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Summons and Agenda for the

Council Meeting

to be held on

Thursday, 24 February 2022

at

6.00 pm

SELBY
DISTRICT COUNCIL

Mission Statement "*Making Selby a Great Place*"

SELBY

DISTRICT COUNCIL

To: All District Councillors

cc: Chief Officers

You are hereby summoned to a meeting of the Council to be held in the Council Chamber - Civic Centre, Doncaster Road, Selby, YO8 9FT on **THURSDAY, 24 FEBRUARY 2022** starting at **6.00 pm.** The Agenda for the meeting is set out below.

Janet Waggott

Janet Waggott
Chief Executive

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

AGENDA

Opening Prayers.

1. Apologies for Absence

To receive apologies for absence.

2. Disclosures of Interest

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

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

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

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

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

3. Minutes (Pages 1 - 8)

To approve as a correct record the minutes of the meeting of the Council held on 28 September 2021.

4. Communications

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

5. Announcements

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

6. Petitions

To receive any petitions.

7. Public Questions

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

8. Councillors' Questions

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

9. Reports from the Executive (Pages 9 - 24)

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

10. Reports from Committees (Pages 25 - 34)

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

11. Motions (Pages 35 - 36)

Motions Process:

- **No speeches may be made after the mover has moved a proposal and explained the purpose of it until the motion has been seconded.**

- **When seconding a motion or amendment, a councillor may reserve their speech until later in the debate.**

- **Speeches must be directed to the motion under discussion or to a personal explanation or point of order. No speech may exceed five minutes without the consent of the Chairman.**

- **A councillor who has spoken on a motion may not speak again whilst it is the subject of debate, except:**

  a) To speak once on an amendment moved by another councillor;

  b) To move a further amendment if the motion has been amended since he/she last spoke;

  c) If his/her first speech was on an amendment moved by another councillor, to speak on the main issue (whether or not the amendment on which he/she spoke was carried);

  d) In exercise of a right of reply (see Rule 15.9 of the Constitution);

  e) On a point of order (see Rule 15.12 of the Constitution); and

  f) By way of personal explanation (see Rule 15.13 of the Constitution).

- **For amendments, please refer to Rule 15.6 of the Constitution.**

Two motions have been submitted for consideration. These are outlined at 11.1 and 11.2 on the agenda.

12. Low Carbon Strategy (C/21/8) (Pages 37 - 64)

The Council are asked to consider report C/21/8 which sets out the Council's proposed Low Carbon Strategy 2021-2030.

13. Revised Local Development Scheme (C/21/9) (Pages 65 - 78)

Report C/21/9 asks that Council recommends that the revised Local Development Scheme which sets out the timescales for the preparation of a new Local Plan is brought into effect and published.

14. Housing Revenue Account Business Plan 2020-2025 (2021/22 Review) (C/21/10) (Pages 79 - 98)

Report C/21/10 sets out the 2021-22 review of the Housing Revenue Account Business Plan 2020-2025.

15. The Budget Reserves and Balances 2022/23 (C/21/11) (Pages 99 - 110)

Report C/21/11 confirms the robustness of the Council's budget and the adequacy of its reserves and balances having regard to a variety of factors.

16. Revenue Budget and Capital Programme 2022-23 and Medium Term Financial Plan (C/21/12) (Pages 111 - 164)

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

To consider report C/21/12 which presents the Executive's proposed revenue budget; capital programmes and the Programme for Growth for 2022-23.

17. Treasury Management Strategy (C/21/13) (Pages 165 - 212)

The Council are asked to approve report C/21/13 which sets out the Council's proposed Treasury Management Strategy for 2022-23.

18. Pay Policy Statement (C/21/14) (Pages 213 - 226)

Report C/21/14 asks the Council to approve the Pay Policy Statement for 2022-23.

19. Procurement of External Audit for the period 2023-24 to 2027-28 (C/21/15)

(Pages 227 - 242)

Report C/21/15 sets out proposals for appointing the external auditor to the Council for the accounts for the five-year period from 2023/24.

20. Report of the Monitoring Officer 2021 - Standards Arrangements (C/21/16) (Pages 243 - 256)

The Council are asked to note the content of report C/21/16 – the report of the Council's Monitoring Officer 2021- Standards Arrangements.

21. Update to Membership of Committees (C/21/17) (Pages 257 - 262)

The Council are asked to approve the updated appointment of Councillors to Committees for the 2021-22 municipal year as outlined in report C/21/17.

22. Constitution Update (C/21/18) (Pages 263 - 268)

Report C/21/18 sets out any administrative changes to the Constitution that have been made under delegation by the Monitoring Officer since the last approval by Council.

23. Urgent Action

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

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SELBY DISTRICT COUNCIL

Minutes

Council

Venue:	Council Chamber - Civic Centre, Doncaster Road, Selby, YO8 9FT
Date:	Tuesday, 28 September 2021
Time:	6.00 pm
Present:	Councillor J Duggan in the Chair Councillors I Chilvers (Vice-Chair), D Mackay, K Arthur, D Buckle, J Cattanach, J Chilvers, M Crane, S Duckett, K Franks, T Grogan, A Lee, C Lunn, J Mackman, J McCartney, M McCartney, R Musgrave, R Packham, C Pearson, N Reader, C Richardson, S Shaw-Wright, R Sweeting and P Welch
Officers Present:	Janet Waggott (Chief Executive), Dave Caulfield (Director of Economic Regeneration and Place), Karen Iveson (Chief Finance Officer (s151)), Alison Hartley (Solicitor to the Council and Monitoring Officer), Claire Dickinson (Principal Planning Policy Officer and Palbinder Mann (Democratic Services Manager)

24 APOLOGIES FOR ABSENCE

Apologies for absence were received from Councillors Brook, E Jordan, M Jordan, J Shaw-Wright, W Nichols and M Topping.

25 DISCLOSURES OF INTEREST

There were no disclosures of interest.

26 MINUTES

The Council considered the minutes of the meeting held on 22 July 2021.

A query was raised regarding whether there was an update on the Selby District Community Legacy Fund. The Lead Executive Member for Communities and Economic Development explained that a design workshop had been held in August with members and community representatives and the Two Ridings Foundation were now in the process of recruiting a local grant panel of members to review applications. Council was informed that the official launch date for the new process was scheduled for 1 November 2021.

RESOLVED:

To approve the minutes of the meeting of the Council held on 22 July 2021 for signing by the Chairman.

27 COMMUNICATIONS

There were no communications.

28 ANNOUNCEMENTS

There were no announcements.

29 PETITIONS

There were no petitions.

30 PUBLIC QUESTIONS

There were no public questions.

31 COUNCILLORS' QUESTIONS

One question had been submitted for consideration.

Councillor J McCartney asked the question of the Lead Executive Member for Communities and Economic Development, which related to the current Selby Town Centre plans, including consultation with residents during the places and movement study.

The Lead Executive Member for Communities and Economic Development explained that some of the aspects that were considered when reviewing town centres included ensuring there were good public transport links, car parking, a variety of shops and clean streets.

With regard to the Places and Movement consultation, Council was informed that the consultation had cost £159k with contributions from the District Council, North Yorkshire County Council and the York and North York Local Enterprise Partnership. The Lead Executive Member for Communities and Economic Development explained that around 600 responses from residents had been received and that there would be a second phase to the consultation to consider the findings of the first phase.

Councillor J McCartney asked a supplementary question regarding the importance of speaking to residents regarding their views as they lived and therefore understood their local areas

The Lead Executive Member for Communities and Economic Development explained that during the first phase of the consultation there had been two live briefings for the public to ask questions and there had also been a Member briefing. Council was informed that face to face consultation was not possible during the first phase due to Covid however it was hoped this would be possible during the second phase.

32 REPORTS FROM THE EXECUTIVE

Councillor M Crane, Leader of the Council

The Leader of the Council presented his update on the work he had recently undertaken as outlined in his report and added that the first meeting of the Implementation Board regarding Local Government Reorganisation had taken place however the Deputy Leader of the Council had attended as he had not been able to.

Concern was raised regarding the lack of input from residents into the proposals for Local Government Reorganisation and that decisions were going to be made with little input from residents and local Members. The Leader of the Council explained that as a member of the Implementation Board, he would forward any views expressed to him by any local Members. It was explained that there were differing views from Members on the proposals however the Government had made the decision to proceed with the option of one unitary authority for the area therefore the proposals would be going ahead.

With regard to the number of members in the new authority, the Leader of the Council informed Council that it was proposed to have 90 members in the new authority and due to this number, local members would be representing larger wards than they currently were.

A further query was raised regarding the size of the new wards and that the proposals were being implemented too quickly which meant all considerations could not be taken into account. The Leader of the Council explained that the Government had agreed for elections in 2022 to avoid Members having six year terms in the new authority. It was noted that the Local Government Boundary Commission were unable to review boundaries before the implementation however would be undertaking a review once the new authority had commenced.

Councillor R Musgrave, Deputy Leader and Lead Executive Member for Place Shaping

The Lead Executive Member for Place Shaping presented his update on the work he had recently undertaken as outlined in his report.

A query was raised regarding the financial commitments to the work on low carbon as the majority of the budget already seemed to have been committed. The Lead Executive Member for Place Shaping explained that a report on the Low Carbon work would be going to the next Executive meeting in October and that further funding was available should there be effective business cases presented.

The following additional discussion took place:

- Concern was raised regarding plastic sheeting being placed around newly planted trees and whether this was needed. The Lead Executive Member for Place Shaping agreed to look into this.

- Concern around the lack of planning enforcement in an area where planning permission wasn't followed. The Lead Executive Member for Place Shaping explained that there was a backlog of work with planning enforcement however agreed to speak to the respective Member outside of the meeting regarding the issue.

- In response to a query regarding the removal of the requirement to send neighbours notification letters in respect of planning application, the Lead Executive Member for Place Shaping explained that since the change, he had not received any complaints and that the report regarding the implications of the changes would be sent to Members as soon as possible.

- Concern was raised at the length of time it took for planning enforcement to be taken against unauthorised planning developments. The Lead Executive Member for Place Shaping explained that it was important to engage positively with planning enforcement officers if there were any issues and that they had to operate within a legal framework with regard to their powers.

- A query was raised regarding conservation areas, in particular in the Riccall ward. The Lead Executive Member for Place Shaping explained that there was a lengthy process for changing conservation areas and that he would look into the issue raised.

<u>Councillor C Lunn, Lead Executive Member for Finance and Resources</u>

The Lead Executive Member for Finance and Resources presented his update on the work he had recently undertaken as outlined in his report and informed Council that quarter two finance reports would be available a month later than expected.

A query was raised regarding the budget relating to the Programme for Growth as 60% of the budget was related to staff salaries however there did not seem to be spend on project delivery. The Lead Executive Member for Finance and Resources explained that the Programme for Growth contained multiyear projects and outlined the amounts of spend that had been spent on project delivery and was forecasted to be spent in future years. The Lead Executive Member for Finance and Resources added that there was an element of spending at the commencement of projects on planning and other administration which was necessary.

Councillor D Buckle, Lead Executive Member for Communities and Economic Development

The Lead Executive Member for Communities and Economic Development presented his update on the work he had recently undertaken as outlined in his report and thanked all Councillors for attending the Shining Stars event which had recently taken place.

The following discussion took place:

- A query was raised regarding an update on the current situation with the sites at 43 Kirkgate and the former NatWest bank in Tadcaster. The Lead Executive Member for Communities and Economic Development explained that discussions were still taking place regarding the former NatWest bank and that the property at 43 Kirkgate was looking to be brought back into use.

- In response to a query regarding skilled jobs in the district, the Lead Executive Member for Communities and Economic Development outlined the various businesses that had brought new skilled and well paid jobs into the district.

- In response to a query regarding the development of the Legacy Fund Grant Policy, the Lead Executive Member for Communities and Economic Development explained that it was hoped this would be considered by the Executive at their meeting in November.

- Concern was raised regarding offensive graffiti in Selby town centre which had been there for a considerable time. The Lead Executive Member for Health and Culture stated that details of the graffiti should be sent to him to look into.

- A query was raised regarding the finances of the Transforming Cities Fund. The Lead Executive Member for Communities and Economic Development informed Council that the overall budget for the project was £23.5 with a £20m grant being provided from the Department for Transport. It was explained the other £3.5m was split between North Yorkshire County Council and Selby District Council.

