural nature of the area results in long travel times. This is particularly pronounced east to west.

Travelling from Bentham in the west through to Scarborough in the east takes one minute less than three hours to complete the 108 mile journey by car. When using public transport, this can be significantly longer (3.5 to 6 hrs) based on the time of day.

North-south connections are significantly better due to the presence of nationally important road (A1(M), A19) and rail (East Coast Main Line (ECML)) routes.

Analysis of current transport infrastructure is set out on the following page.

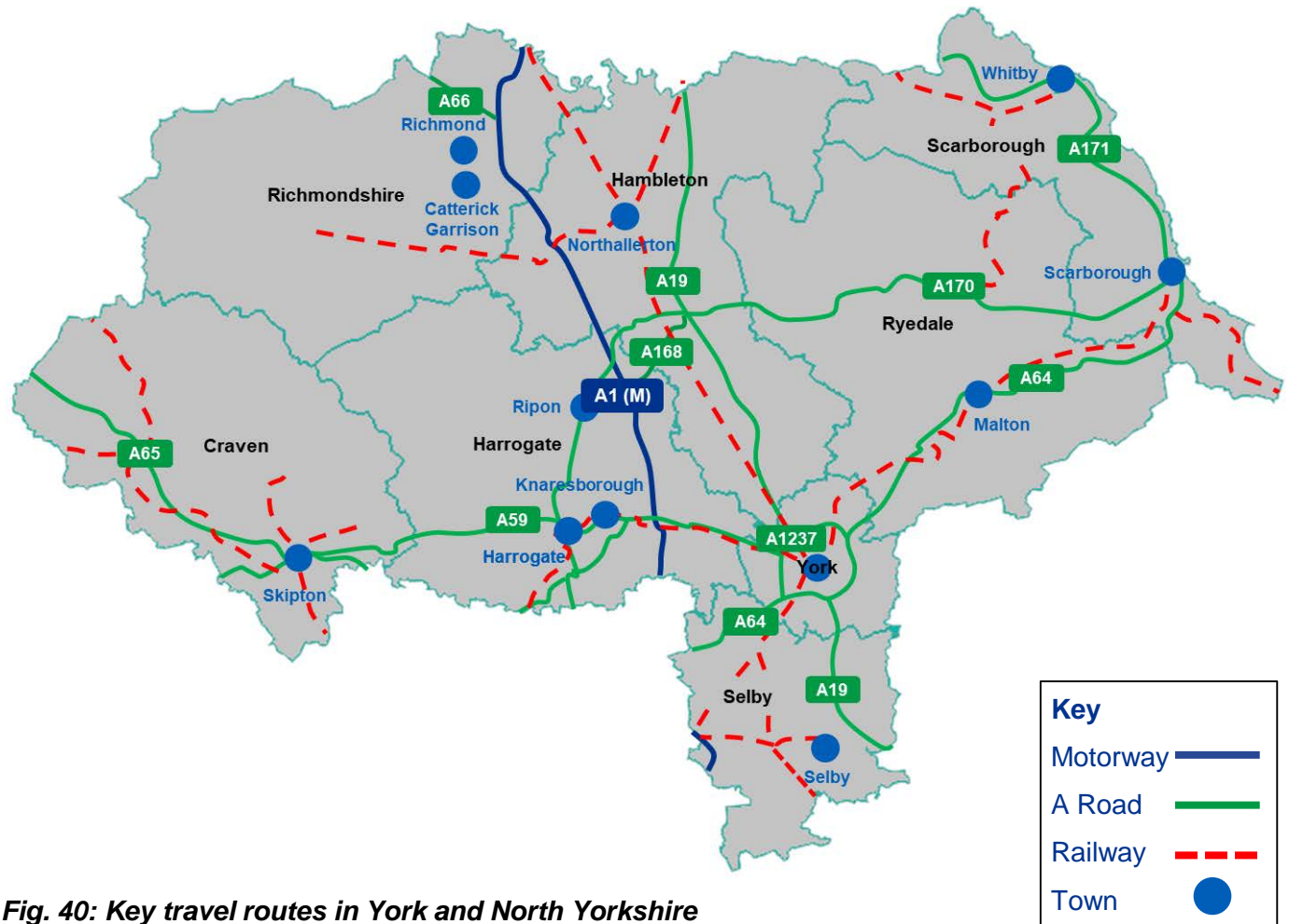


Fig. 40: Key travel routes in York and North Yorkshire

York and North Yorkshire: Transport (2/2)

Transport in York and North Yorkshire

The large geographical extent of York and North Yorkshire, combined with the predominantly rural nature of the area results in long travel times. This is particularly pronounced east to west. Travelling from Bentham in the west through to Scarborough in the east takes one minute less than three hours to complete the 108 mile journey by car. Utilising public transport is unreliable based on the time of day, with the journey taking between 3.5 to 6 hours based on your departure time.

This type of east-west journey results in extremely low levels of cross district commuting within North Yorkshire with minimal commute interaction between the districts of Richmondshire, Craven, Harrogate and Ryedale and Scarborough in particular, but also, generally Selby.

North-south connections are significantly better due to the presence of nationally important road (A1(M), A19) and rail (East Coast Main Line (ECML)) routes. The A1(M) is the only major continuous motorway/dual carriageway in the region. All other major roads have at least some elements of single carriageway sections. The York and Harrogate urban areas in particular suffer from congestion.

York is a key hub on the ECML and is the largest rail station in the York and North Yorkshire area with almost 10m entries and exits in 2018/19 reflective of excellent national rail connectivity to London, Scotland, the North West and the West Midlands and beyond. Harrogate is the next largest rail station at 1.66m and Skipton follows with 1.2m. These two stations in particular have strong patronage predominantly as a result of travel to and from Leeds and Bradford respectively – connections that are strongly reflected in journey to work data.

Scarborough and Malton lie on the Transpennine rail network and have direct services to Manchester via York and Leeds. Northallerton and Thirsk also benefit from Transpennine routes and services along the ECML. Richmondshire has no mainline rail stations. The only direct rail connection between North Yorkshire district administrative centres is between Malton and Scarborough. All other journeys require a change at principal stations such as York and Leeds. York, Ryedale, Scarborough and Selby together provides the optimum model for sustainable, low carbon, travel between potential future administrative centres based on accessibility via the rail network.

Bus connections vary significantly across York and North Yorkshire with York, Harrogate and Scarborough having good, commercially focussed networks. The flagship 36 and Coastliner routes link Ripon with Leeds via Harrogate and Leeds with Scarborough and Whitby via Malton and York respectively to provide a level of strategic bus provision.

York and Selby are well connected by bus which complements a direct rail service. The northern parts of North Yorkshire are generally poorly served by bus. Similar to rail, the western half of the authorities have direct bus connections to at least one of the authorities.

Travel to work patterns

Travel to work

The Northern part of North Yorkshire (Richmondshire, Ryedale, Hambleton, Scarborough) generally has a higher proportion of its workforce travelling within North Yorkshire for work.

- Richmondshire looks North to Darlington and Durham, but also has significant links to Hambleton, across the border to the West.
- Hambleton also looks North, but with significantly more travel into York than Richmondshire.
- From Ryedale the majority of travel to work is within North Yorkshire, particularly to York and Scarborough.

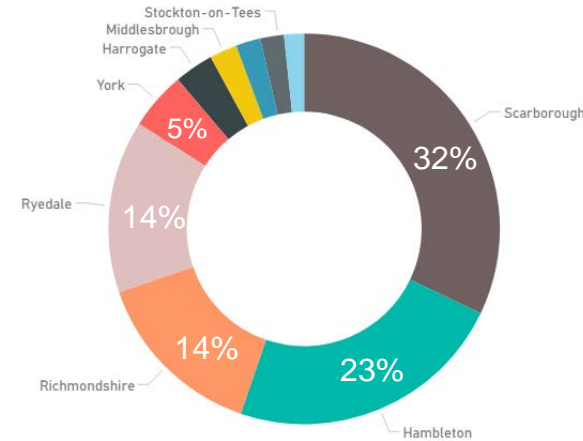
People in Scarborough also travel to Ryedale for work, but also both North to the Tees Valley and South to East Yorkshire.

In the South the really clear difference is the level of travel to West Yorkshire (particularly to Leeds, but also Bradford, particularly from Craven, and to Wakefield from Selby). Harrogate has particularly strong commuter links to Leeds. Craven has relatively little travel out to work within North Yorkshire, with almost no travel to York. It has economic links to the west and Cumbria including travel to work in Pendle, Lancaster and South Lakeland.

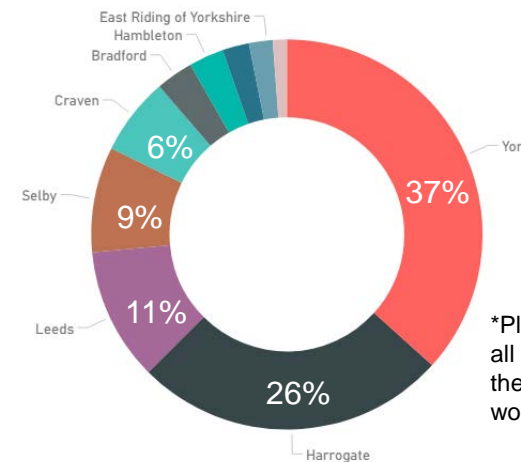
From York almost half of the travel out is within North Yorkshire – to a mix of Ryedale, Selby, Harrogate, Hambleton.

The region receives inward commuters primarily from Kingston upon Hull and Leeds but also Bradford, Wakefield, Darlington, Stockton-on-Tees and Redcar and Cleveland.

Fig. 41 Travel to work patterns for northern authorities¹



Travel to work patterns for southern authorities¹



*Please note, these exclude all people who stay within their own authority area for work.

Page 15

York and North Yorkshire: Functional economic areas and links to neighbouring authorities

Functional economic areas

Due to the size and diverse nature of York and North Yorkshire, the region covers multiple functional economic geographies and has overlap with functional economic areas centred in other regions, particularly Leeds and the West Yorkshire Combined Authority.

The wider region and links outside of the County

North Yorkshire has significant economic links to surrounding areas:

- **Leeds and the West Yorkshire Combined Authority** – Craven, Harrogate and Selby in particular have stronger economic ties with Leeds and other part of West Yorkshire, including Bradford and Wakefield. Historically these districts, along with the City of York were part of the Leeds City Region, and will continue to have key functional economic ties with the West Yorkshire Combined Authority, and particularly Leeds.
- **Tees Valley Combined Authority** – some residents of Richmondshire and Hambleton commute north to the Tees Valley including to County Durham, Middlesbrough, Stockton-on-Tees and Redcar and Cleveland. There are economic links driven by availability of jobs, rail links on the East Coast Main Line, access to Teesside Airport and Teesport, and historic links along the River Tees.

- **East Riding of Yorkshire** – Ryedale, Scarborough, Selby and York have economic ties to the East Riding. Economic links between these regions are driven by locality of jobs, access to coastal regions of Hornsea and Bridlington, travel routes such as the A165, A1079, and A63, and access to Hull on the Humber.

There are a number of key travel routes linking North Yorkshire to neighbouring regions, including in the West: the A59 to Blackburn and Preston; A629 to Halifax and Huddersfield; A6068 link road; and, the A65 to the M6.

Based on the above, it is important to note that North Yorkshire is made up of multiple functional economic geographies, some of which are based on economic centres outside of the County.

York and North Yorkshire: current local authorities overview

Current structure of local government

The areas of York and North Yorkshire have a mixed model of government system, comprising:

- Seven district and borough councils (Craven, Hambleton, Harrogate, Richmondshire, Ryedale, Scarborough, Selby)
- One county council (North Yorkshire); and
- One unitary council (City of York).

Due to the role of the County Council and Unitary Authority, the majority of staff and expenditure are within the County Council and the City of York. This is mainly driven by accountability for delivery of services such as adult social care, children’s service and waste management.

Council staffing

The majority of staff work within the North Yorkshire County Council (61%) or the City of York Unitary Authority (24%). All other councils have between 1-5% of total staff numbers, with both Harrogate and Scarborough being other major employers.

Expenditure

Similarly, net revenue expenditure is dominated by North Yorkshire County Council (75%) and the City of York (17%). Of the c£1.3bn total budget only £98m (8%) is spent by District and Borough Councils. This is driven by the volume of services that are required to be delivered at a County Council level.

Non-Earmarked Reserves

In terms of reserves, the County Council only has 25% of the total non-earmarked reserves. The City of York has 38% of total non-earmarked reserves, less than its ongoing savings challenges. Scarborough, Selby and Harrogate have between 4-18% of total non-earmarked reserves each.

Medium Term Financial Plan (MTFP) savings required

All councils face an ongoing MTFP savings challenge over the next three years, however this is not spread equally across all Authorities. The City of York face a disproportionate savings challenge (29% of total), which may become an issue to deliver based on the related revenue expenditure in the city. Further, all Councils are now facing a challenge with the ongoing impact of COVID-19 which is impacting not only service delivery and ongoing delivery of improvements and savings, but income generation.

Fig. 42 Council Financial Summary

Local Authority	Local Government Model	Estimated FTEs ¹	Net revenue Expenditure (20/21 Budget less parish precepts) ² £'000	MTFP saving required (3 year) ³ £'000	Non-Earmarked Reserves at March 2020 ¹ £'000
Craven	District	213	7,042	1,100	3,887
Hambleton	District	330	9,504	1,187	9,469
Harrogate	District	921	28,453	2,514	40,186
Richmondshire	District	197	6,350	525	4,301
Ryedale	District	186	10,952	-	531
Scarborough	District	529	22,576	6,674	7,827
Selby	District	235	13,266	2,042	16,322
York	Unitary	4,100	222,237	12,034	83,212
North Yorkshire	County	10,475	958,467	10,788	54,328
TOTAL		17,186	1,278,847	36,864	220,063

York and North Yorkshire: current democratic representation

District and County Councillors

There are currently 348 councillor posts across York and North Yorkshire, with 297 councillors in post (51 have dual district and county councillor roles). North Yorkshire elects 72 County members, whilst the City of York elects 47 members.

In the Districts there is a range of current population per member, from 1,846 in Ryedale up to 4,021 in Harrogate. York has a higher ratio of population to current councillors than any of the Districts (4,481 per member).

Page 118

Parish and Town Councils

Within the region there are over 700 town and parish councils. There is significant variation across the county and city with not all areas of York and North Yorkshire parished (e.g. Harrogate Town and Scarborough Town).

Not all parishes operate with a parish council. Some smaller parishes across the County operate parish meetings only, or may work with neighbouring parishes being grouped to provide a joint or common parish council.

Fig. 43 Council Member representation¹

	Local Government Model	No. members	Population per member
Craven	District	30	1,905
Hambleton	District	28	3,271
Harrogate	District	40	4,021
Richmondshire	District	24	2,239
Ryedale	District	30	1,846
Scarborough	District	46	2,364
Selby	District	31	2,923
York	Unitary	47	4,481
North Yorkshire	County	72	11,509

York and North Yorkshire: public service delivery partners

Current local authorities work in partnership with a number of local and regional bodies. Maintaining and improving the effectiveness of these partnerships will be vital to the success of local government reorganisation in North Yorkshire.

Local Enterprise Partnership

As of 2020 all Councils within North Yorkshire are part of the York and North Yorkshire LEP. There is no longer an overlap in geography in compliance with the April 2020 guidelines on LEP organisation. However, local authority and LEP boundaries do not necessarily follow functional economic geographies and therefore strong collaborative arrangements within functional economic areas remain important for some places.

National Parks

The area also contains two National Park Authorities. The Yorkshire Dales National Park Authority spans Craven, Harrogate and Richmondshire in the west of the region. The North York Moors National Park Authority spans Hambleton, Ryedale and Scarborough in the east of the region.

Emergency services

The region is covered by the North Yorkshire Police Authority and North Yorkshire Fire and Rescue Authority with functions overseen by a Police, Crime and Fire Commissioner. The whole region is covered by the Yorkshire Ambulance Service NHS Trust.

Healthcare

The area is served by three NHS Sustainability and Transformation Plans (STP)/Integrated Care Systems (ICS) covering:

1. Durham, Darlington, Tees, Hambleton, Richmondshire and Whitby STP – covering the north of the region and into the Tees Valley;
2. Humber, Coast and Vale STP- covering the east of the region and into the East Riding; and
3. West Yorkshire and Harrogate ICS- covering the west of the region and south to Leeds.



Fig. 44 STP and hospital profile of York and North Yorkshire

The content of the STP's vary but all are underpinned by the principles within the NHS Five Year Forward View. There are three Clinical Commissioning Groups (CCGs) across the region:

- Vale of York CCG – which covers York and Selby
- Bradford District & Craven CCG – which covers Craven
- North Yorkshire – established 1st April 2020

York and North Yorkshire: Social Care overview

Social care (adults and children's services) are of critical importance to enable and strengthen through local government reorganisation.

The analysis completed on the following pages has been undertaken with publicly available information.

Further information and engagement with North Yorkshire County Council and York City Council would be required, especially when developing more detailed service analysis, provision and implementation plans.

Page 120

Social care services exist to promote the wellbeing of, and protect the most vulnerable, people in our populations. They are dependent on a wide range of quality services delivered by the Local Authority (such as housing, leisure, economic regeneration) and those offered by partners (Community and Voluntary Sector, transport links, health services etc.).

They are regulated services, both in terms of overall approach and individual provision. Some provision is delivered and managed by the Local Authorities and other provision is commissioned from other providers (including other Local Authorities, where required).

Children's Services

Children's services operate across a spectrum, from universal services such as education, through to children who are in need of help and protection.

Although it is for individual local authorities to determine their own organisational structures, reflecting local circumstances, every top tier local authority must have a Director of Children's Services (DCS) and a Lead Member for Children (LMCS). The DCS is appointed for the purposes of discharging the education and children's social services functions of the Local Authority, and should report directly to the Chief Executive.

Ofsted have assessed North Yorkshire's Children's Services as 'Outstanding', and this is reflected in a range of performance measures and practice assessed by Ofsted.

York's Children's Services received an Ofsted focused visit in 2019, which found that there had been a deterioration in the quality of services for children in need of help and protection, since the last inspection of children's services in 2016. There is infrastructure for managing improvement in place.

Adult Social Care

The Director of Adult Social Services (DAS) is responsible for the delivery of local authority social services functions in respect of adults.

Adult Social Care services are closely aligned to Health Partners within the locality, working together to support adults to live healthy fulfilling lives.

Both York and North Yorkshire are facing similar levels of demands on Adult Social Care within the region, with ongoing challenges aligning with the national agenda on items such as demand for care increasing and decreasing funding in real terms over time.

York and North Yorkshire: Children's services overview (1/3)

Across the region the rate of children in low income families is well below the national average.

North Yorkshire has a larger number of referrals due to the population size but a significantly lower rate of children being looked after.

North Yorkshire has over three times the number of children as York. A similar proportion of children are in low income families, although this is significantly below the national average in both areas.

The proportion of children starting to be looked after is higher in York (19 children as per 100,000 of the population in 2019), than North Yorkshire (12 children as per 100,000 of the population in 2019).

North Yorkshire has a larger number of referrals due to the population size but a significantly lower rate of children being looked after.

Council spend per child is 25% higher in North Yorkshire than York, though this could be due to a number of factors, including geography.

Children's services in North Yorkshire are rated as outstanding; there is a consistent high quality service with demonstrable impact on children, young people and families. Any changes to the overall footprints should seek to secure and spread good practice across the whole region.

Existing shared arrangements

There are some existing shared service arrangements between the local authorities, such as the provision of an EDT (Emergency Duty Team). There may be an opportunity to formalise the sharing of good practice between new authorities.

The Children's Safeguarding Boards worked together to carry out audits of partners safeguarding activity (Section 11 audit).

Fig. 45 Overview	North Yorkshire	York	National average
No. children ¹	117,428	36,625	-
Rate of children in low income families (2016) ²	9.6%	10%	17%
No. children in need (2019) ³	2,680	1,303	-
No. children starting to be looked after (2019, per 100,000 population) ⁴	12	19	27
No. referrals (2019) ³	4,191	1,111	-
Looked After Children (2019) per 100,000 children under 18 ⁴	36	57	65
Children on Child Protection Plan (2019) ³	367	160	-
Spend per child ⁵	£4,097.80	£3,257.30	-

York and North Yorkshire: Children's services overview (2/3)

North Yorkshire have a more stable, experienced workforce in children's social care .

Both areas face higher than average hospital admissions of children.

School readiness across the region exceeds the national average.

Page 122

Workforce and caseloads

North Yorkshire have a more stable, experienced workforce delivering a greater volume of work per worker.

York are dependent on agency workers (20.9%, 2018) to cover high ongoing vacancy rates (12.6%). North Yorkshire in comparison have zero agency workers, with only 0.8% vacancies at year end.

Caseloads within York are 5.5 cases higher per social worker, with a higher turnover rate in York (15%) presenting challenges to continuity and stability for children, young people and families.

Shared area of challenge

The Annual Reports of both Directors of Public Health reference the rate of hospital admissions for unintentional/deliberate injuries for children between the ages of 0-14 years.

In York, it is currently above national and regional averages and has risen in the last two years. Within North Yorkshire it is noted that hospital admissions for children are a high outlier, admissions for injury in this age group are higher in more deprived areas of the County. A common approach to tackling this across the geography could be developed.

Fig. 46 Key metrics	North Yorkshire	York	National average
Caseload per social worker ¹	16.3	21.8	16.9
Staff turnover ¹	12.7%	15%	15.1%
Agency worker usage ¹	0%	20.9%	15.8%
Vacancy rates (Sep. 2019) ¹	0.8%	12.6%	16.4%
School readiness (2019)	72.8%	75.6%	71.8%

York and North Yorkshire: Children's services overview (3/3)

Education and achievement

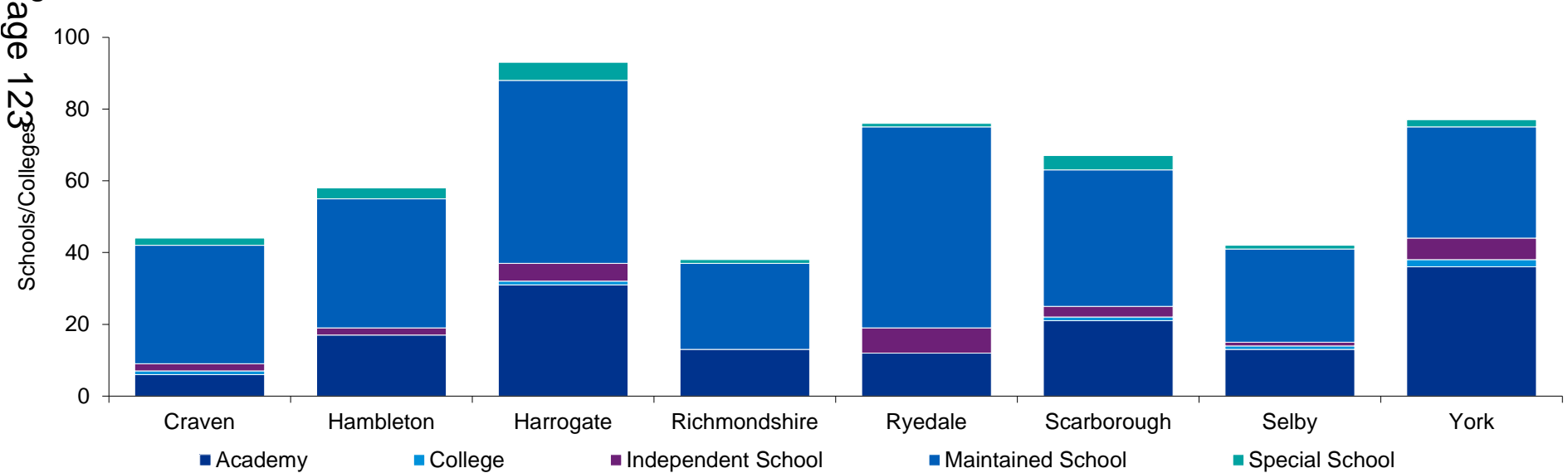
In relation to school readiness (children achieving at least the expected level of development in communication, language and literacy skills at the end of Reception) both areas are performing above the England (72.6%) and Yorkshire and the Humber (70.6%) average. York achieves 76.4% and North Yorkshire 73.5%.

Across York there are 77 schools, within the larger North Yorkshire there are 418 schools.¹

York, Leeds and Middlesbrough remain key providers of Further Education.

Provision and uptake of education to 16-17 year olds is high, with only 3.9% in York and 5.3% in North Yorkshire of individuals not in education, employment or training. Nationally averages are 5.5%, and 6.0% in Yorkshire and the Humber.

Fig. 47 York and North Yorkshire schools



York and North Yorkshire: Adult social care overview

Both regions are facing similar population challenges, with populations over 65+ of a similar percentages and demands on support per 100k population being below national and regional averages.

The number of people with a disability or long term illness could be relatively even between both authorities.

Overall there are 58,717 people with a disability or long term illness across York and North Yorkshire.

Life expectancies for both healthy, disability free, and average life expectancies for both males and females across the two areas are higher than local and national averages for over 65s.

Expenditure

Within York, there is net expenditure of £425.63 per adult (over 18), this is higher than North Yorkshire, with a net expenditure of £353.76 per adult¹.

Shared strengths

Across the STP and existing council footprints there is an ambition to support independence in a way that promotes health and wellbeing. Across the two Local Authority areas there are areas of good practice that could be scaled across geographies.

Recognising that local application may be different, there is an opportunity to develop an approach to active and health communities across the whole region.

Across the two areas, and as part of a wider locality, there are shared multi agency policy and procedures for adult safeguarding.

Shared area of challenge

Delayed transfers of care from hospital, that are attributable to social care, are higher for both areas than the regional and national average (York 6.6 per 100,000 population, North Yorkshire 3.5 per 100,000 against national average of 3.1 per 100,000 population)².

Social care-related quality of life is significantly higher in North Yorkshire than regional and national averages, whereas York are underperforming in this area. In addition, the proportion of users who feel safe in the services they receive is above average in North Yorkshire, and well below average in York.

Services for Mental Health were highlighted as an area for focus by North Yorkshire's Healthwatch. York Healthwatch will be seeking to update information relating to Mental Health in the coming year. This represents an opportunity to work on a common approach.

Future plans

The City of York has a medium term strategy to focus on a transformation approach to adult social care, with significant savings to be delivered through the restructuring of services.