Councillor Tim Grogan, Lead Executive Member for Health and Culture

The Lead Executive Member for Health and Culture presented his update on the work he had recently undertaken as outlined in his report and explained that Selby had been chosen by Arts Council England as one of their 54 priority places. Additionally, the Lead Executive Member for Health and Culture thanked the Police and the Council for their work on the Section 61 notice regarding the unauthorised travellers camp in Lumby.

The following additional discussion took place:

- In response to a query concerning the £780k funding from the Arts Council, the Lead Executive Member for Health and Culture explained that the funding could be used to enhance the arts and culture across the district.

- In response to a query concerning the use of covert cameras for the prevention of fly tipping, the Lead Executive Member for Health and Culture stated that cameras were indispensable in the fight against fly tipping and that he would be looking to continue their use.

- Concern was raised that local Councillors had not been informed of the forthcoming residents festival on 16th and 17th October. The Lead Executive Member for Health and Culture stated he would look into this.

RESOLVED:

To receive and note the reports of the Executive.

33 REPORTS FROM COMMITTEES

Councillor Karl Arthur, Chairman of the Audit and Governance Committee

Councillor Arthur, Chairman of the Audit and Governance Committee, provided an update on the work of the Committee as outlined in his report.

There were no questions for Councillor Arthur.

Councillor C Pearson, Chairman of the Policy Review Committee

Councillor Pearson, Chairman of the Policy Review Committee, provided an update on the work of the Committee as outlined in his report.

There were no questions for Councillor Pearson.

Councillor S Shaw-Wright, Chairman of the Scrutiny Committee

Councillor Shaw-Wright, Chairman of the Scrutiny Committee, provided an update on the work of the Committee as outlined in his report.

There were no questions for Councillor Shaw-Wright.

RESOLVED:

To receive and note the reports from Committees.

34 MOTIONS

It was noted that one motion had been submitted for consideration as follows:

‘As we head towards COP26 it is disappointing to see the Selby District Council Executive watering down the Council’s commitment and ambitions to tackling climate change in the Selby District and cutting the funding available.

Whilst Central Government is still talking up their commitment to taking action on Climate Change, the Selby District Council Executive is simply walking away.

The all-party Low Carbon Working Group spent over two years developing a plan for the Selby District only to see the Executive turn their backs on it.

We urge the Executive to reconsider, to reflect the public's concerns on this important issue and to accept the all-party Group recommendations in full.'

Councillor R Packham proposed the motion and stated that the Council was now aware of it's carbon footprint therefore it was important the work of the Low Carbon Working Group was taken forward. Councillor Packham also stated that if the budget of £250k allocated to low carbon work was exceeded then it was important that further requests of funding were not brought back to Council as this would result in further delays.

The Lead Executive Member for Place Shaping responded to the motion and stated that the Executive had not turned their backs on the plan with their being progress on low carbon already taking place with the recruitment of a Low Carbon Officer and the calculation of the Council's carbon footprint. The Lead Executive Member for Place Shaping explained that there had been un-costed actions in the plan by the Working Group and it would be better for the Group to look at the plan again to re-consider this. The Lead Executive Member for Place Shaping added that further money was available if effective business cases were presented.

Upon being put to the vote, the motion was rejected.

RESOLVED:

To reject the motion.

35 CHURCH FENTON NEIGHBOURHOOD DEVELOPMENT PLAN 2020 - 2027 (CFNDP)

The Lead Executive Member for Place Shaping presented the report which asked the Council to formally make the Church Fenton Neighbourhood Development Plan 2020-2027 part of the Development Plan for Selby District, following the positive outcome of the referendum held on 3 August 2021.

The Lead Executive Member for Place Shaping thanked officers for their work on the plan and stated that Church Fenton should be proud of their achievement.

RESOLVED:

To agree to make the Church Fenton Neighbourhood Development Plan 2020-2027 part of the Development Plan for Selby District, following the positive outcome of the referendum held on 3 August 2021.

36 URGENT ACTION

There was no urgent action to report.

The meeting closed at 7.38 pm.

Councillor Mark Crane - Leader of the Council

24 February 2022

This report covers the period from the 21 December 2021. I have attended meetings of the Local Government Association (LGA and District Council Network (DCN), the York and North Yorkshire Local Enterprise Partnership Infrastructure board and the North Yorkshire Implementation Board.

Levelling up White Paper

The Government published the levelling up white paper on 2 February 2022. The LGA published a comprehensive briefing which includes a summary of each mission. The White Paper's 12 new national missions relate to pay; productivity; local transport; gigabit-capable broadband; school performance; skills; life expectancy; wellbeing; pride in place; home ownership; crime rates; and devolution deals.

Devolution Deal

North Yorkshire and York have been invited to enter into negotiations for a Devolution Deal. - Work is on going to update the "asks" for the devolution deal for York and North Yorkshire

Local Government Reorganisation

Local government reorganisation continues to progress at pace. The structural change order was laid before parliament on the 24 January 2022. I attended an Implementation Board on 26 January items for discussion included updates on the Waste, Fleet and Highways and Planning workstreams. I emailed a brief update to all members on this subject. It is likely that the Implementation Board in February will be the last meeting of the informal Implementation Board as this will be formalised once the Structural Change order is enacted. I hope you managed to join one of the two member seminars held on the 7 and 8 February.

Leisure

I can advise that the repairs to the underground electricity supply cable for the lighting at Selby Skate Park were completed and the facility re-opened t at the end of January.

Discussions continue with Inspiring Healthy Lifestyles (IHL) regarding the continuing impact of Covid on the leisure industry. In addition, the increase in costs of service provision and, in particular, the utility costs create a significant challenge to the service which we are working with them to address to ensure that the Council continues to provide publicly available leisure facilities.

Housing repairs

I am pleased to report that we continue to make good progress with clearing the backlog of repairs resulting from the various service interruptions due to Covid; with 87% of outstanding repairs now completed. Work to address the remaining 13% continues at a pace and the team are working hard to ensure these can be completed as swiftly as possible.

Mark Crane
Leader of the Council

SELBY DISTRICT COUNCIL

Councillor Richard Musgrave - Deputy Leader of the Council

Report to Council on 24 February 2022

1. **Development Management**

Planning application numbers remain high which is reflected in the planning income.

At the end of December the year income was approximately £1,261,883. If we look at the five years pre Covid the yearly average is around £886,717 for the whole year. The number of decisions also remains high. In a normal year we would deal with around 1300 planning applications and related inquiries however to date between April to December this year we have dealt with around 1191.

In the period between 1st December 2021 to 31st January 2022, 66.7% of major applications (N1 – N6) were determined within the statutory period or agreed extension of time. This equates to 3 determined, 0 within the statutory 13 weeks, 2 within the extension of time period agreed and 1 out of time. These figures are higher than the national designation targets set by the Government for majors which is 60%.

In the period between, 1st December 2021 to 31st January 2022, 72.7% of minor applications (N13 – N18) were determined within the statutory period or agreed extension of time. This equates to 33 determined, 4 within the statutory 8 weeks and 20 within the extension of time period agreed and 9 out of time. These figures are higher than the national designation targets set by the Government for minor applications which is 70%.

In the period between, 1st December 2021 to 31st January 2022, 90.1% of minor others (N20 – N25) applications were determined within the statutory period or agreed extension of time. This equates to 71 determined, 21 within the statutory 8 weeks and 43 within the extension of time period agreed and 7 out of time. These figures are higher than the national designation targets set by the Government for minor applications which is 70%.

In addition to the above during the same period we also dealt with 79 other applications which are not reported to CLG which include the following types of application: HENS (Larger household extensions), Agricultural Prior approvals, Prior Notifications, Telecommunications, Discharge of Conditions, Minor Amendments, Works to Trees, County and other Consultations, Scoping reports and Screening opinions for EIA applications.

We also assessed 10 Permitted Development Enquiries (PD's) and determined 6 Certificates of Lawfulness.

With regard to performance at appeal, in the period between 1st December 2021 to 31st January 2022 a total of 8 were determined of which 1 was allowed and 7 were dismissed. We also received 8 new appeals.

At the 1st February 2022 the Planning Enforcement team had 312 live enforcement cases open. We received 46 new cases and closed 69 within the two months period December 2021 and January 2022. The Planning Enforcement Team also served 5 Enforcement notices, 2 Planning Contravention notices and 1 Temporary Stop notice**.**

The Public Inquiry for the Hillam Gypsy and Traveller site will commence on the 22nd March 2022 and is scheduled for four siting days. The Inquiry will be held at the Civic Centre.

2. **Planning Policy and Strategy**

We continue to make good progress on the Publication version of the Local Plan.

We have undertaken significant work with site promoters to resolve matters relating to the deliverability of sites in order to finalise the allocations which will be included in the Publication Local Plan. Alongside this we have continued dialogue with infrastructure providers such as highways and health providers on requirements to support the new plan. Additional technical work is also being undertaken on flood risk, viability and highways modelling. Work also continues on updating policies in response to comments raised at the Preferred Options stage and to reflect changes to National Guidance.

In January the Executive agreed to recommend to this Council that the consultation on the Publication Version of the Local Plan, which was due to take place in early 2022, should be delayed until June & July to take account of the elections to the new unitary council which will be held on 5th May. A revised Local Development Scheme setting out the revised timescales for the Local Plan will be considered as part of this agenda.

We continue to support the development of a number of Neighbourhood Plans working closely with local groups. The Council will begin consultation on the Publication version of Escrick Parish Council’s Neighbourhood Plan on 21 February. The Neighbourhood Plan will then be subject to independent examination.

Officers have recently consulted Ward Councillors on the final drafts of updated Conservation Area Appraisals for Selby Town, Tadcaster, Appleton Roebuck, Brayton, Cawood, Escrick, Hemingbrough, Monk Fryston and Riccall. The appraisals will be presented to Executive shortly.

Officers across the planning service have been working with the Communications Team in developing a series of guides including a short video aimed at helping our customers to find out information about planning proposals in their area and how to use Public Access.

Richard Musgrave

Deputy Leader of the Council

Councillor Cliff Lunn - Executive Member for Finance and Resources

Report to Council on 24 February 2022

Financial Results and Budget Exceptions Report to 31st December 2021

The quarter 3 financial report highlighted a continuing trend of improving income, and underspends on projects as a result of slippage.

The General Fund indicates a forecast surplus of (£979k) driven primarily by higher planning and recycling income. The latest forecast in the HRA shows a (£185k) surplus for the HRA. The capital programme is forecast to underspend by over £3m as at the end of quarter 3, the majority of which is in the HRA and is now expected to be spent in the next financial year. Programme for Growth spend to the end of November was £1m with forecasts indicating that £5.1m will be spent in the full year.

The Executive approved the reprofiling of the capital programme and Programme for Growth.

Treasury Management - Quarterly Update Q3 2021/22

The quarter 3 treasury report presented an improving picture.

On average the Council's investments held in the NYCC Investment pool to the end of December totalled an estimated £79.6m, which at an average rate of 0.20%, has earned interest of £114.5k. The forecast indicates returns of approximately £159k for the full year, a budget surplus of £41k.

The Council also has £5.06m invested in property funds which have achieved a 3.41% revenue return and 8.06% capital gain over the course of the year. This resulted in revenue income of £124.3k to the end of Q3 and an 'unrealised' capital gain of £374.8k which has offset previous losses.

Long-term borrowing totalled £52.8m on 31st December 2021. Interest payments of £1.912m are forecast for 2021/22, a saving of £0.015m against budget. The Council's prudential indicators which show the affordable limits for borrowing were not breached during this period.

Draft Budget

This report presented the draft revenue budget; capital programmes and the Programme for Growth for 2022/23.

As a result of local government re-organisation (LGR) in North Yorkshire from April 2023, this will be Selby's last budget although the report also presents indicative budgets and planned programmes for 2023/24 and 2024/25.

The proposed budget elsewhere on this agenda, includes a Council Tax freeze for 2022/23 and the maximum 4.1% increase for housing rents approved by Executive on 6 January.

Whilst there is a growing deficit between core expenditure and income, there are reserves to enable savings to be deferred as capacity is diverted towards the on-going Covid response and LGR. The resulting deficit will be drawn from the Business Rates Equalisation Reserve, which has been established for this purpose.

Treasury Management Strategy

The report presented the proposed Treasury Management Strategy together with the Minimum Revenue Provision Policy Statement, Annual Investment Strategy for 2022/23, Capital Strategy 2022/23 and Prudential Indicators 2022/23 as required by the Department for Levelling Up, Housing and Communities (DLUHC) and CIPFA. The Strategy is elsewhere on this agenda for consideration and approval prior to the start of the new financial year.