The national direction of travel on health and social care integration has not yet been decided, this will have a significant impact on the shape and form of local authority social care services. Planning local government reorganisation to follow the White Paper will enable governance and services to be configured to align with that policy direction.

York and North Yorkshire: devolution asks overview (1/2)

Context

York and North Yorkshire are seeking to establish a Mayoral Combined authority with all of the Local Authorities as constituent members. This is in order to create a lasting partnership between Government and the region, ensure the necessary resources and powers and devolved in order to stimulate the recovery from COVID-19, and 'build back better' over the longer term.

The guiding Vision for the York and North Yorkshire Devolution is:

'to become England's first carbon negative economy, by better connecting the capability within and around our distinctive places. In doing so, we will harness the potential in our highly skilled resident base and provide productivity growth that levels up local wages.'

Aims

This devolution deal is viewed as a 'critical opportunity for Government to spearhead its local growth and devolution agenda', utilising York and North Yorkshire as an exemplar to the rest of the North for a successful Mayoral model in non-metropolitan city areas. In order to facilitate this, a number of proposals across policy areas have been put forward, meeting the following five key 'tests':

1. **Accelerate economic recovery from COVID-19;**
2. **Support the 'levelling up' of our national economy and economic prosperity for all;**
3. **Deliver on national and local climate change commitments;**

4. **Support the priorities and principles of the York and North Yorkshire Local Industrial Strategy (LIS); and,**
5. **Enable delivery that is more efficient and effective through a place-based, locally tailored approach.**

In order to ensure this Local Government Reorganisation Case for Change is successful, it must be aligned to and facilitate these aims.

Mayoral Models in non-metropolitan areas

A Mayoral Combined Authority (MCA) with all York and North Yorkshire Local Authorities, as constituent members will need to ensure governance arrangements enable strategic leadership at a mayoral level, alongside robust democratic accountability.

The devolution proposals will empower the York and North Yorkshire region by providing the funding and decision making powers allowing the regions to better shape its destiny and make a bigger contribution to the UK economy by:

- **Ensuring decisions which affect York and North Yorkshire are made by local stakeholders;**
- **Rapidly directing investment which makes the biggest difference to the economy, people and place; and**
- **Supporting an economic recovery from COVID-19 by accelerating positive economic, social and environmental change**

York and North Yorkshire: devolution asks overview (2/2)

North Yorkshire's devolution case

Local government reorganisation in York and North Yorkshire is driven by the need for devolution and the establishment of a Combined Authority in May 2023. The vision is to become England's first carbon negative economy and achieve Good Growth through the Local Industrial Strategy.

As a quarter of the Northern Powerhouse, and with a skilled population, the region has an ambition to be an exemplar across the North and the country for a successful Mayoral model in non-metropolitan city regions. Local government reorganisation is a critical step towards enabling devolution and provides an opportunity to have strong and balanced unitary authorities within the Combined Authority.

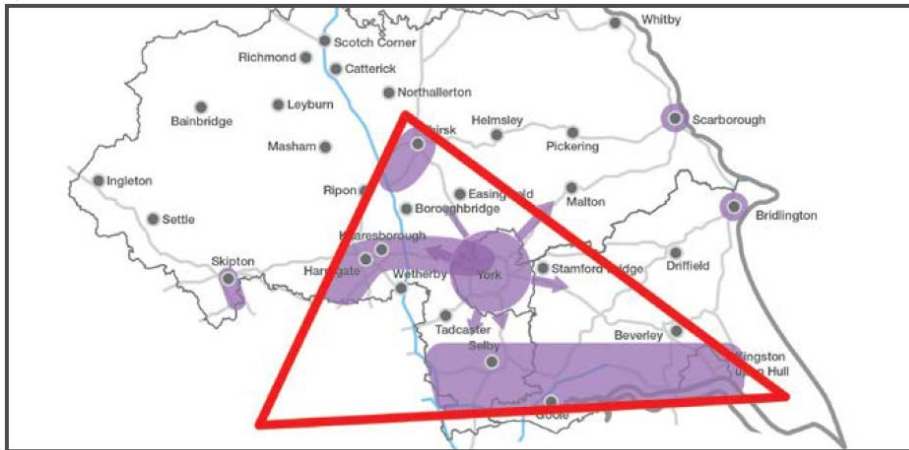


Fig. 48: Devolution and strategic growth focus areas, Spatial Framework Core Approach

Strategic Development Zones

The spatial framework for York, North Yorkshire, East Riding and Hull has identified a growth triangle in the region incorporating the six Strategic Development Zones of:

- Energy corridor – connecting Hull to Leeds including opportunities in Selby which will support Northern Powerhouse rail and energy sector;
- ‘Harrogate line’ corridor – the top rail priority to improve connections between York and Leeds via Knaresborough and Harrogate;
- ‘Central’ A168 corridor – offering transport choice in the centre of the region with links to the A1M and A19 and as a potential response to the Defence Estates Review;
- York Growth Zone – reflecting the city as a regional economic growth driver with green corridors, urban development, supporting rail lines and protecting its historic character; and
- Airedale corridor – support cross-penning links including A59 and A65 with regeneration opportunities in Skipton and South Craven.

Outside of the corridor there is a Coastal Growth Zone between Scarborough and Bridlington for regeneration, realising shared opportunities and making use of Shoreline Management Plan related investments.

Appendix 2 - Additional approach detail

Selecting the preferred option (1/2)

Longlisting of options

To identify the most appropriate model for local government reorganisation a longlist of eleven options were identified which:

1. Reflect the current geographic area of York and North Yorkshire (i.e. do not involve authorities outside of North Yorkshire);
2. Include only contiguous geographic areas (i.e. no part of proposed authority areas can be isolated); and
3. Reflect combinations of existing district boundaries (i.e. does not require new boundaries to be drawn, on the basis that this does not align with the Government timeline for reorganisation and devolution).

Page 128

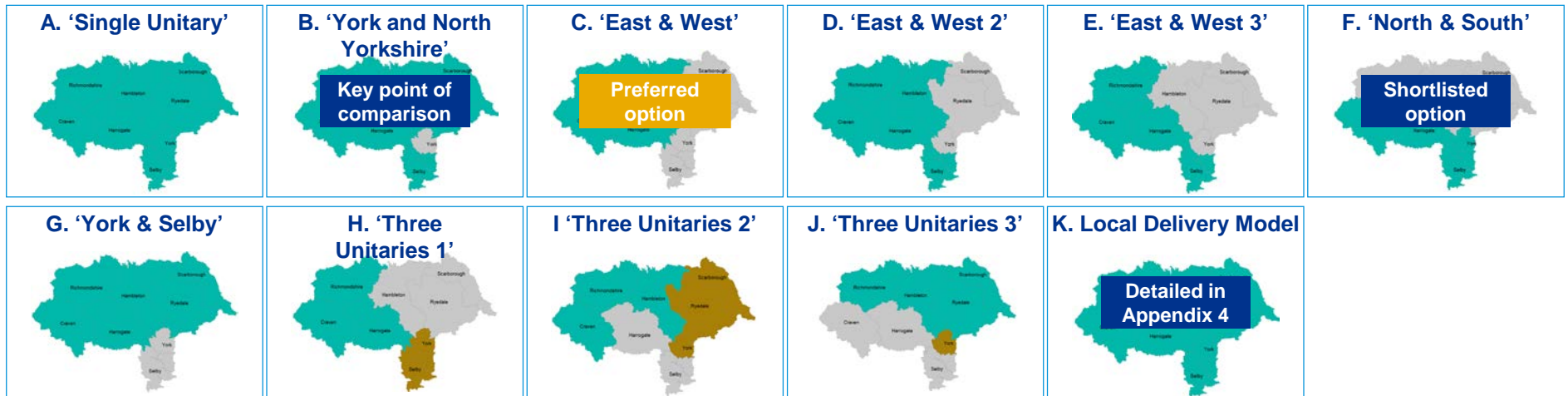
All longlisted options are shown below and on the following page.

Shortlisting and selecting the preferred option

Four options (A, H, I and J) were removed from the longlist as non-viable options in advance of detailed scoring. The seven remaining options were shortlisted to be taken through to a detailed scoring exercise against the evaluation criteria outlined in the 'Purpose and Approach' section.

Based on the scoring and an in depth discussion between the District and Borough Councils, two options (B and F) were prioritised for more detailed analysis.

Fig. 8: Longlist of options



Selecting the preferred option (2/2)

Ref	Name of option	Make-up of potential unitary authorities and population ¹			Outcome
A	Single Unitary	Selby, Harrogate, Craven, Richmondshire, Hambleton, Ryedale, Scarborough, York (828,672)			Removed from longlist through discussion
B	York and North Yorkshire	Craven, Hambleton, Harrogate, Richmondshire, Ryedale, Scarborough, Selby (618,054)	York (210,618)		Reviewed but not shortlisted – analysis included for comparison
C	'East & West'	Craven, Hambleton, Harrogate, Richmondshire (363,297)	Ryedale, Scarborough, Selby, York (465,375)		Preferred model
D	'East & West' 2	Craven, Hambleton, Harrogate, Richmondshire, Selby (453,917)	Ryedale, Scarborough, York (374,755)		Reviewed but not shortlisted
E	'East & West' 3	Craven, Harrogate, Richmondshire, Selby (362,323)	Hambleton, Ryedale, Scarborough, York (466,349)		Reviewed but not shortlisted
F	'North & South'	Craven, Harrogate, Selby, York (519,211)	Hambleton, Richmondshire, Ryedale, Scarborough (309,461)		Shortlisted
G	York & Selby	York, Selby (301,238)		Craven, Harrogate, Richmondshire, Hambleton, Ryedale, Scarborough (527,434)	Reviewed but not shortlisted
H	Three Unitaries 1	Craven, Harrogate, Richmondshire (271,703)	Selby, York (301,238)	Hambleton, Ryedale, Scarborough (255,731)	Removed from longlist through discussion
I	Three Unitaries 2	Craven, Hambleton, Richmondshire (202,466)	Harrogate, Selby (251,451)	Ryedale, Scarborough, York (374,755)	Removed from longlist through discussion
J	Three Unitaries 3	Richmondshire, Hambleton, Ryedale, Scarborough (309,461)	Craven, Harrogate, Selby (308,593)	York (210,618)	Removed from longlist through discussion
K	Local Delivery Model	All existing authorities act as local delivery units, feeding into the Combined Authority			Reviewed but not shortlisted. Analysis carried out separately. See Appendix 4

Page 129

Appendix 3 - Financial assumptions and benchmarking

Methodology for calculating potential efficiencies and implementation costs

A four step process was applied to calculate the potential efficiencies that could be achieved through Council reorganisation. At this stage in the process, a top down approach has been undertaken. It is based on benchmarks of savings expected and achieved elsewhere, extrapolated to the size of the North Yorkshire region. Publicly available sources have been utilised at this stage.

Further detailed work will be required to convert the opportunity identified into deliverable actions.

The key sources considered are shown on the right of the page and the four steps are set out below

Step 1	Step 2	Step 3	Step 4
Identified the key categories of savings: Workforce & services Systems SLAs/contracts Estates/facilities 5. Democratic arrangements And took a percentage of the total savings per category from the previous case for change	Collated the 'total potential savings' on a base and a stretch case, from similar unitary cases for change. And calculated the estimated savings per population head.	Applied the percentage of saving per population head for the base and stretch case to the total population of 'East' and 'West'	Apportioned savings (from step 3) to the total estimated saving per category (calculated in Step 1)

The same methodology was applied for implementation costs. In step 1, the categories are; 1. Workforce, 2. Systems, 3. SLAs/contracts terminations, 4. Estates/facilities, 5. Transition Team and change management, 6. Culture Change and Communications Training, 7. Contingency (10%).

Sources considered include:

- OneSomerset business case, June 2020
- Dorset Council's Case for Change, Dec 2016
- Dorset Council's Plan 2020-24, Dorset Council, 2020
- BCP Council, Mid-Year Estimates 2019.
- Buckinghamshire District Councils, Strategic options case for modernising local government in Buckinghamshire, October 2016
- Buckinghamshire in numbers 2019.
- Wiltshire Uncovered Report, 2014, Wiltshire Community Foundation
- Part One: Our proposal for a single Council for Cornwall
- Local government reform in Hertfordshire, February 2020

Efficiency categories and cost base

Efficiency categories

In this Section potential financial efficiencies of the 'East & West' option are assessed, including reorganisation efficiencies, implementation costs and payback period. Experience of structural changes since 1996 has shown that the move to unitary local government can deliver revenue savings in a number of core areas. For this benchmarking analysis, potential efficiencies have been grouped under the following headings:

- 1 **Workforce and services** - Number of FTE employees including management, corporate services, customer management and service delivery.
- 2 **Systems** - software and technology requirements
3. **Contracts** - buying power of large contracts
4. **Estates and facilities** - ability to centralise services in fit for purpose estates
5. **Democratic arrangements** - number of elections and level democratic process and number of members.

The percentage of efficiencies were estimated based on the total existing cost base for both 'East' and 'West'. The assumed total expenditure is split as follows:

- Workforce and services 45.0%,
- Systems 10.0%,
- SLAs/Contracts 40.0%,
- Estates/facilities 3.5% and
- Democratic arrangements 1.5%.

Once actual percentages are available across the councils, these estimates can be updated.

Potential further efficiencies through transformation and new ways of working are envisaged. The potential for this to be catalysed by COVID-19 though has not factored these into the estimates.

Payback period

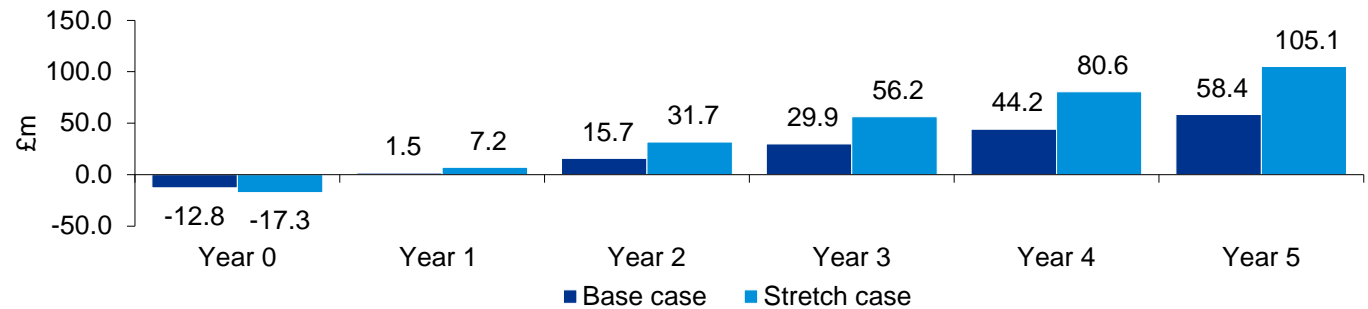
Across the whole five year period, the potential total cumulative revenue saving after implementation costs is c. £58m - £105m million for the West and £75m - £135m for the East.

Page 133

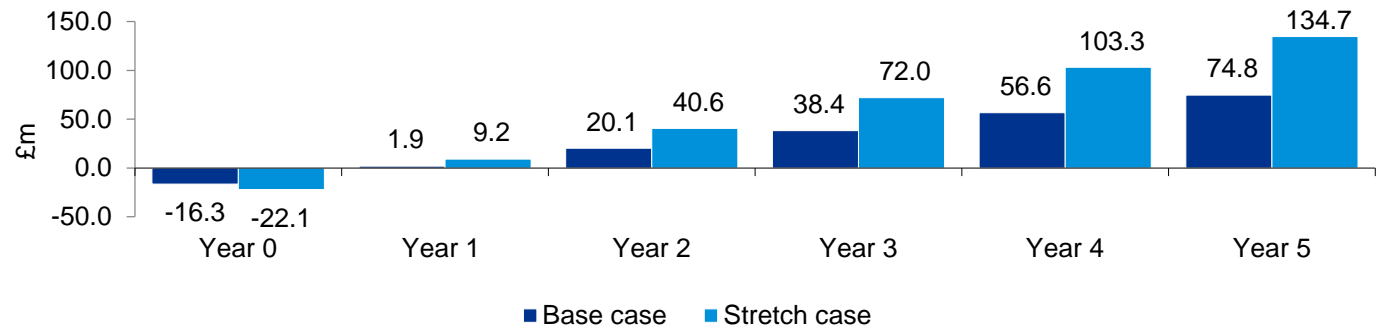
Payback over 5 years

In the charts below, the date of transfer is assumed as the end of Year 0. Payback is the point where cumulative potential savings exceed total implementation costs, and consequently where the 'cumulative savings' bar becomes positive. The cumulative savings bar is the cumulative savings at the end of the year it relates to.

West – Cumulative payback period



East – cumulative payback period



Income analysis: council tax and business rates income

Council tax rates

Council tax (excluding parish precepts) range between £1,383 per year for a Band D property in York to £1,609 in Harrogate. A maximum, median and minimum rate for Council tax has been explored, with actual rates charged will be decision for the shadow authorities.

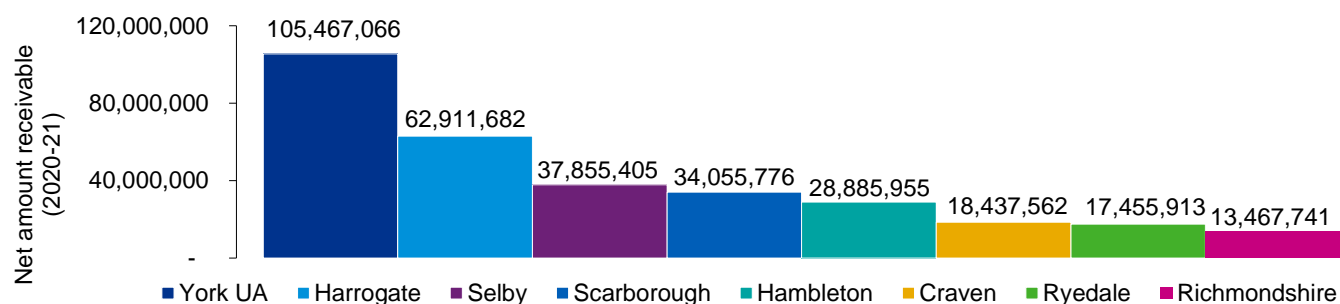
Fig. 49 Future Council Tax Receipts Analysis – Three scenarios ¹	Future Receipts – Max £'000s		Future Receipts – Median £'000s		Future Receipts – Min £'000s	
	West	East	West	East	West	East
	Potential future council tax receipts	244,257	264,597	223,872	263,482	222,326
Future total receipts based on annual council tax income increase 5.21%	223,273	252,678	223,273	252,678	223,273	252,678
Difference between scenario receipts and future receipts with no change	885	11,919	600	10,805	-946	-3,577
Percentage increase/decrease in total council tax income.	< 1%	5%	< 1%	4%	< -1%	-1%

Fig. 50 Band D Council Tax rate ²	District Council Tax	Total Council Tax including County
Harrogate	246	1,609
Scarborough	240	1,603
Richmondshire	220	1,583
Ryedale	203	1,566
Selby	183	1,546
Craven	177	1,540
Hambleton	114	1,477
York	-	1,383

Business rates income¹

Prior to COVID-19 reliefs the total national non-domestic rates receivable across the region in 2020-21 are £318m. A third of these business rates are received by York

Fig. 51 Business rates income



Summary & next steps

High level analysis indicates potential annual efficiencies of £32.5 - 55.8m across the region. Reorganisation is estimated to cost £29.1 - 39.4m, though more detailed work is required to understand accurate costs and savings.

Summary of the benchmarking analysis

	'West'		'East'		Total	
	Base case	Stretch case	Base case	Stretch case	Base case	Stretch case
Potential annual savings (£m)	14.2	24.5	18.2	31.4	32.5	55.8
Gross 5 year saving (£m)	58.4	105.1	74.8	134.68	133.2	239.8
Implementation costs (£m)	12.8	17.3	16.3	22.1	29.1	39.4
Net savings over 5 years (£m)	45.7	87.8	58.5	112.5	104.1	200.4
Payback period from May 2023 (years)	2	2	2	2	2	2

The gross 5-year savings assumes expenditure of implementation costs take place in year zero, being the 12 months prior to the date of transition to a unitary authority (currently estimated for May 2023).

It may be considered in further detailed modelling as part of the full business case, that for example, only 40% of potential savings are achieved in year 1, and 80% are achieved in year 2. The percentages would be determined by the agreed implementation programme for the unitaries and this could extend the payback period to 3-4 years.

Next steps

In development of a detailed business case the following steps would need to take place in collaboration between the seven district and borough councils, City of York Council and North Yorkshire County Council

- Engage with each council to understand current expenditure across each category of Services, Operational, Resources, etc.
- Develop their future state operating model (e.g. workforce structures, governance models, preferred systems models)
- Start integration planning to identify the costs and timelines for implementation.
- Identify where opportunities are when forming unitary authorities, taking into account synergies as well as where any existing efficiency programmes of a council can be applied across the unitary authority.
- Quantify these opportunities based on agreed assumptions, underpinned by baseline data and historical performance.

Appendix 4 - The Local Delivery Model

Local delivery model: context

The North Yorkshire District and Borough Councils considered multiple options for single tier local government. The majority of these were based on unitary authorities as we know them across the country.

An alternative was also put forward, referred to as the Local Delivery Model. Due to the legislative amendments required it was deprioritised through the evaluation process. However, additional work was undertaken to understand how this model could be further developed if central government were keen to explore the alternative.

The Local Delivery Model requires significant discussion with Government in order for it to be a viable option for local government reorganisation in York and North Yorkshire. It could not be implemented in isolation, but rather would need to become the standard form of local government reorganisation for two tier areas transitioning to single tier structures and seeking devolution deals.

This Appendix is being included in the Case for Change to reflect conversations that have taken place to date.

What is the Local delivery model? (1/2)



How would the Local Delivery Model work?

Page 138

- A new Combined Authority will deliver strategic services at a whole County level with a directly elected mayor in place, in line with existing proposals.
- Rather than forming new unitary authorities that sit within a Combined Authority, services are either delivered by the Combined Authority, or by Local Delivery Units, which form from the existing District Authorities and the existing Unitary Authority (York).
- Local councillors would be linked to Local Delivery Units, with a Leader for each Local Delivery Unit to be elected by the other councillors to sit in the Combined Authority Cabinet. Councillors would have a 4-year term and be elected at the same time as the Mayor.
- There are options available for consideration for the model of future council elections:
 - Establish Local Delivery Units based on existing District areas, but reduce the number of Councillors
 - Create new delivery units based on parliamentary areas (resulting in 4 delivery units across North Yorkshire, rather than the current eight local authority areas. In this case 20 councillors per constituency would mean 80 councillors in total representing an average population of c.5,000)
- Local Delivery Units are statutory bodies but smaller organisations than current District and Borough Councils. Local Delivery Unit Chief Executive and management team roles could be shared across multiple delivery units. Due to the expanded remit of the Combined Authority, the Mayor would have a greater level of influence over strategic services.

What is the Local delivery model? (2/2)

The Combined Authority would take on a greater remit than under existing proposals, with Local Delivery Units continuing to provide local accountability, knowledge and expertise in local service delivery.

The exact role of the two tiers of local government requires further development through engagement, but an overview of key potential roles is set out below:

The role of the Combined Authority	The role of Local Delivery Units
<p>— Sub-regional strategy</p> <p>— Commissioning</p> <p>— Countywide Support Services including Finance, Procurement, Legal, Performance, HR, etc.</p> <p>— Service delivery of services commissioned at a Combined Authority level.</p> <p>— Commissioning North Yorkshire Police and North Yorkshire Fire services.</p> <p>— Children’s Services</p> <p>— Highways</p> <p>— Waste management</p> <p>— Transport commissioning</p> <p>— Public Health</p>	<p>— Local delivery of services</p> <p>— Partnership and engagement</p> <p>— Liaison with towns and parishes</p> <p>— Continuation of Council Tax arrangements</p> <p>— Local representation on mayoral authority and commission</p> <p>Where appropriate, a lead local delivery unit could take a leadership role on behalf of the other delivery unit (similar to the Greater Manchester approach of lead authority)</p>

Page 139

Potential benefits of the Local Delivery Model

Potential benefits of the Local Delivery Model have been discussed with representatives of the District and Borough Councils.

There are a number of clear benefits, assuming that the model could be adopted by government

Key potential benefits

- **Reduced reorganisation complexity and cost** – More straightforward to implement than other proposals for local government reorganisation as all current authorities remain in some form. There is then the potential to realise further long-term benefits and efficiencies in planned and managed stages.
- **Maintaining localism, local knowledge, identity and accountability** – Continues local democracy, with most decisions affecting local service delivery being resolved at a local level whilst realising the efficiencies and benefits of a unitary model. Uses existing structures to ensure effective liaison with and support for communities.
- **Service delivery** – Local delivery Units will be responsive to the needs of citizens and continue to be effective bodies for local service delivery. The model enables the continuation of existing high-quality services commissioned and/or delivered at a Combined Authority level (e.g. Children's Services, Highways).
- **The role of the mayor** – The model ensures a strong Combined Authority Mayor with the ability to directly influence the delivery of services, able to communicate directly to government through delivery units, residents have a direct route to the Mayor, who could otherwise be deemed distant. Likewise, delivery units can provide the Mayor and LEP with intelligence regarding the local economy and local business.
- **Flexibility** – Allows the flexibility to redesign the local delivery model without sacrificing local democracy and accountability for service delivery.