Acknowledging Local Government Re-organisation, the Treasury Management Strategy is built upon the indicative capital expenditure plans for the next three years, which, along with re-profiled budgets carried forward from 2021/22 total £44.75m. These include Housing Delivery projects and Programme for Growth.

Given the anticipated level of expenditure, whilst there are no immediate plans to externally borrow, the authorised borrowing limit is proposed at £78m to enable prudent assessment of the Council's borrowing needs over the year.

The Council will continue to adopt the NYCC investment strategy for cash balances, along with consideration of other alternative investment opportunities, where considered prudent and operating within CIPFA's investment guidance.

Test and Trace support payments

Since September 2020 the Benefits and Taxation Section has been administering the £500 payments on behalf of the Department for Health & Social Care and the scheme has now been extended to 31 March 2022. The team have been dealing with a large increase in applications following the increase in case numbers; applications have increased from approximately 80 a month in October and November 2021 to 177 applications in December 2021 and 508 applications in January 2022. Payments totalling £456,500 have been made to residents to help them during self-isolation. The main scheme is fully funded by central government, the discretionary funding is limited, however payments issued have not yet exceeded the funding provided.

Omicron Hospitality and Leisure Grant

A further COVID-19 support scheme for businesses was announced on 21 December 2021. The Omicron Hospitality and Leisure Grants support hospitality, leisure and accommodation businesses in rated premises. This recognises that the rise of the Omicron variant meant that some businesses are likely to struggle due to reduced trade. The amount of grant is based on the rateable value of the premises, with the amounts being either £2667, £4000 or £6000. The scheme opened for applications on 11 January 2022 and the closing date for applications is 18 March 2022. By the end of January, 158 businesses were paid a total of £498,706. A further small top-up of the discretionary Additional Restrictions Grant has also been received and details of a scheme are currently being developed.

Annual Billing update

Preparations are underway by Finance, Data and Systems and Revenues and Benefits for the annual billing of Council Tax and NDDR for 2022/23. Bills are due to be issued on 14 March 2022. A number of new business rates reliefs have recently been announced and the team are working to implement these in time for annual bills being issued.

IT improvements

We continue to deliver improvements to our IT. In recent months we have completed upgrades to many of our key systems such as the Planning Public Access system and our Finance system. We have also upgraded our Cyber Security Firewall and Email protection to ensure advanced protection against threats like ransomware.

We have recently introduced an e-Store payment portal that expands the number of Council services that can be paid for online – increasing flexibility for customers and enabling them to pay for our services at a time that suits them. Alongside the payment portal, we have introduced online licensing applications and further electronic forms on the Citizens Access Portal in Revenues & Benefits giving the customer a full digital journey. We are planning to go live with a new Housing Portal in April, this will enable our tenants to do things like check tenancy details, check rent accounts, pay rent and request repairs online.

Her Majesty’s Land Registry (“HMLR”) are running a programme to transfer land charges data held by local councils to HMLR. In November we commenced a project to migrate Selby’s Land Charges data into a central digital register held by the Land Registry.

Councillor Cliff Lunn
Executive Member for Finance and Resources

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SELBY
DISTRICT COUNCIL

Councillor David Buckle - Executive Member for Communities and Economic Development

Report to Council on 24 February 2022

Business Support

Close working continues with strategic site developers across the district, including a visit to Gascoigne Wood by Economic Development and Planning officers to view the rail-based opportunity at the site, which is now the subject of a current planning application. Harworth Estates have now also agreed a sale of the former Kellingley Colliery site to Cole Waterhouse. Officers have been working closely with the new owners to ensure they are able to bring forward the site (now known as Konect 62) to the standard envisaged to attract investment and high-quality employment opportunities to the district.

Officers have also been working with Glentrool at Sherburn 2, Firethorn at Sherburn 42 and St. Francis at Core 62 (The former Eggborough power station site). All 3 have exciting plans that are well on track and should make significant progress during 2022. There continues to be a strong demand for new investment in commercial space in our district and this has led developers to push ahead strongly with these sites and several others in the district.

There is increased demand for new manufacturing and warehousing space of all sizes from UK and international investors as well as local businesses looking to expand. This closely reflects the Council's emphasis on prioritising well paid, skilled jobs along with investment and an emphasis on high quality environmentally friendly construction. Working directly with the York and North Yorkshire LEP and the Department for International Trade, we have seen a continued increase in credible investment enquiries for development sites across Selby District. For example, officers recently joined colleagues from YNY LEP and Harworth Estates in a site visit with a Belgian company looking to invest in the district at the A19 business park in Riccall and the former Stilingfleet coal mine site.

The initiative to increase engagement with large businesses across the district continues, meetings have been held with a range of local companies including such diverse businesses as Greencore, Triesse and Switch Mobility. The key objective being to build a strong relationship and to work together to overcome challenges, support growth and highlight good practise, including the circular economy.

January 2022 saw 27 businesses supported (slightly down due to holiday season). Businesses are currently facing a number of challenges including recruitment, supply chain difficulties, cost increases (especially fuel) and challenges finding appropriate property. However, business sentiment is positive, there are a number of new start businesses, many are expanding, and the outlook is broadly looking optimistic.

Business networking events have continued in Selby, Sherburn and Tadcaster. Following a tentative return to in-person events, attendance numbers are growing well and are now at or above pre-pandemic levels, The latest bi-monthly employment forum took place recently with a focus on neurodiversity in the workplace and a presentation by North Yorkshire Business Education Partnership (NYBEP). These events are being run by officers to help address the significant challenges of recruitment facing employers across the district at present. The council is also continuing with its series of workshops on pressing issues, the latest example addressing mental health issues in the workplace.

Following the purchase of Selby Business Centre to deliver the Selby Station Gateway project, officers met with the tenants as a group in the first week of January to re-assure them of the Councils support in relocating to suitable alternative premises with minimum impact on the operation of their business. Individual tenant meetings were then held to understand their needs and a positive working relationship was established. Meetings are now being held with property owners, landowners and developers to find appropriate premises. It is early days, but progress has been promising so far.

Regeneration

Town Centres Revitalisation Programme

The SDC Officer team are currently working on finalising project briefs and business cases prior to appointing relevant consultants to oversee detailed design and delivery. Specifically, the Team are focussing on improvements to Low Street, Sherburn, upgrading of the bus station in Tadcaster, and improvements to Market Place and the park in Selby.

The Town Centres Revitalisation Programme Grant Award scheme has been launched. Initially grants will be available for schemes in Sherburn with the aim of widening the scheme to include Tadcaster and Selby as funding becomes available. Two applications have been received so far from Sherburn-in-Elmet Community Trust.

Selby District Places and Movement Study

SDC and NYCC are finalising the brief for Phase 2 work. As highlighted before this will focus on further refinement and testing of highways options in Selby and Sherburn, with further junction modelling in Sherburn and a review of parking provision. The programme will take 12 months to complete, and consultation is likely to occur in Summer 2022.

Selby Station Gateway Transforming Cities Fund (TCF)

The Outline Business case has recently been approved by the West Yorkshire Combined Authority allowing the drawdown of significant further funding to complete detailed design on the proposals. Negotiations to acquire several land parcels to facilitate the scheme continue to progress well and we are still on target to secure all required land will by Quarter one next year.

The planning application for the scheme has recently been submitted and NYCC has appointed a contractor, Galliford Try, to undertake the works across the three North Yorkshire TCF schemes. As previously highlighted, following determination of the planning application and completion of detailed design it is anticipated that, subject to Executive and West Yorkshire Combined Authority approvals, works can begin on the ground in Autumn 2022 with completion of the main scheme in 2023 and the new plaza in 2024.

Welcome Back Fund

The Welcome Back Fund is a European Regional Development Fund (ERDF) awarded by the Government to local authorities to support town centre recovery from the impact of the pandemic. A partnership approach has been taken between Selby District Council and Sherburn-in-Elmet Parish Council, Tadcaster Town Council and Selby Town Council to deliver the funding. All the spend has been successfully allocated and projects will be completed by March 2022. Work being undertaken by community engagement specialists Social Vision continues and a series of pilot events to enhance town centre activity and vitality, linked to their early findings, will be undertaken towards the end of February. These activities are still being finalised, but there will be a specific activity in each town centre.

Community Safety

The Safer Selby Hub and local community safety partners continue to support the district to be a safe place to live. Main activity over the Christmas period has included a night-time economy operation in December. Selby District Council worked with North Yorkshire Police to inform members of the public, in Selby town centre enjoying a night out, on support from domestic violence and drug & alcohol services that were available to them should they need it. Licensed premises were also given refreshed materials to display in relation to domestic violence.

Annual Community Terrorism Local Profile (CTLP)

SDC Community Safety also ran the annual CTLP exercise which is an opportunity for organisations to come together to understand any local issues around preventing radicalisation. The district has a good spread of representation from the Police, local schools and statutory and community partners and this supports continued learning and support for those vulnerable to radicalisation. Briefings on this are anticipated in May.

Licensing Savi (Security & Vulnerability Initiative)

26 premises will receive funding to support this initiative. Working with both SDC and North Yorkshire Police licensing, premises will be identified and supported to take on the self-assessment scheme. It helps review critical issues around safe management of venues such as responsible drinking, drugs misuse, violent behaviour and safeguarding vulnerable customers as well as preventing theft and improving physical security. Plans are then developed with a 3-year rolling programme of support for participating venues.

Councillor David Buckle - Executive Member for Communities and Economic Development

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Councillor Tim Grogan, Executive Member for Health & Culture

Report to Council on 24 February 2022

Environmental Services

A cross-party task and finish group has been established to deal with succession plans for the Environmental Services contract, which is due to be submitted to the Executive in March. To upgrade the council's playgrounds tender documents have been received which are currently being evaluated with a view to the appropriate grant of contracts. This will ensure that improvement works can be completed by March 2023.

Regulatory Services

Covid response

Environmental Health, Enforcement and Licensing continue to support Public Health and other partners in responding to the ongoing pandemic. Although infection rates have been reduced they are still considered unacceptably high.

Environmental Health

The easing of restrictions concerning the pandemic has allowed Environmental Health to increase interventions thereby ensuring the public remain safe and progress is described as good.

Enforcement and Licensing update

38	FPN's issued since 01/04/21. (9 issued since the last report)
15	littering
14	Fly Tipping
7	Household disposal
2	Commercial Waste

Following covert camera use an offender, identified fly tipping in Cridling Stubbs, was convicted at Leeds Magistrates court on Friday 11 February 2022 and heavily fined.

The Enforcement section has been successful in a gallimaufry of issues: being praised by Saxton PC for a presentation about their operations; increased involvement with stray dogs and canine fouling; animal welfare inspections following a recent update in legislation to lift standards; supporting the licensing section in terms of Private Hire and Taxi inspections; and work with McDonalds in a partnership approach to tackling increased littering, in connection with which reports in the press have been well received.

The Licensing Manager is now leading the Licensing sub-group for Local Government Reorganisation (LGR), whilst Taxi and gambling policies are currently out for consultation.

Culture & Visitor Economy

The latest **Cambridge Model Economic Impact data,** delayed by Covid-19, is now available**.** This show the devastating impact of the pandemic in connection with the visitor economy sector. For Selby District:

- 59% decrease in the value of tourism during 2020 (£78M, against £187.4M in 2019)
- 2.01M trips were undertaken (down 23%)
    - 1.9M day trips (down 18 %)
    - 0.11M overnight visits (down 63%)
- £77.7M spent in the local area (taking into account multiplier effects) (down 59%).

Domestic day trips were impacted by numerous lockdowns and travel restrictions. Spend was impacted by factors including an increase in visits to countryside and open air sites; the closure of retail and eating establishments; social distancing and cautiousness in indoor spaces.

Visits to the **Heart of Yorkshire** website continue to grow and activity has reached 14,525 and an overall campaign reach was 359,903.

A **Food & Drink Sector Audit has been completed** and its findings will form the basis of a sector development plan to be delivered in 2022/3.

Selby Stories, part of Heritage Action Zone work, is progressing well and Living North and Yorkshire Life magazines are to feature the work of artist, Serena Partridge, in the Abbey. A new Minecraft team, working with children and youngsters, is also to be put in place. Work is also underway to appoint a writer, to work in the Market Place, to collect and share stories about people's experiences in that area.

Artist Dr Katayoun Dowlatshahi has begun work on her concept designs for the public art elements of the **Selby Station Gateway**. She recently delivered a day for Fine Arts students at Selby Abbey aimed at giving students real-world understanding of processes for commissioning public art.