Appendix 5 - List of figures, tables and case studies

List of figures, table and case studies

Fig.	Page(s)	Title	Source
1	7, 28	'East & West' model	
2	9	Estimated efficiencies, costs and payback period for 'East & West'	
3	9	Reorganisation and transformation efficiency potential	ONS population estimates and Council data
4	10	High level implementation phases	
Page 142	10	High level implementation workstreams	
	13	Approach to developing the Case for Change	
	14	Key options analysed	ONS population estimates
8	17, 116	Longlist of options	
9	20	Travel across North Yorkshire	Google Maps
10	21	Relative maps of North Yorkshire	Google Maps
11	36	Population splits by option	ONS population estimates
12	37	Forecast growth of population aged 65+ (2020-2043)	ONS population estimates
13	37	Average Age Dependency Ratio, 2019	ONS population estimates
14	38	Travel between population hubs of current North Yorkshire footprint	Google maps travel times, 2020

Fig.	Page(s)	Title	Source
15	38	Travel between population hubs of 'East & West' model	Google maps travel times, 2020
16	46	Qualification levels of people aged 16-64	ONS annual population survey
17	48	Housing Delivery Test score 2016-19 by area	Data from MHCLG – Housing Delivery Test: 2019 Measurement
18	53	Efficiencies	
19	54	Implementation costs	
20	55	Payback period	
21	56	Non-earmarked reserves	Financial accounts 19/20
22	56	MTFP savings required	Council MTFP or financial strategies
23	57	Business rates net receivable income	NNDR 2017/18
24	57	Future Council Tax Receipts Analysis – Three scenarios	
25	58	Reorganisation and transformation efficiency potential	ONS population estimates and Council data
26	62	Councillors numbers based on existing ratios	ONS population estimates and Council data
27	65	ICS, STP and CCG footprint	NHS England
28	73	Potential Combined Authority make-up	ONS population and standard area estimates

List of figures, table and case studies

Fig.	Page(s)	Title	Source
29	74	Employees by key industries	ONS Business Register and Employment Survey : open access, 2018
30	77	Strategic Development Zones	Spatial Framework Core Approach Dec 2019
31	83	Online survey results	Online survey
32	85	Overview of options analysed	ONS population estimates and standard area of measurements for administrative areas in the UK
Page 84	88	Timeline for transition to a unitary structure	
	95	National context	
	97	York and North Yorkshire	
	98	Current authority area	
37	99	Town and city population estimates	ONS Population estimates, mid-year 2019, released 24 June 2019;
38	99	Urban/Rural classification	ONS classifications
39	100	York and North Yorkshire GVA per head indexed to UK	ONS Gross Value Added (Balanced)
40	101	Key travel routes in York and North Yorkshire	
41	102	Travel to work patterns	Census, 2011

Fig.	Page(s)	Title	Source
42	105	Council Financial Summary	Financial accounts 19/20, Revenue Account Budget (RA) 2020-21, Revenue Expenditure
43	106	Council member representation	Council websites
44	107	STP and hospital profile of York and North Yorkshire	
45	109	Children's Service Overview	ONS Population estimates, mid-year 2019, released 24 June 2019; 2: PHE, fingertips tool 2020; 3: CYSCB Report 2020; 4: Children looked after in England 2018/19; 5: Local Authority 19/20 Accounts
46	110	Key metrics	Children Social Care Workforce Tables 2018-19; 2: PHE, fingertips tool 2020
47	111	York and North Yorkshire schools	https://www.compare-school-performance.service.gov.uk
48	114	Devolution and strategic growth focus areas	Spatial Framework Core Approach
49	122	Council Tax income	Financial accounts 19/20
50	122	Band D council tax rate	MHCLG statistics, 2019/20 average Band D
51	122	Business rates income	Financial accounts 19/20

Appendix 6 - Glossary of terms

Glossary of terms

Term	Definition
CCG	Clinical Commissioning Group – NHS bodies that commission services for a local area
COVID-19	Reference to the coronavirus outbreak in 2019 that resulted in a global pandemic.
County	North Yorkshire County Council
Districts and Boroughs	The seven current District and Borough Councils of North Yorkshire (Craven, Hambleton, Harrogate, Richmondshire, Ryedale, Scarborough and Selby)
ICS	Integrated Care Systems – closer collaboration than an STP where NHS organisations, in partnership with local councils and others, take collective responsibility for managing resources, delivering NHS standards, and improving the health of the population they serve.
LGR	Local government reorganisation, the process by which two-tier local authority areas move to unitary models
LIS	Local industrial strategy covering a region which aims to increase regional economic productivity.
LSP	Local Safeguarding Partnership
MHCLG	Ministry of Housing, Communities and Local Government
OFSTED	The Office for Standards in Education, Children’s Services and Skills which inspects services providing education and skills for learners of all ages and services that care for children and young people.
ONS	The Office for National Statistics with responsibilities for collecting, analysing and disseminating statistics about the UK’s economy, society and population.
STP	Sustainability and Transformation Partnerships, proposals drawn up by NHS organisations and local councils to improve health and social care in the region.
Unitary	Single tier model of government or organisation of local government that delivers all local government services in an area.
White Paper	White papers are policy documents produced by the Government that set out their proposals for future legislation. White Papers are often published as Command Papers and may include a draft version of a Bill that is being planned. This provides a basis for further consultation and discussion with interested or affected groups and allows final changes to be made before a Bill is formally presented to Parliament.



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Ministry of Housing,
Communities &
Local Government

Janet Waggott
Chief Executive
Selby District Council
Doncaster Road,
Selby, North Yorkshire,
YO8 9FT

9 October 2020

By email: jwaggott@selby.gov.uk

Dear Chief Executive,

The Secretary of State has today in accordance with the Local Government and Public Involvement in Health Act 2007 invited any principal council in North Yorkshire and the area of the City of York to submit a proposal for unitary local government for the area. Your council therefore is invited to make such a proposal, and if it decides to do so, it may make its own proposal or make a proposal jointly with any other councils in North Yorkshire. I enclose a copy of the invitation.

As you will see, if a council decides to make a proposal, it must submit by 9 November 2020 at least an outline proposal, and if a full proposal has not been submitted by that date, the full proposal must be submitted as soon as practicable thereafter and by no later than 9 December 2020.

A proposal should be submitted by email to paul.rowsell@communities.gov.uk and jobshare.beckingham-chissell@communities.gov.uk

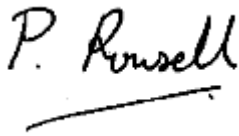
You will also see that in response to this invitation a council may make any of the types of proposal permitted under the 2007 Act. Section 2 of the 2007 Act provides for the following types of proposal:

- Type 'A' is a proposal for a single, unitary tier of local government for the area which is the county concerned.
- Type 'B' is a proposal for a single, unitary tier of local government for an area which is currently a district, or two or more districts, taking on county functions, within the county concerned, to be specified in the proposal.
- Type 'C' is a proposal for a single tier of local government for an area specified in the proposal which currently consists of the county concerned or one or more districts in the county concerned; and one or more relevant adjoining areas.

- A combined proposal which is a proposal that consists of: two or more Type B proposals: two or more Type C proposals: or one or more Type B proposals and one or more Type C proposals,

If you have any queries about this letter or enclosed invitation, please contact Louise Beckingham and Nicola Chissell at jobshare.beckingham-chissell@communities.gov.uk or 0330 444 4336 / 0330 444 1941

Yours Sincerely,

A handwritten signature in black ink that reads "P. Rowse". The signature is written in a cursive style and is underlined with a single horizontal stroke.

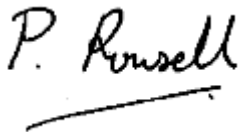
P ROWSELL

LOCAL GOVERNMENT AND PUBLIC INVOLVEMENT IN HEALTH ACT 2007
INVITATION FOR PROPOSALS FOR A SINGLE TIER OF LOCAL GOVERNMENT

The Secretary of State for Housing, Communities and Local Government, in exercise of his powers under Part 1 of the Local Government and Public Involvement in Health Act 2007, hereby invites any principal authority in the area of the county of North Yorkshire and the area of the City of York, to submit a proposal for a single tier of local government, in accordance with paragraphs 1 to 3 below.

1. If an authority wishes to make a proposal in response to this invitation it must submit by 9 November 2020 at least an outline proposal, and if a full proposal has not been submitted by that date, the full proposal must be submitted as soon as practicable thereafter and by no later than 9 December 2020.
2. In responding to this invitation an authority must have regard to the guidance from the Secretary of State set out in the Schedule to this invitation, and to any further guidance on responding to this invitation received from the Secretary of State.
3. An authority responding to this invitation may either make its own proposal or make a proposal jointly with any of the other authorities invited to respond.

Signed by authority of the Secretary of State for Housing, Communities and Local Government.

A handwritten signature in black ink that reads "P. Rowsell". The signature is written in a cursive style and is underlined with a single horizontal stroke.

P Rowsell

A senior civil servant in the Ministry of Housing, Communities and Local Government

9 October 2020

SCHEDULE

Paragraphs 1 to 2 below set out guidance from the Secretary of State.

1. A proposal should seek to achieve for the area concerned the establishment of a single tier of local government, that is the establishment of one or more unitary authorities:

a. which are likely to improve local government and service delivery across the area of the proposal, giving greater value for money, generating savings, providing stronger strategic and local leadership, and which are more sustainable structures;

b. which command a good deal of local support as assessed in the round overall across the whole area of the proposal; and

c. where the area of each unitary authority is a credible geography consisting of one or more existing local government areas with an aggregate population which is either within the range 300,000 to 600,000, or such other figure that, having regard to the circumstances of the authority, including local identity and geography, could be considered substantial.

2. The following matters should be taken into account in formulating a proposal:

a. A proposal should describe clearly the single tier local government structures it is putting forward, and explain how, if implemented, these are expected to achieve the outcomes described in paragraph 1 above.

b. The need for evidence and analysis to support a proposal and any explanation of the outcomes it is expected to achieve, including evidence of a good deal of local support.

c. The impact of any proposed unitary authorities on other local boundaries and geographies. If the area of any proposed unitary authority crosses existing police force and fire and rescue authority boundaries, the proposal should include an assessment of what the impact would be on the police forces and/or fire and rescue authorities and include the views of the relevant Police and Crime Commissioners and Fire and Rescue Authorities.

d. Any wider context for any proposed unitary authorities around promoting economic recovery and growth, including possible future devolution deals and Mayoral Combined Authorities.

e. If the proposal submitted by 9 November 2020 is an outline proposal it should indicate what further material is expected to be provided and when this would be submitted which should be no later than 9 December 2020.



Report Reference Number: E/20/21

To: Executive
Date: 5 November 2020
Status: Key Decision
Ward(s) Affected: All
Author: Stuart Robinson, Head of Business Development & Improvement
Lead Executive Member: Cllr Mark Crane, Leader of the Council
Lead Officer: Janet Waggott, Chief Executive

Title: Council Delivery Plan 2020-23

Summary:

The Council Plan was agreed by Council in December 2019. The Plan sets the strategic framework for the next ten years, retaining the vision 'to make Selby district **a great place**' and setting out four priority themes: 'to make the Selby district a great place to **live**; **enjoy**; and **grow** – supported by a Council that delivers **great value**.

At that time, it was agreed to produce a more specific, three-year Delivery Plan. The Delivery Plan provides the detail to support Council services and stakeholders to understand and share priorities for the next three years – and a framework against which to check and communicate progress.

Planning for our recovery from the Covid-19 pandemic has been underway since late April. Aligning ourselves to the wider recovery work across the county, we have undertaken an impact assessment and developed our planning along three lines:

- supporting the local **community** to recover;
- supporting the local **economy** to recover; and
- recovering as an **organisation**.

Our plans for recovery have been incorporated into the overarching Delivery Plan which has now been updated and is presented here for approval.

Recommendations:

That Executive approves the Council Delivery Plan 2020-23 for implementation.

Reasons for recommendation

The Council Plan sets out our ambitions for the district for the next ten years. To ensure we meet those ambitions, and emerge strongly from the impact of the Covid-19 pandemic, it is important to set out the priority projects and initiatives that will provide the roadmap for delivery and the milestones that will ensure we know when we are being successful.

1. Introduction and background

- 1.1 The new Council Plan, agreed by Council in December 2019, sets out our ambitions for the district for the next ten years. It sets out our vision of the Selby district as “a great place”; our priorities; and how we plan to deliver those priorities.
- 1.2 Our strategic priorities highlight four key ambitions for Selby district in 2030; they are that Selby district is: -
- a great place **to live**;
 - a great place **to enjoy**;
 - a great place **to grow**; and that
 - Selby District Council delivers **great value**.
- The Plan can be found on the Council website: [Council Plan 2020-30](#)
- 1.3 It was agreed, by Council, that delivery of the Council Plan will be underpinned by more specific three year Delivery Plans. These will set out the specific actions that the Council will deliver in that period to reach the stated ambitions by the end of the decade. These Delivery Plans will be the basis for performance monitoring and reporting. The first Delivery Plan will cover the period up to March 2023.
- 1.4 Planning for our recovery from the Covid-19 pandemic has been underway since late April. Our plans for recovery have been incorporated into the overarching Delivery Plan which has now been updated and is presented here for approval.

2. Main Report

2.1 The Council Delivery Plan

The proposed Delivery Plan 2020-23 is set out in Appendix A. The Delivery Plan sets out the priority projects and initiatives that provide the roadmap for delivery and the milestones that will ensure we know when we are being successful.

- 2.2 The Delivery Plan is aligned to the Council Plan 2020-30 and takes as its starting point the headline delivery priorities set out in the overarching Council Plan.
- 2.3 Key to success is to ensure the activity within the Delivery Plan is SMART: S—Specific M—Measurable A—Agreed R—Realistic T—Time-bound
Central to this, particularly in light of the ongoing response to and recovery from Covid-19 – and the potential impact of local government reorganisation - is that the activity and associated timescales are *Realistic*.

2.5 Responding to the impact of Covid-19 and further risks to delivery

2.5.1 Planning for our recovery from the Covid-19 pandemic has been underway since late April. Aligning ourselves to the wider recovery work across the county, we have undertaken an impact assessment and developed our planning along three lines:

- supporting the local **community** to recover;
- supporting the local **economy** to recover; and
- recovering as an **organisation**.

Our plans for recovery have been incorporated into the overarching Delivery Plan which has now been updated and is presented here for approval.

2.5.2 More detail on the impact of Covid-19 on our residents, our communities, our businesses, and the Council as an organisation was included in an earlier report to Executive in July. Much of the content of the Delivery Plan will support recovery, whether it is enable more housebuilding, regenerating town centres, enabling strategic sites for new business, supporting business development, adopting a digital first approach to service delivery, or developing staff to operate effectively whilst working remotely.

2.5.3 The Council has responded well to the pandemic, but in drafting the Delivery Plan we must take account of the following risks:

- Finance - Like all local authorities, Selby District Council has taken a significant financial hit during the pandemic due to reduced income and increased costs of delivery. Whilst the revisions to the Budget and MTFS in September ensure we are better placed to mitigate the financial risks, the ongoing pandemic has created an uncertain financial climate.
- Capacity. Whilst we have prioritised service delivery, there are some services that we were not able to deliver as normal during lockdown or had to reprioritise due to new demands (e.g. housing repairs, debt collection, enforcement, revenues and benefits). All these services are having to catch up and/or re-prioritise, thereby having an impact upon available resources.
- Delays. In some areas, such as the capital improvement programme for our council homes, the programme has been delayed for several months due to unavailability of contractors to do the work. These delays have had a knock-on impact on future delivery.
- Covid-19 response. The pandemic is not yet over. Whilst the country is taking small steps towards recovery, we are mindful that we are now in the second wave of infections – and rates continue to rise. This is having an ongoing impact on available resources.
- Local Government Reorganisation. Whilst no decision has yet been taken, the long and short term uncertainty caused by LGR – both in terms of how we plan for the future as well as implications for attracting and retaining staff – creates additional challenges for the delivery of this Plan.

These risks will be monitored and managed through the council's corporate risk management arrangements. The impact of these risks on delivery of this Plan will be reported through the corporate performance framework.

2.6 Monitoring delivery

To ensure we continue to understand delivery of the Plan, performance will be monitored via the Council's corporate performance framework and progress reported quarterly to the Executive and Scrutiny. Furthermore, to ensure a continued focus on what matters, the suite of KPIs will be updated to ensure it aligns to both the Delivery Plan and the current challenges facing the Council around the impact of Covid-19. It is intended to commence the new arrangements from Quarter 3.

3. Alternative Options Considered

None.

4. Implications

4.1 Legal Implications

None.

4.2 Financial Implications

Covid-19 will present new financial issues and risks for the Council in 2020/21 and beyond. A revised budget and updated MTFS was developed alongside the drafting of this Plan and was approved by Council in September.

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 Council Delivery Plan 2020-23 is the key mechanism for delivering the ambitions set out in the Council Plan 2020-30.

4.5 Equalities Impact Assessment

To ensure compliance with the Council's Public Sector Equality Duty, an Equality, Diversity & Community Impact Assessment (EDCI) screening document has been completed. The EDCI screening document has been reviewed and updated throughout the development of the Council Plan 2020-30. There are no negative impact scores identifying as high impact/priority and therefore a full Impact Assessment has not been completed. In addition, each headline priority action will be subject to EDCI screening as detailed delivery proposals emerge.

5. Conclusion

5.1 Selby District Council is ambitious and, with the Council Plan 2020-30, has set out a bold agenda for the district. Delivering on that agenda will support the district, and the Council, to recover from the impact of the Covid-19 pandemic

in the short to medium term and in the long term ensure the district is, and continues to be a great place.

- 5.2 In order to deliver on the bold agenda in the long term, it is important to set out the roadmap for the next three years – including the key priorities and initiatives that are required to help secure those long term goals. The Council Delivery Plan 2020-23 is that roadmap. However, it will be important that the implementation of the Plan is not only resourced but monitored and managed to ensure the milestones are reached and delivery secured.

6. Background Documents

Council Plan 2020-30

7. Appendices

Appendix A – Council Delivery Plan 2020-23

Contact Officer:

*Stuart Robinson
Head of Business Development & Improvement
Selby District Council
srobinson@selby.gov.uk*

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Council Delivery Plan 2020-23 - APPENDIX A

Our **VISION** is...

The Selby district is *a great place*

Our **STRATEGIC PRIORITIES** are...

a great place to
LIVE

a great place to
ENJOY

a great place to
GROW

a great place with a Council delivering
GREAT VALUE

Our **OBJECTIVES** for successful delivery are...

- increase number of homes in the district
- better quality council homes
- improved town centres

- improved environment
- safe neighbourhoods
- sustainable transport

- increased investment
- more well paid jobs
- higher skills levels

- digital customer service
- good quality services
- financially sustainable/ savings

Our **DELIVERY PRIORITIES** for the first three years to deliver those objectives are

HOUSING SUPPLY
Maintain our supply of specific deliverable sites sufficient to provide 5 years' worth of housing to ensure planning decisions are taken locally.
Timescale: Ongoing
Lead Officer: Martin Grainger

HOUSING SUPPLY
Maximise the number of available homes in the Selby district through delivering the Empty Homes programme.
Timescale: March 2021
Lead Officer: June Rothwell

HOUSING SUPPLY
Agree priority sites and delivery model and deliver the SDC Housing Development Programme
Timescale: December 2020 (agree sites and delivery model)
Lead Officer: J Rothwell/J Rudd

HOUSING QUALITY
Deliver the council house improvement programme as set out in the council housing Business Plan 2019-2025.
Timescale: September 2023
Lead Officer: June Rothwell

TOWN CENTRES
Develop and implement Town Action Plans and partnerships for Selby, Tadcaster and Sherburn to support recovery of town centres from Covid-19, deliver the TCF programme to transform the Selby station area and the Selby town Heritage Action Zone (HAZ)
Timescale: March 2024 (Selby HAZ)
Lead Officer: Julian Rudd

COMMUNITIES
Develop a resilient community to support community emergency response and long-term recovery of communities from Covid-19.
Timescale: June 2021
Lead Officer: Angela Crossland

ENVIRONMENT
Implement the recommendations of the Low Carbon Working Group and reduce the Council's impact on the environment
Timescale: December 2020 (for initial Plan)
Lead Officer: tbc

ENVIRONMENT
Deliver capital investment of £100k p.a. over three years to improve quality and accessibility of Council play areas
Timescale: March 2023
Lead Officer: Keith Cadman

ENFORCEMENT
Strengthen approach to enforcement.
Timescale: Ongoing
Lead Officer: J Rothwell/M Grainger

PLANNING FRAMEWORK
Deliver the Local Plan to guide the future development of the Selby district by 2023
Timescale: May 2023
Lead Officer: Martin Grainger

VISITOR ECONOMY
Deliver the 'Selby District Visitor Economy Strategy 2018-22 – and District Cultural Development Framework to support the recovery from Covid-19 and maximise long term opportunities
Timescale: April 2022
Lead Officer: Angela Crossland

ENTERPRISE & GROWTH
Deliver the Selby District Economic Development Framework 2022...and beyond to progress our strategic sites and support SME businesses to recover from Covid-19
Timescale: Ongoing
Lead Officer: Julian Rudd

DIGITAL CUSTOMER SERVICE
Deliver the Digital Strategy to transform service delivery, deliver channel shift and improve the customer experience
Timescale: June 2021
Lead Officer: S Robinson/J Rothwell

QUALITY WORKFORCE
Deliver the People Plan to support and develop staff through major change
Timescale: March 2022
Lead Officer: Stuart Robinson

EFFECTIVE USE OF ASSETS
Develop and implement an SDC Asset Strategy 2020-30 and high-level Action Plan
Timescale: March 2021
Lead Officer: June Rothwell

VALUE FOR MONEY
Deliver robust arrangements to ensure financial plans are delivered, costs are minimised and planned savings and new opportunities for income are delivered
Timescale: annual
Lead Officer: Leadership Team

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Report Reference Number: E/20/22

To: Executive
Date: 5 November 2020
Status: Key Decision
Ward(s) Affected: All
Author: Peter Williams –Head of Finance
Lead Executive Member: Cllr C Lunn, Lead Member for Finance and Resources
Lead Officer: Karen Iveson - Chief Finance Officer

Title: Financial Results and Budget Exceptions Report to 30th September 2020

Summary:

As a consequence of Covid-19, a revised budget was approved at Full Council on the 22nd September. Accordingly, quarter 2 outturn forecasts are largely in line with the revised budget with a few exceptions which are detailed in the report and appendices.

The estimated financial impacts for the year as a result of Covid-19 are additional costs, delayed savings and income losses of £3,624k across both the General Fund and HRA. To date the Council has received £1,068k emergency Covid funding from the Government with further compensation for losses in sales, fees and charges income expected. The revised estimate draws down £1,440k New Homes Bonus from reserves, and 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.

At the end of Q2, the forecast full year revenue outturn shows a (£81k) surplus in the General Fund, and a HRA surplus of (£3,380k) 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.

On the General Fund capital programme, the spend for new build projects and disabled facilities grants have been revisited and a further (£815k) has been forecast to now spend in 21/22. In the HRA, slippage in the empty homes programme is more than offset by an increase in the capacity to deliver additional carry out works on the

housing stock. Headlines can be found in the report below with a more detailed analysis in Appendix C.

Programme for Growth projects continue and additional projects approved by Full Council on the 22nd September are now included in a project by project analysis shown 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 30 September 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.
- 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 September return shows estimated additional costs, delayed savings and income losses of £3,624k across both the General Fund and HRA. To date the Council has received £1,068k emergency Covid funding from the Government with further compensation for losses in sales, fees and charges income expected. 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 (£81k) surplus, (£38k) higher than the revised budget. The table below summarises the General Fund position at the end of Q2:

General Fund Account Q2 2020/21	Latest Approved Budget	Forecast	Forecast Variance
Net Service Expenditure	10,849	10,811	(38)
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)	(81)	(38)

2.2 The main forecasted variances against the General Fund are:

- £166k forecast overspend in salaries, primarily due to anticipated 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;
- (£57k) 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 are a number of other smaller income increases and cost reductions which contribute (£65k) to the surplus including savings on the lifeline programme, contact centre and printing costs. Further detail can be found in Appendix A.

Housing Revenue Account (HRA)

2.3 Latest forecasts show an (£3,380k) surplus is expected by the year end, (£38k) 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	8,611	(38)
Dwelling Rents	(11,991)	(11,991)	0
Net (Surplus) / Deficit transferred to Major Repairs Reserve	(3,342)	(3,380)	(38)

2.5 The forecasted variance is made up of a number of small movements detailed in Appendix A, including improved investment returns.

Planned savings

2.6 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

2.7 The capital programme shows forecast slippage of (£353k) which is expected to be spent in 2021/22. This is a net figure across a small number of projects with some expected to spend less and some more than had been assumed at quarter 1. Details are below and in appendix C.

2.8 In the General Fund the variance of (£815k) is made up of:

- loans to the Housing Trust were expected to be £400k in year but the delays in negotiating sites means that these are unlikely to commence spend until 2021/22.
- It was expected that more disabled facilities grants would complete in 2020/21 when the revised budget was set, but due to fewer completions and contractors on site it is expected that £415k more of this will slip into 2021/22.

2.9 The HRA variance of £461k is made up of:

- An additional £1,358k is expected to be spent this year on the property improvement and health and safety programmes. The assumption of 60% programme delivery at Q1 has been reassessed with the contractor and it is now anticipated that £5,087k of improvements will be made this year;
- The Q2 forecast for the empty homes programmes assumes that a further three properties will be purchased in 2020/21. This is less than forecast at Q1, and it is now anticipated that the remaining balance of £842k for the three-year programme will be spent in 2021/22;
- Following completion of the fire works at Grove House, no further works are expected on community centres in 2020/21. Work to identify further requirements this year will mean that the remaining budget of £54k will be carried forward to be spent in 2021/22.

Programme for Growth (P4G)

- 2.10 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 £10,031k is project costs, £3,998k resourcing costs and after allocation of £35k towards the new Bawtry Road roundabout, £403k is available for allocation to projects.
- 2.11 At quarter 1, due to Covid-19 there had been little project spend but there has now been spend in quarter 2 across a range of projects including:
- £466k 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).
 - A contribution towards the new Bawtry Road roundabout for £35k has been funded through P4G.
- 2.12 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

As set out in the report.

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 The revised budget approved at full Council on the 22nd September has incorporated the estimated financial impacts of Covid-19 as reported at Q1.

5.2 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.

5.3 At quarter 2, the forecast indicates a higher surplus on both the General Fund and HRA compared to the revised budget although further changes are expected as the year progresses.

5.4 There have been some changes to the expected in year spend on the capital programme with further delays in some projects but improving positions in others and further reprofiling is proposed as part of this report.

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.