Rural Arts have begun work on a pilot programme to bring **creative workshops** to rural communities, with the longer-term aim of rolling out **rural touring** to village halls. The pilot villages are Eggborough, Riccall, North Duffield, Carlton and Thorpe Willoughby.

Arcade, an arts organisation based in Scarborough, have been commissioned to undertake research in Tadcaster to further develop cultural activity. They will work closely with existing partners such as TEMPT to look at creating plans for the town centre.

Councillor Tim Grogan

Executive Member for Health and Culture

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SELBY DISTRICT COUNCIL

Councillor Karl Arthur – Chair of Audit and Governance Committee

The Committee has met twice since the last update provided to the Council on 28 September 2021. The meetings took place on Wednesday 29 September 2021 and Wednesday 26 January 2022.

Audit and Governance Committee Meeting – 29 September 2021

This committee meeting had 14 agenda items on it. Amongst the items covered the committee considered the Corporate Complaints and Compliments Annual Report for the municipal years April 2019 to March 2020 and April 2020 to March 2021. Members were informed that the Local Authority Ombudsman was the final stage for corporate complaints made against local authorities and that during this period there had been a decrease in the number of complaints escalated to the Ombudsman against the Council and that none of these complaints had been upheld and that the Council showed a 100% record of implementation of any recommendations made by the Ombudsman.

It was further explained that Licensing and Democratic Services were part of the Legal service area which has recorded a total of three complaints and members noted that since the report had been written a licensing complaint had been resolved as it was a service request, a Democratic Services complaint had been referred to the Ombudsman and not been upheld; and a “right to buy” transaction which had experienced delays, had been resolved via the North Yorkshire County Council Better Together Legal Service. Following the discussion, the Committee was assured that the complaints process was operating effectively and to a high standard.

Members considered the Corporate Policy: Regulations of Investigating Powers Act 2020 (RIPA2020), version 2021 and heard that the Council had a duty under RIPA 2020 to demonstrate how requests for covert directed surveillance activities were determined and recorded. In response to a question regarding increasing the number of CCTVs within the district to counter act fly tipping, it was confirmed that if this was overt surveillance, which included signs being displayed next to cameras, additional CCTV could be installed.

If a serious case of fly tipping occurred, which was being investigated, and it was considered that covert CCTV be warranted, before use of the covert CCTV could take place that case would have to go through the RIPA process and onto the Magistrates Court for final approval before the cameras could be deployed. In response to queries from members as to which officers had been trained within the

Council to authorise the deployment of covert cameras it was confirmed that the determining officers were the Director of Economic Regeneration and Place, the Director of Corporate Services and the Head of Planning; with the Chief Executive dealing with cases which involved confidential information. It was further explained that the Enforcement Team had been trained to complete the application form to seek authorisation to deploy covert cameras. It was also confirmed that fly tipping was considered a serious enough offence to warrant covert CCTV but only on a case-by-case basis. Members noted the revised draft Regulation of Investigatory Powers Act Policy.

Members received the Corporate Policy and Guidance: surveillance Overview Document and the Overt Surveillance Policy: Version 2021 and were informed that any overt surveillance policy by the council must be monitored in terms of its authorisation and use. The committee heard that the Information Governance policies had been refreshed, and that all policies had been drafted in association with Veritau, the Internal Auditors, who acted as the Councils Data Protection Officers. The Committee noted this report.

The Committee also considered the draft Statement of Accounts for 2020-21 which it approved subject to the completion and signing off of the Audit of the Accounts. In addition, the committee also received and considered:

- The External Audit Completion Report 2020-21; and
- The Quarterly Internal Audit, Counter Fraud and Information Governance progress reports from Veritau.

Both of which the Committee duly noted.

Audit and Governance Committee Meeting – 26 January 2022

This agenda had 14 items on it. Amongst the items covered I informed members during my chairs address that the authority had received a letter from the Department for Levelling Up, Housing and Communities and relevant Audit Firms that an update be provided on the action the government was taking to help local authorities tackle audit delays. I highlighted that any changes resulting from these measures would be incorporated into the future audit work planning and that the committee would be updated on any relevant issues relating to these changes. Members noted that Selby District Council had not experienced any significant issues in the completion of the final accounts audit but that there were some authorities that had not yet signed off their accounts for 2020-21 due largely to the impact of COVID and remote working.

The Chief Finance Officer presented the Annual Report of Information Requests for 2021 and members noted that the authority had maintained an 85.99% response rate within the 20 day time limit during the year which was felt to be a good response owing to the issues the pandemic had caused over the year.

Members received the External Auditors Annual Report for 2021 and queried how confident the external auditors were that all the audit work had been captured as the work had been undertaken remotely and if the auditors were confident with this way of working, should audits be conducted remotely in future. It was confirmed that the majority of clients had learned to work remotely and that the external auditors were in discussion with clients to see what best suited their needs, there was general agreement that a hybrid situation would work well in the future.

Members received and noted the External Audit Progress Report which set out a summary of external audit work completed to date on the 2020-21 financial statements along with the progress made on the 2021-22 audit planning work which once completed would be presented to the committee meeting in April 2022.

Members also received the quarterly Internal Audit Counter Fraud and Information Governance Progress Report for 2021-22 and resolved to note the progress on the delivery of this work and accepted the plans for work to be completed in 2021-22.

The review of the Risk Management Strategy set out the reviewed strategy for managing risk within the authority following consultation with the leadership team of the authority. The Committee noted that the strategy still aligned with objectives of the council in terms of corporate priorities and that therefore the strategy remained unchanged following the review. Members then discussed the forecasts for inflation, the potential for interest rate increases, the rising cost of living and the potential for a recession to occur and how this would impact on both social and political risks and noted the revisions to the strategy.

The Committee received and noted the Corporate Risk Register and were informed that there was currently a total of 12 risks on the register for 2021-22, with no new risks having been identified or added. During the discussion on the item it was highlighted that the Local Government Re-organisation (LGR) risk had been updated to reflect the government announcement that the Unitary North Yorkshire proposal has been accepted. It was agreed that this offered clarity around plans for the future.

Members received the Annual Counter Fraud Framework updating the Committee on the review of the authorities Fraud and Corruption Policy with the recommendation to update the policy to include specific anti-bribery provisions. The report also provided an update on progress against the actions set out in the Counter Fraud Strategy and presented an updated Counter Fraud Risk Assessment which reflected the current fraud risks facing the council. They resolved to recommend that the Executive Committee approve the updated Counter Fraud and Corruption Policy and to note the updated Fraud Risk Assessment and Counter Fraud Strategy Action Plan.

Members received and noted the Annual Governance Action Plan Review for 2020-21 and the progress which had been against the plan.

Finally, Members also agreed to recommend to council that it accepts a Public Sector Audit Appointments invitation to opt into the sector-led option for the appointments of external auditors to principal local government and police bodies for five financial years from 1st April 2023.

Next Meeting of the Committee

The next meeting of the Audit and Governance Committee will be taking place on Wednesday 27 April 2022 commencing at 5.00pm.

I commend my statement to the council.

Councillor Karl Arthur
Chair of the Audit and Governance Committee

SELBY DISTRICT COUNCIL

Policy Review Committee Report to Council – Cllr Chris Pearson

The Policy Review Committee has met once since the last update to Council in December 2021.

11 January 2022

Members considered the following matters:

Update from the Low Carbon Working Group (LCWG)

An update on the work of the LCWG covered the priorities identified at the workshop held on 9 December 2021, which included tree planting, the retrofitting of social housing, biodiversity and greener energy tariffs.

The LGR's (local government reorganisation) climate change working group would be held within the policy workstream, and that membership of the group would be drawn from climate leads across different North Yorkshire authorities.

Officers went on to give updates on various projects including climate change training module for Members and Officers, the collation of the remaining data for the calculation of the Council's 2019-20 and 2020-21 carbon footprint, moving the Council's energy tariff over to renewables from April 2022 and a three-month trial using hydrotreated oil with waste collection vehicles.

Draft Revenue Budget and Capital Programme 2022-23 and Medium-Term Financial Plan

Members discussed the draft budget, capital programme and medium-term financial plan for 2022-23. Members made several comments:

- the freeze on council tax;
- number of consultation responses;
- the impact of the rise in interest rates, the 2% rise in Council employee salaries and the increase in National Insurance;
- the importance of Members' understanding of the Council's reserves;
- receipt of renewable energy business rates;
- the differences between the expected and awarded financial settlement;
- public sector pay restraint;
- if IT projects and the replacement of systems were truly necessary ahead of LGR;
- the spending of funds within the Programme for Growth;
- the increase in housing rents by 4%;
- levels of business rate relief;
- that housing rent decisions should not be taken by the Executive but by full Council, as the 4% rise was unfair and unreasonable, and would be detrimental to tenants.

The Committee recognised that the recurring deficit was unlikely to recover and as such, it was likely that the new authority would have to tackle the matter early on. There would be challenges ahead and savings would need to be identified at some point in the future.

It was proposed, seconded and agreed that the proposed budget was accepted by the Committee without amendment.

Street Cleansing in Selby District

Officers gave an update on the recent review of the street cleansing service.

Members were encouraged by the change but expressed their concern about the amounts of litter on the edges of settlements but were pleased with the litter posters that had been produced and requested more copies for other areas.

Further work with schools was encouraged, and Members were pleased that data on litter and dog bin collection would be shared with ward Members.

Members asked about clearance of leaves on the highway and some members of the public who cleared litter themselves, sometimes on busy roads. Such people could borrow the Council's litter picking equipment, but a risk assessment was required, and they would not be covered by the Council's public liability insurance.

An assessment by the Keep Britain Tidy campaign had said that the district was a good and clear area for litter and fly tipping.

Disabled Facilities Grant (DFG) Adaptations Policy 2021

The Committee received the report which had come to Committee to allow Members to review the draft Adaptations (DFG) Policy 2021 and provide feedback as part of the consultation process.

Members asked if any consultation work had been undertaken with local disability groups; and there was general concern from Members as to the time it took to make adaptations to properties in order for people to stay in their homes, and how the Covid-19 pandemic could have made it worse.

Officers explained that Personal Independence Payments were a passported benefit, administered by the government, not Selby District Council.

Draft Private Sector Housing Assistance Policy 2021-23

The Committee received the report which would allow Members to review the draft Private Sector Housing Assistance Policy 2021-23 and provide feedback as part of the consultation process.

Members asked how private homeowners would be aware of the assistance offered; Officers explained that it could be through North Yorkshire County Council, Selby District Council's website or social services.

Covid-19 Government Grant

The Committee received the report which had been requested by Members and set out business grants in September 2021 to give further detail about the use of the remainder of the government's Covid-19 grant to the Council, and details of security, fraud, and data protection for previous payments of the grants.

The Chair asked what could stop a small business from applying for a grant, and Members were pleased that constituents had reported that the Revenues and Benefits Team had been very helpful and efficient. In response to a question about remaining funds, Officers explained that the £167k could be spent up to 31 March 2022, after which it had to be returned to central government. However, this date could be extended. The Council would urgently be looking at businesses in the district that may need help.

Lastly, Members were disappointed that the recipients of the grants had to pay tax on the amounts; Officers acknowledged this and emphasised that they tried to make it very clear to all recipients that the amounts would be taxed.

Universal Credit Update

The Committee received an update on Universal Credit. Members acknowledged that UC was now a wholly DWP function, but that it would still be useful for them to be aware if numbers of claimants was rising. Officers explained that the Council didn't report back on any other legacy benefits; however, the Committee agreed that the update should be kept on the work programme going forward, but only when there was a significant change in numbers, i.e., a shift of 10% each way.

Work Programme

The Committee considered the 2021-22 work programme presented by Democratic Services.

An update on Universal Credit would be maintained on the work programme but the street cleaning item removed.

With reference to the Corporate Policy Framework, the development of this had been complicated by the upcoming local government reorganisation (LGR); as such it was suggested that this matter be removed from the work programme.

Members asked if a report on the Council's industrial units could be brought to the fore; Officers advised that such an item had been suggested as a joint project between the Audit and Governance, Scrutiny and Policy Review Committees.

It was agreed that the best way forward would be an information report for the Policy Review Committee, after which the matter could be brought forward as a joint piece of work between the three committees. It was acknowledged by Members that this work would be subject to the demands of LGR, specifically Officer time and availability.

The Policy Review Committee will be meeting next on 12 April 2022.

Councillor Chris Pearson – Chair of the Policy Review Committee

Councillor Steve Shaw-Wright – Chair of Scrutiny Committee

The Scrutiny Committee has met twice, in January 2022 and February 2022, since the update given at the last meeting of the Council in December 2021.