Contact Officer: Peter Williams, Head of Finance pwilliams@selby.gov.uk

	Previous Year Actuals	Latest Approved Budget	Year to Date		Annual Total	Variances		Comment
	Actual	Budget	Actual	Budget	Forecast	Year to date Actual	Full Year Forecast	
	£k	£k	£k	£k	£k	£k	£k	
Income								
Investment Income	-502	-583	-234	-230	-634	-4	-51	Return for first half of year is 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	-1		-10,617	-1		
Customer & Client Receipts	-7,741	-3,749	-1,369	-1,451	-3,838	82	-88	The position on Planning Fee income has improved since figures were submitted for the revised budget exercise (£57k). Commercial waste as business impact has not been as high as previously anticipated (£16k), improved Land Charges Position (£13k) offset by a stagnant customer base on the lifeline service £20k, numerous small budget variances account for the remaining balance.
Government Grants	-11,652	-13,811	-4,932	-4,912	-13,815	-21	-3	Data & Systems IDEA funding.
Other Government Grant	-2,001	-2,647	-1,337	-1,323	-2,647	-14		
Other Grants/Contributions Etc	-35	-1,198	-1,214	-1,198	-1,198	-16		
Total Service Income	-34,505	-32,606	-9,088	-9,114	-32,749	26	-143	
Expenditure								
Employees	8,336	8,738	4,055	4,192	8,904	-137	166	Anticipated that with the current demands of covid, the vacancy factor will not be met in the second half of the year. 1.0 fte in the housing enforcement team omitted from the base budget in error £25k.
Premises	786	799	446	467	793	-21	-7	Majority are savings from the Contact Centre being closed.
Supplies And Services	10,600	10,255	4,665	4,635	10,232	30	-23	Numerous small variances including Printing (£10K), general office costs (£7k) and CCTV (£2k) make up this variance.
Transport	158	144	55	72	134	-18	-11	Car allowance saving in the lifeline team.
Benefit Payments	11,112	13,919	4,235	4,245	13,919	-10		
Support Services	9,453	7,599			7,599			
Third Party Payments	-308		-80			-80		
Drainage Board Levy	1,704	1,760	870	880	1,739	-11	-21	Inflation increases anticipated when setting the budget were higher than actual levies.
External Interest Payable	80	75	32	38	75	-6		
Contingency		164		-7	164	7		
Total Service Expenditure	41,920	43,455	14,276	14,522	43,559	-246	105	
Accounting - Non Service budgets								
Total Accounting & Non Service Budgets	-7,416	-10,892	3,825	3,703	-10,892	122		
Net Total		-43	9,012	9,111	-81	-98	-38	

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HRA Management Accounts 2020-21
Results as at 30th September

HRA

Appendix A

	Previous Year Actuals	Latest Approved Budget	Year to Date		Annual Total	Variances		Comment
	Actual £k	Budget £k	Actual £k	Budget £k	Forecast £k	Year to date Actual	Full Year Forecast	
						£k	£k	
Income								
Investment Income	-187	-72		32	-92	-32	-20	Improved results in Q2 with 0.68% return in the year to date. Expected to reduce to 0.2% return by Q4.
Garage Rents	-102	-97		4	-97	-4		
Housing Rents	-11,836	-11,991	-3,042	-5,996	-11,991	2,953		Recharges to former tenants now taking place offset by lower fees from Council House sales.
Customer & Client Receipts	-171	-134	-36	-24	-137	-12	-3	
Recharges	-13	-18		-9	-8	9	11	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.
Total Service Income	-12,309	-12,311	-3,078	-5,992	-12,324	2,915	-13	
Expenditure								
Employees	33	77	34	39	78	-4	1	Anticipated shortfall in vacancy factor
Premises	652	779	281	324	770	-44	-9	Potential utility savings from the community centres being closed partially offset by running costs at the Vivars for the property service team.
Supplies And Services	1,282	1,258	353	525	1,250	-172	-8	Mixture of small savings, including swipe cards fees and charges and resource accounting offset by phone charges.
Support Services	2,855	2,903			2,903			
Transport	109	143	45	65	133	-20	-9	Due to working restrictions savings are anticipated on fuel for the vehicle fleet but as services are slowly being reinstated costs will increase.
Debt Management Expenses	6	6			6			
External Interest Payable	2,413	1,920	985	960	1,920	25		
Contingencies		75			75			
Provision for Bad Debts	260	267	2		267	2		
Total Service Expenditure	7,610	7,428	1,699	1,912	7,403	-213	-25	
Accounting & non service budgets								
Depreciation & Impairment Loss	1,650	1,492			1,492			
Transfer to / (from) Reserves	-4,724	50			50			
Pension Adjustments								
HRA Budgeted Surplus / Deficit	767							
Total Accounting & Non Service Budgets	-2,308	1,542			1,542			
Net Total	-7,007	-3,342	-1,379	-4,080	-3,380	2,701	-38	

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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	-	

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Appendix C : 2020/21 Selby District Council Capital Programme - To 30 September 2020

										<u>Approved Programme & Carry Forward Proposal</u>		
General Fund	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	Forecast 21/22	Forecast 22/23	Forecast 23/24
Transforming Customer Services	110,000	110,000	55,000	2,700	-52,300	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 Jan 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 able to work within Covid guidelines			
Website Development	10,000	10,000	5,000	0	-5,000	10,000	0	0	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.			
Industrial Units - Road Adoption	325,000	0	0	0	0	0	0	0	Further information being sought from NYCC Highways regarding detailed specification requirements and contribution to enable formulation of an estimate of costs. Budget costings received from contractor. This budget has been rolled forward for a number of years and a decision is now required as to whether to invest in upgrading the highway provision to adoptable standard. The current condition of the road is such that significant investment at the current time merely to enable adoption is not appropriate. It is proposed not to progress at this juncture and to seek to re-secure funding for the works when the condition dictates those works are appropriate and necessary. There are no plans to carry out this work at present as the road still has a significant useful life. A report will be prepared recommending to remove this budget.			
GIS System	37,131	37,131	18,566	0	-18,566	37,131	0	0	The project still to be scoped for this budget. Decision to be made is dependant on the decision for an Appointment System for the new Customer Contact Centre.			
Benefits & Taxation System upgrade	16,475	16,475	8,238	3,242	-4,996	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	19,250	9,625	19,250	9,625	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
IT - Servers	7,590	7,590	3,795	0	-3,795	7,590	0	0	Servers are being upgraded to align to Microsoft licencing requirements. 50% of idox upgrade has been paid but the remaining £7.5k will be paid in Q4 of 2020/21 when the work is completed.	30,000		
IT - Software	29,694	29,694	14,847	8,000	-6,847	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	15,000	0	0	Replacement due 2021/22.	15,000		
Finance System Replacement	0	0	0	0	0	150,000	0	0	Replacement for the finance system proposed for 2021/22 in the current programme.	150,000		
Committee Management System	3,000	3,000	1,500	0	-1,500	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 Q3 2020/21.			
Upgrade to Assure from M3	20,000	20,000	10,000	10,000	0	20,000	0	0	This budget is to migrate from M3 to Assure software, this project will commence in Q3 2020/21 to be completed in the current year.			
Cash receipting System	32,500	32,500	16,250	0	-16,250	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	3,606	1,803	0	-1,803	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 30 September 2020

General Fund	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	16,390	572	-15,818	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 are expected to be completed on time.	54,728	9,005	
Committee Room Microphone system	65,000	65,000	32,500	0	-32,500	65,000	0	0	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.			
Car Park Ticket Machines	36,000	36,000	18,000	0	-18,000	36,000	0	0	The purchase of new ticket machines is linked to changes to the Car Parking Strategy, new tariffs etc. Given the delays to all services as a result of coronavirus it is currently unclear when the policy changes required prior to the acquisition of new machines will occur at which time revised costings will be required.			
Industrial Units Maintenance	150,000	20,000	10,000	0	-10,000	20,000	0	0	An initial report presenting 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. The outturn forecast has therefore been revised accordingly and a carry forward will be requested. 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. The budget has currently been re-forecast on the basis of expected essential spend for the year.	227,200	7,200	
Car Park Improvement Programme	530,096	300,000	150,000	0	-150,000	300,000	0	0	Work to progress improvement to Back Micklegate, Micklegate and Portholme Crescent car parks has been placed on hold in order to maximise funding options through external funding bids such as the Heritage Action Zone funding. Delays have 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 20/21 as match funding for the wider investment programme being considered.	230,096		
ICT - Channel Shift 2 Website & Intranet	57,500	57,500	28,750	40,775	12,025	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) will be LIVE in Q3 2020/21 with Citizens Access Portal (Benefits) in Q4 2020/21. A commitment of £22.5k will be made once the software is LIVE. This 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	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	12,393	6,992	-5,401	24,786	0	0	Design changes have enabled lower costs for this project. This budget is for improvements aligned to Microsoft requirements & DR Improvements including new server in 2020/21.			
ICT - End User Devices - Software / Hardware	25,341	25,341	12,671	19,930	7,260	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	8,000	920	-7,080	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 30 September 2020

General Fund	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	7,500	0	-7,500	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	2,000,000	0	-2,000,000	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. The fleet is likely to be delivered between September and November 2020 with the first delivery on 30th September.			
Council Play Area Maintenance	105,000	105,000	52,500	0	-52,500	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. Groundwork will shortly be going out to tender for the works. Design work is starting on the second site which is Charles Street, Selby.	100,000	100,000	
Replacement of Vehicle Fleet	7,950	7,950	3,975	0	-3,975	7,950	0	0	Delivery of the replacement vehicle fleet has been delayed until November / December due to coronavirus.			
Purchase of Land	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	400,000	200,000	0	-200,000	0	400,000	-400,000	Sites have been identified for potential acquisition. However, the Covid lockdown has delayed negotiations. There are also small sites identified for development and are with the Planning Team, when approved, tenders can be completed to attain absolute costs, this has also been delayed due to the Covid lockdown. Tenders are due to be issued during September / October. Discussions will then take place with SDHT to decide if they wish to progress them. Until the SDHT Business Plan is finalised current assumptions have been used to not commence with any units in 2020/21 due to the delays in the development sites, with 30 units in 2021/22 and 2022/23 with the balance of the funding in 2023/24.	2,800,000	8,830,940	
Private Sector - Home Improvement Loans	39,031	39,031	19,516	-916	-20,432	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 being somewhat seasonal during the winter months and difficult to profile, despite this we would still be 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	40,000	32,465	-7,535	80,000	0	0	We have completed 3 Empty Homes Grants during quarter 1 & 2 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	340,159	78,356	-261,803	265,700	414,617	-414,617	Covid-19 is having a significant impact on the delivery of DFGs. Currently 22 are approved, on average there are 3 contractors on site a week. YTD 9 have been completed, this is significantly down compared with previous years therefore the anticipated outturn will not achieve the forecast annual spend. It is hoped that by the end of this year we will see a reasonable recovery but the overall the current year forecast has been reduced to £266k with the balance being carried forward to 2021/22.	816,977	402,360	402,360
Total General Fund	9,834,547	6,193,951	3,096,976	222,286	-2,874,690	5,544,334	814,617	-814,617		5,548,501	9,518,505	491,360

Appendix C : 2020/21 Selby District Council Capital Programme - To 30 September 2020

Housing Revenue Account	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		
										Proposal		
										Forecast 21/22	Forecast 22/23	Forecast 23/24
Housing & Asset Management System	132,375	132,375	66,188	28,710	-37,478	132,375	0	0	The remaining capital of £132k will be invoiced in Q3 2020 following the Rents module Go Live in July 2020. The repairs module will commence in September 2020, with the remaining revenue expenditure to be used to implement this by a scheduled date of January 2021.			
St Wilfrid's Court	113,000	19,267	9,634	17,969	8,336	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 coronavirus. Due to the nature of the scheme and protect the safety of the residents it is felt essential to limit the works being undertaken whilst the Covid situation remains uncertain.	93,733		
Environmental Improvement Plan	108,152	108,152	54,076	0	-54,076	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. Currently awaiting a revised programme from colleagues in the Contracts and Procurement team, it is expected that this work will be completed in this financial year.			
Housing Development Project	3,427,643	400,000	200,000	0	-200,000	400,000	0	0	Programme for the development of up to 10 HRA properties on small sites. Starts on these sites is anticipated in 2020/21. Work including, feasibility studies, asbestos surveys and garage clearance are being progressed. Planning permission for development of three schemes has now been secured and work is underway to progress these through to tender. The coronavirus pandemic will result in delays in progressing these projects to site however.	3,027,643		
Housegate Hostel	10,394	10,394	5,197	0	-5,197	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.			
Phase 1 HDP Byram Park Road	0	0	0	-5,805	-5,805	0	0	0	Final Retention invoice received £5k lower than anticipated			
Community Centre Refurbishment	64,377	64,377	32,189	0	-32,189	10,000	10,000	-54,377	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 currently underway. Further progress on delivery of this programme has been delayed due to the coronavirus outbreak.	54,377		
Empty Homes Programme - Improvements to Property	1,094,740	1,094,740	547,370	0	-547,370	252,632	842,108	-842,108	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	30,475	0	-30,475	60,950	0	0	Delays in obtaining the new vehicle fleet due to coronavirus have resulted in underspend on this budget YTD. The fleet is now estimated to arrived in November / December at the earliest			

Appendix C : 2020/21 Selby District Council Capital Programme - To 30 September 2020

Housing Revenue Account	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	350,935	112,882	-238,053	701,869	0	0	The cessation of all but emergency repairs due to coronavirus has impacted delivery of the capital investment programme. We have issued the scope of works to our contractor partners about programme delivery and are pushing for this programme of works to be completed in the current financial year.	500,224	510,225	520,430
Health and Safety Improvement Programme	886,724	598,000	299,000	159,136	-139,864	886,724	-288,724	288,724	The cessation of all but emergency repairs due to coronavirus has impacted delivery of the capital investment programme. We are currently working on our recovery plans for reintroduction of services and talking with contractor partners about programme delivery. At Q1 £289k was forecasted to drop into the next financial year for re-wire works linked to the delays on the Property Refurbishment Programme, however we have now identified a programme of re-wires with our major works contractor and this work is again scheduled for the current financial year.	379,928	554,675	565,770
Property Refurbishment Programme	4,618,490	3,131,094	1,565,547	390,889	-1,174,658	4,200,000	-1,068,906	1,068,906	The cessation of all but emergency repairs due to coronavirus has impacted delivery of the capital investment programme. We are currently working on our recovery plans for reintroduction of services and talking with contractor partners about programme delivery. Q1 estimations were to deliver 60% of the programme in the current financial year, this has now been reassessed with our main contractor and additional kitchen, bathroom, window and door replacements are to be completed this financial year. This will be monitored and reviewed with our contractors for future Covid impacts. The forecast includes £600k Covid impact based on 5% increase in costs as a result of project delays	2,965,328	3,677,796	3,740,890
Property Investment Programme	1,140,375	350,000	175,000	203,988	28,988	350,000	0	0	The cessation of all but emergency repairs due to coronavirus has impacted delivery of the capital investment programme. We are currently working on our recovery plans for reintroduction of services and talking with contractor partners about programme delivery. Current estimations are to deliver 30% of the programme in the current financial year, however at this stage the programme has been paused due to resource pressures, this will continue to be re-assessed.	1,373,310	427,133	435,680
Total HRA	12,359,089	6,671,218	3,335,609	907,769	-2,427,840	7,132,363	-505,522	461,145		9,236,651	5,169,829	5,262,770
Total Capital Programme	22,193,636	12,865,169	6,432,585	1,130,055	-5,302,530	12,676,697	309,095	-353,472		14,785,152	14,688,334	5,754,130

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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 @ 30 September 2020		Project Budget Remaining	Update	Phasing of future spend Q2			
			In Year Spend 20/21	Forecast			Forecast 20/21	Forecast 21/22	Forecast 22/23	Forecast 23/24
Healthy Living Concepts Fund	Angela Crossland	53,291	0	53,281	53,291	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 (Barlow Common delayed due to Covid). Remaining £13k will support health initiatives identified as part of covid recovery plans.	53,291	0	0	
Visitor Economy (Tourism & Culture)	Angela Crossland	352,912	38,821	352,912	314,091	Delivery of the Visitor Economy Strategy is a 3 year programme, which will complete in October 2021. Projects to complete in 2020/21 include: Visitor Economy Place-branding and first year of the marketing plan A suite of niche trails (heritage, outdoor/nature, family fun etc.) which, in light of COVID-19, encourage local people to explore their district. These exist as postcard and an online interactive map with functionality on a mobile phone. The development of a Cultural Development Framework for the District (part-funded by Arts Council England) A programme of support & development for the Food & Drink/hospitality sector Creation of a Visitor Economy business toolkit to support VE businesses to develop their product and their audiences Project delivery on target against Covid-reset of Visitor Economy, which accelerates much of the work and emphasises sector-support activity and the need to engage local audiences. The Tourism Development Officer is working with Welcome to Yorkshire, the LEP, Visit Leeds, Visit York etc. to maximise opportunities from partnership working and joined up thinking regarding Covid-recovery planning.	200,000	152,912	0	
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.	30,311	0	0	
Retail Experience - Tadcaster Linear Park	Angela Crossland	0	0	0	0	On receipt of project update report and feasibility of project, Members and Tadcaster Town Council have agreed to close this project due to risks to delivery from cost increases and the impacts of longer term flood defence work now being progressed by the Environment Agency. £80k to be returned to Tadcaster Town Council. Outstanding P4G funds returned to reprofile against new projects.	0	0	0	
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	Angela Crossland	76,749	2,085	76,749	74,664	Town centre revitalisation and strategy work is underway. Noticeboard element of street scene work completed in line with car park refurbishment. Work to deliver on priorities in line with the town centre strategy and revitalisation action plan. Anticipate that plans for local delivery will align with reprioritisation for town centres as part of new Corporate Plan period 2020+ Town centre baseline reports completed for Selby and Sherburn. Selby action plan in draft. Work being prioritised on digital development in line with recent LEP support and post Covid19 planning.	76,749	0	0	
Towns Masterplanning (Regeneration)	Angela Crossland	102,257	19,330	102,257	82,927	Work has been 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 applications throughout 2019. The first stage of work for Selby has been completed. Sherburn action plan draft now to finalise and Tadcaster engagement due to commence Sept 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 commence 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	65,000	37,257	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	Iain Brown / Duncan ferguson	254,833	8,241	254,833	246,592	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.	204,833	25,000	25,000	0
Access to Employment	Iain Brown / Duncan ferguson	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 / Duncan ferguson	270,521	(3,991)	270,521	274,512	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 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.	95,521	70,000	70,000	35,000
Selby TCF Revenue	Iain Brown / 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 the next quarter.				
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	113	7,052	6,939	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	
Olympia Park	Iain Brown / Duncan ferguson	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.	4,733	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
Making our Assets work	Iain Brown / Duncan ferguson	100,000	2,738	100,000	97,262	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.	80,000	10,000	10,000	0
Housing development Feasibility Work	Phil Hiscott	303,546	38,371	303,546	265,175	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. Burn is still in planning awaiting a decision and West Haddlesey has not yet been submitted. There is further work required at Burn. A large 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.	80,000	0	0	
Commercial property acquisition fund	Iain Brown / Duncan ferguson	3,039,424	455,580	3,039,424	2,583,844	This budget will be used to acquire strategic development sites consistent with the Councils regeneration and commercial development opportunities, in some instances this may be used to match fund acquisitions as part of the TCF bid submission. The current live project has been 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. The year to date spend relates to the purchase of a site for the TCF project.	1,000,000	1,000,000	1,039,424	
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	
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	
Town Centre Action Plans	Angela Crossland / Julian Rudd	2,600,000	0	2,600,000	2,600,000	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 e.g as required for the TCF bid; 2) Delivery budget - for implementation of projects - split as follows: Selby - £1m; Sherburn - £500k; Tadcaster - £500k along with a feasibility budget allocation.	1,200,000	700,000	700,000	
Visitor economy arts and culture delivery programme	Angela Crossland	870,000	0	870,000	870,000	The Visitor Economy and Selby 950 projects have delivered significant benefits for the district. Arts Council England & the National Lottery Heritage Fund want to invest further in the district but are looking for match-funding commitments from SDC and partners. The ask is in three parts: 1) An Events Officer to oversee the bids and delivery, 2) An investment pot to be used as match funding for future bids, 3) Extending the existing Visitor Economy posts.	120,000	290,000	340,000	120,000
Low Carbon resources	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
Low Carbon projects (Phase 1) CAPITAL	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
New programme resources	Extended Leadership Team	539,000	0	539,000	539,000	Additional staffing resources	89,000	179,000	179,000	92,000
Funding for the 15% parish council contribution for the new Bawtry roundabout - £35062	Caroline Skelly	35,062	35,062	35,062	0	Funding for the 15% parish council contribution for the new Bawtry roundabout	35,062			

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
Staffing costs		3,459,475	200,480	3,459,475	3,258,995	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 £200k 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		
		14,432,595	871,314	14,432,585	13,561,281		5,219,942	4,270,859	4,396,794	545,000

Agenda Item 7



Report Reference Number: E/20/23

To: Executive
Date: 5 November 2020
Status: Non Key Decision
Ward(s) Affected: All
Author: Michelle Oates - Senior Accountant
Lead Executive Member: Councillor Cliff Lunn
Lead Officer: Karen Iveson – Chief Finance Officer, S151

Title: Treasury Management – Quarterly Update Q2 2020/21

Summary:

This report reviews the Council's borrowing and investment activity (Treasury Management) for the period 1st April to 30th September 2020 (Q2) and presents performance against the Prudential Indicators.

Investments – On average the Council's investments totalled £73.9m up to the end of the second quarter, at an average rate of 0.68% and earned interest of £252k (£182k allocated to the General Fund; £70k allocated to the HRA) which was £55k above the year to date budget. However cash balances are expected to gradually reduce over the year, and interest rates are now at unprecedented low levels, 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 £4.55m invested in property funds as at 30 September. The funds achieved 3.60% revenue return and 3% capital loss. This resulted in revenue income of £83.4k to the end of Q2 and an 'unrealised' capital loss of £140.6k. 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 30th September 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 30th September 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 Q2 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 second monitoring report for treasury management in 2020/21 and covers the period 1 April to 30 September 20. 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 Q2 2020/21 up to 30 September 2020:

- The Coronavirus outbreak has resulted in economic damage to the UK and the world, with UK GDP falling by 23%;
- Bank Rate remained unchanged at 0.1%, with this rate now expected to continue for some time;
- Quantitative easing remains unchanged at £745bn;
- The Governor of the Bank of England stated that more quantitative easing would be favoured over the instruction of negative interest rates;
- Economic recovery is expected to be gradual and prolonged;
- Brexit uncertainties ahead of the 31 December deadline are expected to affect economic recovery;

Interest Rate Forecasts

2.3 The current interest rate forecasts (last update 11 August) of Link Asset Services – Treasury Solutions are as follows:

Link Group Interest Rate View		11.8.20									
	Sep-20	Dec-20	Mar-21	Jun-21	Sep-21	Dec-21	Mar-22	Jun-22	Sep-22	Dec-22	Mar-23
Bank Rate View	0.10	0.10	0.10	0.10	0.10	0.10	0.10	0.10	0.10	0.10	0.10
3 Month average earnings	0.10	0.10	0.10	0.10	0.10	0.10	0.10	-	-	-	-
6 Month LIBID	0.10	0.10	0.10	0.10	0.10	0.10	0.10	-	-	-	-
12 Month LIBID	0.20	0.20	0.20	0.20	0.20	0.20	0.20	-	-	-	-
5yr PWLB Rate	1.90	1.90	2.00	2.00	2.00	2.00	2.00	2.10	2.10	2.10	2.10
10yr PWLB Rate	2.10	2.10	2.10	2.10	2.10	2.20	2.20	2.20	2.30	2.30	2.30
25yr PWLB Rate	2.50	2.50	2.50	2.50	2.60	2.60	2.60	2.70	2.70	2.70	2.70
50yr PWLB Rate	2.30	2.30	2.30	2.30	2.40	2.40	2.40	2.50	2.50	2.50	2.50

* Net of certainty rate 0.2% discount

2.4 PWLB rates are unlikely to rise over the next two years as economies, including the UK, take a prolonged period to recover all the momentum lost in the sharp recession caused during the coronavirus shut down period. Inflation is also likely to be very low during this period and could even turn negative in some major western economies during 2020/21.

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 Q2 2020/21 was as follows:-
- Balance invested at 30 September 2020 £72.7m
 - Average Daily Balance Q2 20/21 £73.4m
 - Average Interest Rate Achieved Q2 20/21 0.68%
 - Forecast income for the year £331k
- 2.9 The average return to Q2 2020/21 of 0.68% compares with the average benchmark returns as follows:
- 7 day -0.05%
 - 1 month 0.01%
 - 3 months 0.14%
 - 6 months 0.25%
 - 12 months 0.41%

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 30 September 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 forecasts 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. 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 30 June 2020 £	YTD Interest Q2 20/21 £	Interest Full Year £
Kirgate, Tadcaster	4.56%	186,438	4,447	8,893
St Joseph's St	4.20%	202,346	4,351	8,702
Jubilee Close, Ricall	3.55%	547,403	9,587	19,174
Ulleskelf	4.87%	1,066,136	25,635	51,269
Ousegate	3.65%	866,729	15,842	31,684
Average Rate / Total Principal and Interest	4.36%	2,869,052	59,861	119,723

2.20 Commercial Property Investments

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.

2.21 Property Funds

The position on Property Funds at 30 September 2020 is as follows:

In Year Performance

Fund	Bfwd Investment £k	Valuation as at 30-Sep-20 £k	In Year Performance Q2 20/21			
			Capital Gain / (Loss)		Revenue Return	
			£k	%	£k	%
Blackrock	2,376.60	2,329.72	(46.9)	(1.97)	34.7	2.94
Threadneedle	2,308.11	2,214.72	(93.4)	(4.05)	48.6	4.29
Total	4,684.71	4,544.44	(140.3)	(2.99)	83.4	3.60

Total Fund Performance

Fund	Original Investment £k	Valuation as at 30-Sep-20 £k	Total Performance			
			Capital Gain / (Loss)		Revenue Return	
			£k	%	£k	%
Blackrock	2,502.50	2,329.72	(172.8)	(6.90)	154.9	3.63
Threadneedle	2,439.24	2,214.72	(224.5)	(9.20)	209.9	4.60
Total	4,941.73	4,544.44	(397.3)	(8.04)	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 quarter, with a marginal improvement on Blackrock's valuation, and only a £4k reduction on Threadneedle's valuation. Both funds still delivered 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 has since recommenced, with Threadneedle trading from the 30 September, and Blackrock following at the end of October. It is also important to stress that the largest potential impact on fund valuations may not actually come until possibly Q3. This is in line with underlying economic impact of the 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.

2.24

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

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Appendices:

Appendix A – Prudential Indicators as at 30 September 2020

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Prudential Indicators - As at 30 September 2020

Note	Prudential Indicator	2020/21 Indicator	Quarter 2 Actual
1	Capital Financing Requirement £'000	57,700	53,972
	Gross Borrowing £'000	52,833	52,833
	Investments £'000	49,674	72,693
2	Net Borrowing £'000	3,159	-19,860
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.