20 January 2022

Executive Member Portfolio Review - Executive Member for Health and Culture

The Executive Member was in attendance and gave an update on current matters within his portfolio, including contract succession for waste management and succession following LGR, fly-tipping and use of covert cameras, hydro-treated vegetable oil trials as fuel, Covid-19 levels in the district, gypsy and traveller encampments, the Culture and Visitor Economy Board and public artwork as part of the Transforming Cities Fund displayed in Selby Abbey.

Members asked a number of questions on the matters above, as well as health and wellbeing in the district and the plan for jobs.

The Committee thanked the Executive Member for attending.

Yorkshire Wildlife Trust - Barlow Common Annual Report 2020-2021 and the Wildlife Habitat Protection Trust - Hambleton Hough Annual Report 2020-2021

The Chair welcomed to the meeting representatives from the Wildlife Habitat Protection Trust (WHPT) and the Yorkshire Wildlife Trust (YWT). Members were asked to consider the content of the 2020-21 annual reports and make any recommendations.

The reports gave updates on the leases for both sites, as well as the management plans. The Committee suggested a site visit to both Hambleton Hough and Barlow Common later in the year.

The Chair thanked the representatives from WHPT and YWT for attending.

Update on the Contact Centre Move - Verbal Update

The Head of Business Development and Improvement gave an update on the move of the Contact Centre and information about the various delays and issues there had been due to the pandemic. Other matters included in the update were the changing ways in which the public were contacting the Council (i.e., online), the upcoming launch of the online housing portal, the move of the Contact Centre to the Council Offices, recommencement of face-to-face appointments and the expiry of the Market Cross lease.

Housing Revenue Account and Business Plan 2020-2025

The Committee had a lengthy discussion with Officers on the HRA Business Plan 2020-2025 and reflected the revised cost and income profiles in the budget proposals for 22/23 - 24/25. The HRA Business Plan report had been considered by the Executive at its meeting on 6 January 2022. Updates were also given on housing repairs.

Members considered the report and repairs update and asked numerous questions on matters including the possibility of earlier and more specific appointment times for working residents, external painting, repairs to paths and fences, misting in double glazed windows, thermostat installation and their availability in Council properties, repairs turnaround for empty and void properties, contact details on letters to residents, grass cutting and properties with remaining solid fuel systems. Members noted that grass cutting was the responsibility of the Contracts Team and that this would be forwarded to them as a concern.

Officers answered Members' questions and went on to explain more about the new housing system, planned works to fencing and paths, replacement of double-glazed units, the three void property types and the targets for undertaking work on them, issues around the shortage of some tradesmen and the variety of heating systems across the Council's homes.

Members acknowledged that they had asked Officers for a significant range of information and data; the Committee agreed that a single-issue meeting on housing repairs should be arranged in the next few months in order to give Officers time to collate answers, and to give the Committee the opportunity to focus on what was clearly an important topic. The Executive Member for Housing would also be invited to the single-issue meeting.

Work Programme

Members asked that the Leader be invited to the single-issue meeting on housing repairs, and that Officers try to arrange the PFCC's attendance at committee earlier than June 2022. The Executive Member for Health and Culture offered to contact the PFCC's office regarding the matter as he was a member of the North Yorkshire Police and Crime Board.

Members discussed other future topics and suggested public transport provision in the area, i.e., buses and trains, plans and potential cuts to services; representatives from companies such as Arriva could be invited.

<u>17 February 2022</u>

Verbal update at Council by the Chair of the Committee; single issue meeting, theme of which was Blue Light Services with the following guests in attendance:

- Chris Neale, Group Manager Selby District, NY Fire and Rescue Service
- Supt. Mark Khan, NY Police Service
- Rachel Pippin, Deputy Head of Operations, YAS
- Ken Lowe, Area Operations Manager covering Selby, YAS

Future Meetings: The next meeting of the Committee will be on 31 March 2022.

Councillor S Shaw-Wright - Chair, Scrutiny Committee

11.1 - Proposed by Councillors S Shaw-Wright, Packham, Nichols, Duggan, Franks, Duckett and Brook:

This district council supports the implementation of 20mph as the default speed limit for our district in all the urban and village streets where people live, work, shop, play and learn. The Council will write to the Leader and Cabinet Member for the Highway Authority (currently North Yorkshire County Council) to implement 20mph as the default limit with higher limits only where the needs of vulnerable road users are fully taken into account.

11.2 - Proposed by Councillors Packham, Nichols, Franks, Welch, Duggan, J Shaw-Wright, S Shaw-Wright, Duckett and Brook:

This Council notes recent research by the Resolution Foundation think-tank, which reveals the number of UK households suffering from 'fuel stress' – those spending at least 10% of their family budgets on energy bills – is set to treble to 6.3m overnight when the new energy price cap comes in on 1 April 2022.

This Council notes and is concerned by the Government's latest official data, which reveals nearly 5000 households (13.2%) in Selby District are in fuel poverty.

This Council agrees with the well-respected 'Money Saving Expert', Martin Lewis that 'it is not an exaggeration to say there are people in the country who will be choosing between heating and eating come April.'

This Council calls on the UK Government to take immediate and substantive action to support families across Selby, and indeed the United Kingdom, who are struggling with the recent sharp increases in household energy costs and the increases to come in the weeks and months ahead.

This Council notes Prime Minister Boris Johnson's public statement in May 2016 that 'the least wealthy are hit particularly hard' by VAT on household energy bills and that 'when we vote Leave, we will be able to scrap this unfair and damaging tax'.

This Council resolves to call on the UK Government to take immediate action to support families in Selby by as a minimum: removing VAT on energy bills for at least one year; increasing the Warm Home Discount from £140 to £400 per year and expanding the number of households eligible to 9.3 million; as well as introducing a year-long increase to corporation tax for North Sea oil and gas producers in order to secure £1.2 billion windfall from their increased price rise profits to help mitigate household energy bills.

This Council calls on the UK Government and our local Members of Parliament to end the dither and delay on tackling the cost-of-living crisis facing families and act now to support them with the escalating costs of household energy bills.

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SELBY DISTRICT COUNCIL

Report Reference Number: C/21/8

To:	Council
Date:	24 February 2022
Ward(s) Affected:	Whole District
Author:	Catherine Hickford, Low Carbon Project Officer
Lead Executive Member:	Cllr Musgrave, Executive Member for Place Shaping
Lead Officer:	Dave Caulfield, Director of Economic Regeneration and Place

Title: Policy Review Low Carbon Working Group – Low Carbon Strategy 2021 - 2030

Summary:

The Council Plan includes a commitment to achieve carbon neutrality by 2050, but in line with other local councils including North Yorkshire County Council, we are aspiring to achieve this by 2030, or as near to that date as possible. The Policy Review Low Carbon Working Group (LCWG) was formed in January 2020, meeting regularly to discuss ways in which the Council can address the low carbon agenda. The Council's annual direct carbon footprint for the baseline year of 2018 – 2019 has been calculated. Following discussions with the Portfolio Lead a Low Carbon Strategy (Appendix A) has been developed with close involvement from the LCWG. The Strategy, which captures the scale of the problem and outlines the steps we will take to achieve carbon targets, was endorsed by the Executive on 7th October 2021. Further work will be undertaken on the Low Carbon Action Plan with the LCWG to refine actions and develop the business case for key projects that could deliver early wins, taking into account the implementation of Local Government Reorganisation across North Yorkshire in 2023.

Recommendations:

1. That the Low Carbon Strategy 2021 – 2030 (Appendix A) be approved and that support be provided for targets for the Council to achieve carbon neutrality before 2050 as outlined in the Council Plan but with the aspiration of achieving this by 2030, or as near to that date as possible.
2. With regards to carbon offsetting, support and select the first option of offsetting scope 1 and 2 emissions from 2018 to 2023 as outlined in section 4.2.

Reasons for recommendation

To enable the Council to achieve its low carbon targets and to show leadership with addressing the impacts of climate change.

1. Introduction and background

1.1 This report outlines the Council's estimated baseline carbon emissions, summarises the aim of the Low Carbon Strategy 2021-2030 and presents the options for carbon offsetting.

2. Carbon Baseline

2.1 A first step in addressing the Council's impact on climate change was understanding our carbon footprint. APSE Energy (Association of Public Service Excellence) were commissioned to calculate the Council's baseline carbon footprint for the financial year 2018-19. This included emissions from scope 1, 2 and 3, which are defined below:

- **Scope 1 (direct emissions)** are from activities owned or controlled by the Council. Examples include emissions from combustion in Council owned or controlled boilers, furnaces and vehicles.

- **Scope 2 (Energy indirect emissions)** are associated with purchased electricity, heat, steam and cooling. They are a consequence of the Council's energy use but occur at sources that the Council do not own or control. Examples include grid supplied electricity and heat provided through a heat network.

- **Scope 3 (Other Indirect Emissions)** are associated with purchased goods and services (including key contracts), waste disposal, transportation and distribution and employee business travel.

2.2 A scope was agreed with APSE for the Council's indirect emissions included within Scope 3. The priority was to calculate and understand the impact of our major contracts: waste, street scene and leisure.

2.3 The report from APSE (APSE Energy - Selby DC Carbon footprint baseline report Aug 2021) summarises the results of the scope 1, 2 & 3 carbon emissions calculations. Our total estimated carbon footprint for 2018-2019 is **2,592 tonnes** and is broken down into individual categories below.

Emissions Source	Scope	% Split	Tonnes CO_{2e}
Natural Gas	1	2%	64.11
Council Vehicles[1]	1	34%	873.30
Leased Vehicles	1	6%	152.82
Electricity	2	9%	244.98
Heat	2	0.5%	12.48
WTT[2] Gas	3	0.3%	8.91

[1] Council vehicles include council owned refuse collection vehicles
[2] 'WTT' stands for Well-to-Tank which are the emissions associated with extraction, refining and transportation of raw fuel from out the ground to site.

WTT[2] Electricity	3	2%	39.43
Transmission & Distribution Electricity	3	1%	20.88
WTT[2] Heat and Steam	3	0.1%	1.64
Water Supply	3	0.01%	0.30
Water treatment	3	0.02%	0.59
Waste from council buildings	3	0.1%	2.62
Business Travel	3	2%	44.51
Leased Assets	3	43%	1,125.34
Total		**100%**	**2,592**

2.4 From the table above it is clear that council vehicles and leased vehicles make up 40% of the total carbon footprint; the other significant emissions contributor is our leased assets (i.e. buildings including the leisure centres) which make up 43% of the emissions.

2.5 Emissions from vehicles are from fuel usage, and emissions from our leased assets are from energy use – electricity and gas. This clearly shows that we need to focus on our owned and leased built assets and improve their energy efficiency in order to reduce our carbon footprint significantly.

3. Low Carbon Strategy

3.1 The aim of the Strategy is to identify those actions which the Council can directly deliver to reduce its own emissions (as identified in section 2) whilst supporting the wider district to also reduce their emissions, through collaboration with others.

3.2 The low carbon work of other local authorities, including North Yorkshire County Council (NYCC) was researched and contributed towards the development of the draft Low Carbon Strategy. Actions are aligned with NYCC low carbon work including their Carbon Reduction Plan and commitment to achieve net carbon neutrality by 2030. Opportunities to jointly work on low carbon projects will be explored through the Better Together arrangements.

3.3 The importance of collaborating at a greater scale with others is significant when you consider the different carbon footprint statistics for the area:

- The carbon footprint of the Selby District area was 783,500 tonnes in 2019 according to UK Government estimates but has been predicted to be up to 1.2 million tonnes per year depending on scope.
- North Yorkshire County Council's (NYCC) footprint is 13,492 tonnes for 2018 – 2019 (40,000 tonnes if you include Ringway contract and school's property)
- The York & North Yorkshire sub-region footprint is 7.7 million tonnes per year.

3.4 A number of the potential measures identified in the Strategy will need to be subject to further investigation into feasibility and resources. Actions requiring significant investment will be subject to a detailed business case and will need to take into account pending local government re-organisation in North Yorkshire in 2023.

3.5 To help oversee and deliver the actions considered in the Strategy, an Action Plan will be further developed to capture the detail of each individual project. The Low Carbon Working Group have been asked to review their good work to date on a Low Carbon Action Plan to identify those measures that can be implemented within the timescales of Local Government Reorganisation (LGR).

3.6 The Council's low carbon ambitions and any agreed actions, to be successfully delivered, will also require the direct input and lead from a number of key services including Property & Assets, Procurement, Legal, Finance, HR, and Planning. It is also important that this work is driven forward politically and the engagement of a cross-party LCWG was a good first step.

3.7 The Strategy focuses on delivery to 2030, with LGR occurring in early 2023, it will be important to work closely with NYCC to develop a strategy which adopts Selby District Council's low carbon ambitions and existing projects into the new North Yorkshire Council to carry on moving forward.

4. Carbon Offsetting

4.1 As Selby District Council will not exist as a sole organisation after 2023, three options for offsetting emissions have been presented in the Strategy and considered by the Executive. Option 1, offsetting only our scope 1 & 2 emissions from 2018 to 2023, was considered the favoured option by Executive. Offsetting emissions has been suggested as a key goal in the Strategy to demonstrate a commitment to reducing our carbon emissions in the time that we have, alongside other projects that will reduce emissions from their source in the long term.

4.2 If Council agree to the favoured option 1, we would also aim to explore the potential for reducing or offsetting our scope 3 emissions through existing key service contracts and suppliers from 2018 to 2023 as well.

4.3 When considering available offsetting schemes, one option is through The Woodland Trust where they suggest a donation of £25 per tonne of carbon. This cost pays for tree planting and ongoing maintenance ensuring trees reach maturity. It should be noted that there are other offsetting schemes available which invest in local, national and international projects, and come at varying costs. Based upon the cost above with The Woodland Trust, one of the following offsetting options could be considered depending on how broad we want this commitment to be:

1. **Offset only our scope 1 & 2 emissions from 2018 to 2023** – based upon the APSE calculations, the assumption can be made that this would cover 2018 to 2023, and each year the emissions would be the same as the baseline year i.e. five years' worth of the baseline annual carbon footprint. Scope 1 & 2 emissions for the baseline year are 1,348 tonnes, for five years' worth this would be 6,740 tonnes = £168,500

2. **Offset our scope 1 & 2 emissions and also explore the potential to reduce or offset scope 3 emissions through existing key contracts and suppliers from 2018 to 2023** – this would be a similar cost to the option above but would involve further work with the procurement team to encourage carbon reduction from our suppliers. This would involve discussions with IHL, Urbaser and other key contracts to explore the scope within the existing contracts to reduce or offset their carbon emissions.
3. **Offset our projected scope 1, 2 & 3 emissions from 2021 to 2023** – This would cover a 2 year period i.e. 2021/2022, 2022/2023. Based upon the APSE calculations, assuming our emissions annually are the same as the baseline year, two years would total 5,184 tonnes = £129,600.

5. Alternative Options Considered

None.

6. Implications

6.1 Legal Implications

On 12th June 2019 the Prime Minister committed the UK to net zero carbon emissions by 2050. This commitment was enshrined in law through an amendment to the Climate Change Act 2008. The Low Carbon Strategy 2021 - 2030 will help to ensure that the Council plays its part in complying with this legislation.

6.2 Financial Implications

Delivery of the Low Carbon Strategy 2021 – 2030 and the subsequent Action Plan will require financial resources, in the case of more detailed/large scale projects funding will be necessary to carry out feasibility studies and then dedicated business cases where required. Where possible, options to apply for external funding for specific projects will be explored, and there could be significant match-funding opportunities or grants we could secure or bid for.

APSE recommend that a detailed energy audit and feasibility study is carried out for all assets to determine the site-specific requirements. This will provide an indication of the realistic interventions that could be provided and the likely cost savings, capital cost and carbon savings.

The current budget allocated for low carbon projects to 2023 is £250,000. If offsetting option 1 were chosen as the favoured offsetting option then this would likely need a commitment of approximately £168,500 of this budget, subject to the offsetting scheme considered appropriate for the Council.

6.3 Policy and Risk Implications

The Low Carbon Strategy provides direction on how the Council will address climate change and will ensure a coordinated approach across the Council.

6.4 Corporate Plan Implications

The Council Plan 2020-2030 priorities include Selby District as ‘a great place to enjoy life’, and one of the objectives of this priority is improved environmental quality. The headline delivery priority is to respond to our developing understanding of the impacts of climate change, to foster local resilience and assurance through identifying and promoting low carbon – including aiming for the Council to be carbon neutral before 2050. This work will enable the council to progress with this priority.

6.5 Resource Implications

The Low Carbon Working Group is currently being delivered within existing resources. The Low Carbon Strategy is corporate and success in delivery will also require the direct input and lead from a number of key services including Property & Assets, Procurement, Legal, Finance, HR, and Planning.

6.6 Other Implications

No other implications identified at this stage.

6.7 Equalities Impact Assessment

None at this stage. An Equality, Diversity and Community Impact Assessment screening will be undertaken for individual actions where appropriate, prior to commencement.

7. Conclusion

7.1 Following the work of the Policy Review Low Carbon Working Group and feedback from the Portfolio Lead, a draft Low Carbon Strategy has been developed for 2021 - 2030 which details actions which the Council can take in order to reduce its own carbon footprint and positively influence the wider district carbon footprint. The Strategy focuses on those actions which the Council can directly deliver, as well as those it can influence, through collaboration with others. It is anticipated that once the Strategy is approved, an Action Plan can be further developed to provide further detail on proposed projects.

8. Background Documents

Selby District Council Draft Low Carbon Action Plan

9. Appendices

Appendix A: Draft Low Carbon Strategy 2021 - 2030 v4

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SELBY
DISTRICT COUNCIL

Selby District Council

Low Carbon Strategy 2021 - 2030

Produced by: Low Carbon Project Officer

Date: 08 September 2021

Approved:

Revisions: DRAFT

Contents

Foreword

Portfolio Lead for Low Carbon, Cllr Richard Musgrave

In December 2019 the Council adopted its new Council Plan setting out its priorities for the period 2020-2030. One of the key commitments was on climate change - to respond to our developing understanding of the impacts of climate change through identifying and promoting low carbon – including aiming for the Council to be Carbon neutral before 2050.

We know from the consultation undertaken as part of the development of the Council Plan that it is something residents fully support. The Council Plan also highlighted that with investment in world-leading carbon capture technology taking place in our district, including the Bioenergy with carbon capture and storage (BECCS) at Drax, we're right at the forefront of the UK's drive for net zero carbon emissions.

Investment in green technology is creating new jobs and putting the district on the world stage. There are also wider benefits to becoming carbon neutral in terms of health and well-being, biodiversity, green recovery, air quality and community resilience. As a Council, we need to help our businesses and residents contribute to this cleaner and greener future and we can make a start by ensuring we look at our own impact on the environment.

As a council we've made tangible progress on a number of fronts since December 2019, despite also being front and centre in helping to deal with impacts of Covid-19 - the most serious public health crisis for a century. Our new Waste Recycling Service was implemented in 2020 and has achieved an 2% increase by tonnage in recycling whereas all other North Yorkshire collection authorities experienced an average reduction of 0.2%. Our new Local Plan is making excellent progress since we started this work in late 2019 and has put sustainable development at the heart of its approach, with a focus on mitigating and adapting to climate change.

I asked the Policy Review Committee to assist us to further develop our approach and they set up a cross-party Low Carbon Working Group. I'd like to personally thank the group for the excellent work they've done in helping us to understand the Council's own carbon footprint and to consider the measures we can introduce to reduce that footprint to zero. It is also important that we show leadership in helping to tackle the district's wider carbon footprint.

Clearly a major change since we embarked on this work is Local Government Review with the recent government decision in July 2021 to create a new unitary North Yorkshire Council. This means that Selby District Council will no longer exist in April 2023.

Whilst this fundamentally changes our ability to plan longer term as a Council it is important that we clearly articulate the ambitions of the Council in addressing its own carbon footprint and helping to address the wider district footprint, so that the new North Yorkshire Council has a clear route-map to continue this important work.

For this reason the strategy set's out the Council's ambitions to 2030, in accordance with the Council Plan timescale, but also sets out our commitment to reducing and also fully offsetting our direct carbon emissions by 2023.

Strategy on a page

By 2030, the Council and its operations will be carbon neutral, positively helping Selby District and the North Yorkshire area move to a net zero carbon economy.

We recognise that the creation of the new North Yorkshire Council in 2023 means that it will not be possible to implement all the measures necessary to achieve this in the lifetime of Selby District Council and that the mantle for achieving this will pass to the new local authority.

However, we now understand the Council's own Scope 1 and 2 emissions and we are making a commitment to fully offsetting these up to 2023 whilst we also further develop a range of potential low carbon projects with a focus on the early wins that can be achieved by 2023 but also looking ahead to what is needed to achieve carbon neutral by 2030.

The Low Carbon Working Group have been asked to review their good work to date on a Low Carbon Action Plan to identify those measures that can be implemented within these timescales.

We want our operations and services to work in a sustainable way and reduce our costs in the long term. We will work towards this through the following steps:

- Monitor, calculate, and report our annual scope 1, 2 & 3 carbon emissions
- Reduce our scope 1 and 2 CO_2 emissions to zero through improved energy efficiency of our built environment, divestment from fossil fuel energy sources, and offset of unavoidable emissions
- Reduce our scope 3 CO_2 emissions through sustainable procurement
- Encourage sustainable modes of transport for employees, members and residents
- Protect and improve the quality of the natural environment and biodiversity across the district
- Work collaboratively across the public, private and third sectors at a local, regional, national and global level

We have aligned our Strategy with the strategies of other local authorities across North Yorkshire for three reasons. Firstly, addressing climate change is not something we can do alone – it needs a much wider response. Secondly, we want to ensure that the new North Yorkshire Council can capture these ambitions and take a lead in the low carbon agenda going forward and we are giving them a clear route map for work beyond 2023. And thirdly, we hope that some key projects can be developed into large scale opportunities over longer timescales for the new North Yorkshire Council to adopt and continue our good work.

1. Introduction

The Global Challenge

Since the industrial revolution, human activities have been releasing huge amounts of carbon dioxide (CO_2) and other greenhouse gases into the atmosphere. The level of greenhouse gas emissions currently being emitted is estimated to be 50 billion tonnes of carbon dioxide-equivalents (CO_{2e}) into the atmosphere each year[1]. This has increased concentrations of CO_2 in the atmosphere from around 278 ppm to 417 ppm in just over 250 years[2].

The increased concentration of these gases in the atmosphere are increasing global temperatures, at different rates around the world. This sudden and rapid increase in temperature of the Earth system is causing disruption to the intricate balance of climate systems and weather patterns, leading to extreme weather events. These are no longer events that will happen in the future, with repeated extreme weather events happening recently in the past 10 years causing large scale destruction, disruption and cost. For example, the NOAA reports that the US has experienced 298 disasters since 1980, costing over $1.9 trillion and claiming over 14,000 lives[3].

In the UK we have already experienced some of worst flooding, rainfall, drought, high temperatures and storm events since records began, and with predictions estimating that these events will only get worse, we have to act quickly to try and reduce the impacts of climate change to a minimum.

Elsewhere on the planet, people are experiencing sea level rise, soil erosion, droughts, extreme weather events and wildfires. It is clear from the events that we are seeing that we must act now, and quickly. If we continue business as usual, we risk pushing climate systems to a point of no return, when tipping points are reached positive feedback loops in the Earth system will exponentially increase the concentrations of CO_2 in the atmosphere through tree death, desertification, warming oceans and thawing of glaciers and permafrost. If this happens, we risk creating a planet that is uninhabitable for ourselves and all other life on Earth within just a few hundred years.

Our Challenge

Whilst we live in a usually stable temperate region of the world, we are not immune to the effects of climate change and extreme weather. Within the district we have experienced the impacts of flooding, periods of reduced rainfall, high temperatures, and powerful storms, all of which have been made more likely due to climate change.

As a Council we want to try and reduce these impacts going into the future, reducing our contribution towards global emissions by taking actions to become a net zero organisation. Reducing our emissions will come with other benefits including reduced costs, improved air quality, healthier happier people, and new skills and jobs.

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[1] Greenhouse gas emissions - Our World in Data
[2] Met Office: Atmospheric CO2 now hitting 50% higher than pre-industrial levels | Carbon Brief
[3] Billion-Dollar Weather and Climate Disasters: Overview | National Centers for Environmental Information (NCEI) (noaa.gov)

The Council's carbon footprint

As part of these actions, we have calculated our Scope 1, 2 and 3 emissions for our carbon footprint for the financial year 2018-2019. (Scope 1 includes direct emissions from council activities e.g. burning gas in boilers for heat, or fuel usage in vehicles; scope 2 emissions are associated with electricity use and heat; and scope 3 emissions include indirect emissions associated with water use, waste, business travel and energy use within leased assets). Our carbon footprint has been calculated to be 2,592 tonnes CO_{2e}, with 42% for Scope 1, 10% for Scope 2, and 48% for Scope 3.

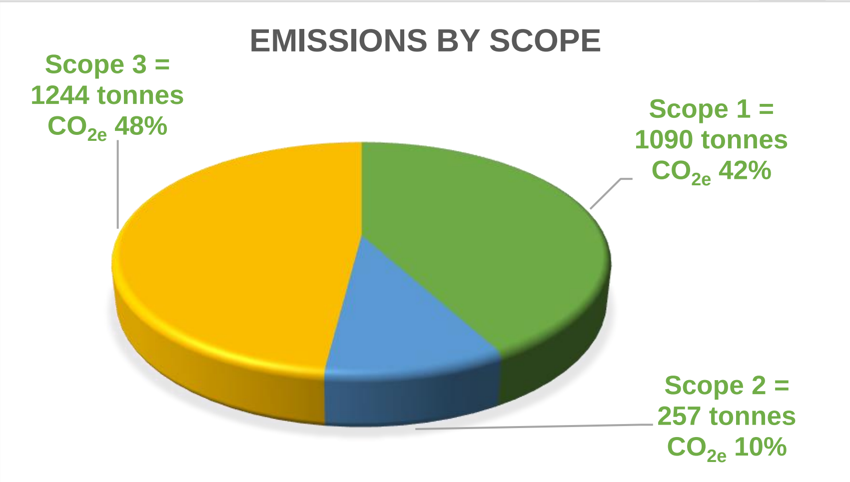


Figure 1. Total Carbon footprint split by scope for 2018-2019

This provides us with a baseline to understand our carbon budget, and a starting point to begin reducing our carbon footprint. It should also be considered that over the next decade to 2030, emissions will accumulate year on year, so the total cumulative amount of carbon to be reduced will be much larger than the value calculated for the baseline year of 2018-2019.

Below is a further breakdown of our total carbon footprint for 2018 to 2019 by emission source[4]. The largest contributors to our carbon footprint are the use of our council vehicles and leased vehicles in scope 1 (which includes our council owned refuse disposal vehicles), electricity usage within our buildings in scope 2, and emissions associated with our leased assets which includes the leisure centres, operational buildings, and industrial business units, in scope 3.

[4] 'WTT' stands for Well-to-Tank which are the emissions associated with extraction, refining and transportation of raw fuel from out the ground to site.

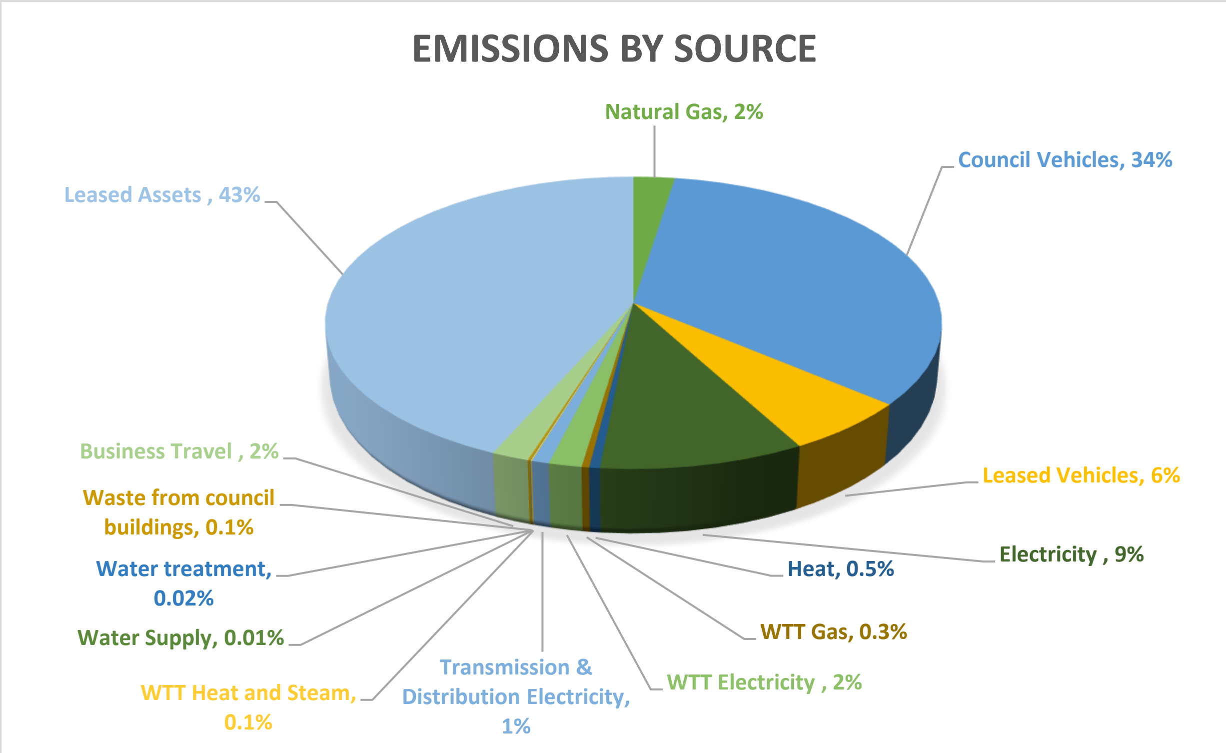


Figure 2. Total carbon footprint split by source for 2018-2019

The district carbon footprint

District wide emissions are summarised below using UK Government estimates, which already shows a reduction in emissions from 2018 to 2019.

Sector	Emissions for year 2018 (tonnes CO_2)	Emissions for year 2019 (tonnes CO_2)
Industry (including agriculture)	377,200	291,000
Commercial	43,900	40,100
Public sector	10,100	9,400
Domestic	145,900	142,500
Transport	329,700	323,500
Land Use, Land Use Change, & Forestry	-23,200	-22,900
TOTAL	**883,600**	**783,500**

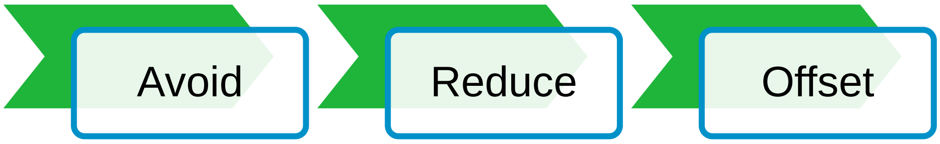
Table 1 Local Authority territorial CO_2 emissions estimates for 2018-2019[5]

Our Vision

Our Council Plan includes a key target committing the Council to becoming carbon neutral before 2050. The work we have done with APSE[6] on our scope 1, 2 and 3 emissions shows we can become carbon neutral by 2030.

[5] Emissions of carbon dioxide for Local Authority areas - data.gov.uk
[6] The Association for Public Service Excellence – Energy

By carbon neutral we mean operating in a state where there is no net release of carbon dioxide into the atmosphere, through reducing and eliminating our scope 1, 2 and 3 emissions as much as possible year on year and offsetting the remainder of any unavoidable emissions through approved offsetting schemes.



This vision will allow us to demonstrate leadership and play a positive role to the wider District by becoming a carbon neutral organisation before it is required by law set by the UK Government. A carbon neutral Council will be one which is a great place to work, grow and create value, delivering a sustainable, efficient, and responsible service to residents in the district.

We will reach this target by focusing on two timescales: 1) what we can do as a Council by April 2023 when the New North Yorkshire Council takes over this mantle 2) what is needed to achieve carbon neutral by 2030, the timescale of the Council Plan. This will also allow us to set out clear expectations from the Council for how the new North Yorkshire Council should address climate change issues in the district going forward.

We will take an approach that focuses first on avoiding emissions altogether, reducing emissions where they occur, followed by offsetting for emissions that are currently unavoidable. Given it is not possible to fully implement all measures required to become carbon neutral before the new authority comes into being in 2023 we will commit to offsetting our known Scope 1 & 2 emissions.

Our Aim

The scope of this strategy is primarily focused on reducing the greenhouse gas emissions of the Council, within our own operations, whilst using our influence to encourage and promote the reduction of emissions in the wider district.

This strategy has drawn on the work of the Low Carbon Working Group which included a review of other local authority low carbon strategies. **The aim of this strategy is to provide an identification of the problem and an understanding of how the Council can best tackle the challenge.**

Below you will find 6 workstreams that will help us to achieve this.

- **Workstream 1: Carbon Monitoring -** Monitor, calculate, and report our annual scope 1, 2 & 3 carbon emissions.
- **Workstream 2: Travel -** Encourage sustainable modes of transport for employees, members and residents.
- **Workstream 3: Council Buildings and Energy Use -** Seek to reduce our scope 1 and 2 CO_2 emissions to zero through improved energy efficiency of

our built environment, divestment from fossil fuel energy sources, and offset of unavoidable emissions.

- **Workstream 4: Working Practices -** Seek to reduce our scope 3 CO_2 emissions through sustainable procurement and offsetting.
- **Workstream 5: Natural Environment and Biodiversity -** Protect and improve the quality of the natural environment and biodiversity across the district including addressing flood risk and planning for sustainable development through the new Local Plan.
- **Workstream 6: Influencing Others in the District -** Work collaboratively across the public, private and third sectors at a local, regional, national and global level.

2. Background and Policy Context

Global

As the impacts surrounding climate change have become more visible and prominent, International, national and regional policy and legislation has been developed.

The United Nations Framework for the Convention on Climate Change (UNFCCC) established an international treaty in 1992 to combat "dangerous human interference with the climate system".

Most prominently in recent years, The Paris Agreement 2016 was agreed as a legally binding international treaty on climate change, signed and agreed to by 196 nations at the Conference of Parties meeting in 2015. The treaty commits these nations to limit global warming to well below 2°C and preferably below 1.5°C above pre-industrial levels[7].

The recently published report from the Intergovernmental Panel on Climate Change (IPCC) in August 2021 only underlines the importance of acting now and showing local leadership. The COP26 UN Climate Summit to take place in Glasgow in November 2021 will consider this report in some detail and explore what more needs to be done to address the climate change challenge.

UK

The Climate Change Act 2008 was an act of UK parliament to commit the UK to reducing their emission of greenhouse gases to 80% by 2050 compared to 1990 levels.

UK Government has recently committed to set in law the aim of reaching a 78% reduction by 2035 in a bid to reach this target earlier[8].

In November 2020 the Government published its Ten Point Plan for a Green Industrial Revolution which set out how a focus on the green economy could help the country to recover from the impacts of Covid and build back better.

Regional

The York and North Yorkshire Local Enterprise Partnership (Y&NY LEP) is working with the local authorities, key partners and businesses to achieve the aim for York & North Yorkshire to become the UK's first carbon negative region – carbon neutral by 2034 and carbon negative by 2040.

This was a central element of the draft Devolution Deal submitted to government in Central December 2020. Central to delivery of those plans is support for Drax Power in their world-leading Bioenergy Carbon Capture Storage (BECCS) project.

The Y&NY LEP commissioned a major Carbon Abatement Pathways[9] study and from this and stakeholder engagement are now preparing a Routemap to Carbon

[7] The Paris Agreement | UNFCCC
[8] UK enshrines new target in law to slash emissions by 78% by 2035 - GOV.UK (www.gov.uk)
[9] Carbon Abatement Pathways | Business Inspired Growth

Negative. This will provide strategic direction towards the Y&NY target to become a carbon negative region by 2040.

The Yorkshire and Humber Climate Commission was set up in 2020 as an advisory body to advance the region's climate leadership by bringing together the public, private and third sectors and to support, guide and track the delivery of ambitious climate actions.

In conclusion, it is clear that the solution to addressing climate change does not sit with one organisation but requires collaboration across the public, private and third sectors at a local, regional, national and global level.

3. Low Carbon Workstreams

Key targets:

Become a carbon neutral Council by 2030.

To fully offset our known scope 1 and 2 emissions from our baseline year 2018 until 2023

Through the following six workstreams we will aim to reduce our Scope 1, 2 & 3 emissions to zero. Emissions that we cannot control or which we cannot reduce any further will be offset through tree planting or other approved offsetting schemes. Scope 3 emissions will be reduced by working with contracted partners e.g. Urbaser for the waste and street scene contracts and IHL for the leisure contract.

A number of measures to help reduce the Council or district's carbon footprint are already underway and some of these are listed below. However, because it will not be possible to fully implement all the measures required for Selby District Council to become carbon neutral by the time the new North Yorkshire Council comes into being in 2023 **we are instead making an immediate commitment to fully offsetting our known Scope 1 and 2 emissions between our baseline year 2018 and 2023.**

We will also work with the Low Carbon Working Group to:

1. Identify the measures that can be implemented by Selby District Council before April 2023
2. Identify the other measures and begin collaborative working with NYCC to become carbon neutral by 2030 so we are setting out clear expectations for how the new North Yorkshire Council should address climate change in the district.

To progress this work further we will ask the Low Carbon Working Group to explore potential projects under each of these workstreams. Delivery will be dependent on a range of factors including potential carbon saving, timescales (given local government changes in 2023), costs (capital, revenue and maintenance) and value for money which would be assessed in a detailed business case before any significant investment.

Workstream 1: Carbon Monitoring

To ensure we continue to improve and reduce our emissions year on year we will need to monitor, record and report our carbon footprint annually. Also see section 5.

- Review data provided for scope 1 & 2 emissions calculations provided by APSE
- Monitor and record energy use, gas, electricity and fuel use, for future annual calculations of scope 1 & 2 emissions.
- Set up processes and procedures to request and record emissions data from suppliers and staff for scope 3.
- Carbon offsetting – we have the option to:
    - Offset only our scope 1 & 2 emissions from 2018 to 2023;

- Offset our scope 1 & 2 emissions and also explore the potential to reduce or offset scope 3 emissions through existing key contracts and suppliers from 2018 to 2023;
- Or offset our projected scope 1, 2 & 3 emissions from 2021 to 2023

Workstream 2: Travel

The council and its contract delivery partners operate a fleet of vehicles including heavy goods vehicles, cars, small vans and road sweepers. Staff and members also use their own cars and public transport for business travel. Emissions from council vehicles make up 34% of our carbon footprint, so contribute a significant proportion of overall emissions.

We have recently renewed our contracted vehicle fleet so can't change these to electric or seek to change that of our main contractors due to the length of existing contracts and because of the local government changes in 2023.

However, there are a range of other things that can be done to reduce the carbon emissions from travel either from the Council's own operations or within the district.

Some of these are already being done:

- Reducing the need to travel - the radical change in how people have been working in the last 18 months including working from home and better use of IT means many meetings can be held remotely. This will continue into the future with 'hybrid working' becoming the norm.
- Encourage the adoption of sustainable transport options – a number of our key strategies and plans will encourage and enhance the use of public transport, cycling and walking e.g. Local Cycling & Walking Infrastructure Plans (LCWIPs), Transforming Cities Fund and town centre regeneration projects
- Cycle to Work scheme – the Council has been promoting this to employees for some years now.
- Improve EV charging infrastructure across the district – this is being implemented in Council car parks and for staff at the Civic Centre. Wider opportunities across the district are also being explored jointly with North Yorkshire County Council, the other NY local authorities and the Energy Savings Trust.
- Staff car loan scheme for electric and hybrids vehicles.

There are a range of other things that can be explored including[10]:

- A staff travel plan
- Encourage a lower carbon taxi fleet through licensing and access to grant funding
- Encourage car sharing groups and explore the potential for electric pool cars
- Work with NYCC to incentivise bus companies to use electric buses

[10] Subject to assessing deliverability before local government reorganisation is implemented in 2023

- Reduced car parking charges in the district for cars with a green number plate

Workstream 3: Council Buildings and Energy Use

The built environment accounts for around 40% of the UK's carbon emissions annually, primarily due to the energy used to heat and light our homes and workspaces. By improving insulation rates and replacing outdated service equipment we can improved energy efficiency, reducing the amount of energy use required to run a building. Moving heating and cooling systems to low carbon alternatives also removes a reliance on fossil fuels. There are significant new government funding streams potentially available that can provide up to 100% capital or revenue grants for work to public buildings, with a range of funds launched over the last year under the Public Sector Decarbonisation Scheme.

Some of these are already being done:

- The new Civic Centre which is jointly occupied by the NHS, SDC and the Police, was built to be a sustainable and energy efficient building
- The Civic Centre for example has a combined heat and power (CHP) plant and sources its electrical energy supply from renewable sources.

There are a range of other things that can be explored including:[11]

- Move away from fossil fuel energy sources – procure all electricity for the Councils other buildings from a renewables tariff
- Carry out energy audits of all built assets to understand existing building fabric, services, and energy use and include this information in the new asset register and asset management plan
- Feasibility studies to identify retrofit work required to increase energy efficiency e.g. all built assets to achieve at least an Energy Performance Certificate (EPC) rating of C
- Reducing gas usage in Council buildings – through more efficient plant, improved controls, & increased insulation. Install heat pumps as an alternative heating source
- Reducing electricity use in Council buildings – LED lighting & improved controls (e.g. daylight and occupancy sensing), BMS controls for HVAC, replace office equipment with more efficient versions (but noting that replacement can actually create more carbon emissions through embodied carbon), independent power generation using renewables e.g. solar PV panels.
- Solar powered street lights in car parks
- Enforcement of the Minimum Energy Efficiency Standard (MEES) regulation

[11] Subject to assessing deliverability before local government reorganisation is implemented in 2023

Workstream 4: Working Practices

In order to embed a sustainable way of working we need to encourage behaviour change and more environmentally friendly habits.

Some of these are already being done:

- A comprehensive training programme on climate change is being devised for all North Yorkshire local authorities by the Y&NY LEP's Circular Economy & Low Carbon Team - to be available to both staff and elected members

There are a range of other things that can be explored including:[12]

- Create a green Staff Ambassadors group to encourage sustainable working in the office through energy efficiency and behaviour change.
- Service Delivery Plans to consider if and how they can contribute to a reduction in carbon emission through their service operations.
- Improve communication - create an accessible page on the website with information on climate change, what the Council is doing, and what local residents can do
- Where possible and financially feasible, build sustainability and low carbon considerations into procurement using the Sustainable Procurement Toolkit developed jointly by the Y&NY LEP, local authorities and their procurement leads.
- How the impact on climate change can be considered in Council reports, for example through use of climate change impact assessments to influence key decision making
- How our Scope 3 emissions can be reduced or offset through our key contractual relationships[13] e.g. Urbaser (previously Amey) for the waste and streetscene contracts; Inspiring Healthy Lifestyles (IHL) for the leisure contract

Workstream 5: Natural Environment and Biodiversity

We are not only in a climate crisis, we are also in an ecological crisis, with extinction rates of animal and plant species around the world currently at levels never seen before in human history. Around 1 million species are at threat of extinction due to human activities[14]. The State of Nature report for the UK predicts that 15% of species in the UK are threatened with extinction, with 41% of species declining[15]. Protecting the natural environment and increasing biodiversity will not only help combat climate change but also build resilience, improve people health and wellbeing, and create an environment we all want to enjoy.

[12] Subject to assessing deliverability before local government reorganisation is implemented in 2023
[13] Potential costs and choice of suppliers would also need to be considered to ensure a fair and balanced approach.
[14] UN Report: Nature's Dangerous Decline 'Unprecedented'; Species Extinction Rates 'Accelerating' – United Nations Sustainable Development
[15] Biodiversity in the UK: bloom or bust? (parliament.uk)

We also need to ensure we are encouraging sustainable patterns of development and that the potential impacts of flooding both now and in the future are planned for and mitigation measures identified.

Some of these are already being done:

- Policies within our new Local Plan include requirements for net biodiversity gain on new developments.
- We are a member of the White Rose Forest Partnership, giving us access to expert advice and a range of funding sources to develop and implement a strategic tree planting programme for the district. In the next 12 months we will be working with them to engage with landowners and community groups to identify opportunities for large scale tree planting on suitable land.
- Contacted Town and Parish Councils to understand and promote community led tree planting opportunities.
- We worked with the Escrick Park Estate after their successful bid to become a national pilot for Biodiversity Offsetting.

There are a range of other things that can be explored including:[16]

- Develop a Fund and Grant Scheme for resident, community and larger scale tree planting initiatives in the district and appoint a delivery partner to oversee delivery
- Use tree planting schemes, preferably in the district (but could be wider), to offset the remainder of the Council's carbon footprint
- Re-wilding kerbsides and increasing wildflower cover – NYCC are trialling different highway verge management regimes to increase biodiversity
- Work with landowners to increase hedgerows

Workstream 6: Influencing Others in the District

The solution to addressing climate change does not sit with one organisation but requires collaboration across the public, private and third sectors at a local, regional, national and global level.

Local authorities have a key role to play as local leaders in promoting the importance of personal, business, and wider stakeholder choices and in helping to shape and influence the future investment decisions of others.

Some of these are already being done:

- Collaborating with Y&NY LEP to support their carbon neutral and circular economy work
- Providing business advice to companies including access to grants to reduce energy use, waste and address low carbon challenges
- Working with other local authorities across North Yorkshire and Yorkshire through groups such as the Y&NY Local Authority Low Carbon Officers Group

[16] Subject to assessing deliverability before local government reorganisation is implemented in 2023

and with the Yorkshire & Humber Climate Commission – to share best practice and work at a greater than local scale of projects

There are a range of other things that can be explored including:[17]

- Residents/District – inform private landlords and home owners on grants/offers to improve energy efficiency, enforcement of MEES regulation
- Green Economy/Working with businesses – explore potential benefits if business invests in energy saving measures/renewable energy/green certification/carbon foot-printing e.g. business rate discounts
- Try to influence partners to ensure major investments (e.g. pension schemes) don't invest in fossil fuels or other things that do not support the journey towards a zero-carbon future.
- Provide information and guidance for SME's to reduce their carbon

Other workstreams:

There are a number of other workstreams that will help the Council to reduce its own carbon footprint or that of the wider district.

Council Housing

This has not been included in our carbon footprint work to date so we don't know the full impact of the 3000 houses we have. This could be a future strand of work given the increased availability of government funding to help retrofit existing stock and ensure new development is low carbon.

Some low carbon measures have already been included in new affordable house building programmes and renewal and repair contracts such as:

- Piloting air-source heat pumps in Council properties
- Energy efficiency improvements to insulation, windows and doors

There are a range of things that can be explored including:[18]

- The Housing Revenue Account Business Plan will be reviewed shortly offering the opportunity to include low carbon elements – this could include reviewing potential new government funding sources for such work.
- This should include exploring opportunities to reduce carbon emissions through improved energy efficiency and use of alternatives to fossil fuels, for example:
    - Improved insulation and ASHP's in off-gas homes
    - Solar PV panels on suitable Council houses
- Whether we can achieve EPC band C by 2030 through retrofit programmes, subject to government funding being available
- Considering whether a proportion of social housing should be built to Passivhaus Standard or an equivalent high level of sustainability. Passivhaus homes are very energy efficient with very low bills, can remain a constant comfortable temperature through summer and winter and are already adapted

[17] Subject to assessing deliverability before local government reorganisation is implemented in 2023
[18] Subject to assessing deliverability before local government reorganisation is implemented in 2023

to the impacts of climate change i.e. heat waves and cold winters. Although the additional costs of achieving this, along with the scope of government funding would need to be taken into account.
- Provide education to existing tenants on how to use their home efficiently, encourage installation of smart meters

Through the Council's private rental team we could also explore:

- Enforcement of MEES regulation – all privately rented properties must be EPC E or better. We have 2057 domestic properties in the district with an EPC rating of F or G, of which approximately 430 are privately rented.

New developments
New construction of buildings and developments have huge impacts on the environment from the CO_2 emissions created in material production, transport, construction and development use, to the removal of green spaces. It is our responsibility to ensure any new development has as small an impact as possible and is designed to be sustainable long into the future.

This can be influenced and controlled through how we deal with planning applications, the policies in the Local Plan and by how we develop and deliver major capital programmes such as new affordable housing provided by the Council.

Some of these are already being done:

- Progress on the new Local Plan has been excellent since work started in late 2019 with climate change and low carbon principles at the centre of the approach including considering flood risk and mitigation, the importance of green infrastructure and encouraging sustainable travel and patterns of development. Consideration is also being given to guiding the main development to sustainable locations that include existing services, good transport links and employment opportunities.
- We seek to reduce the need for personal cars for short journeys i.e. provide safe walking and cycling routes to major retail areas, services such as doctors/schools etc, and to transport hubs such as bus and train stations. Our major regeneration and development programmes for our town centres and Selby station and the Local Cycling and Walking Infrastructure Plans all seek to achieve a step-change in provision for pedestrians and cyclists.
- We are seeking biodiversity net gain for major new developments

There are a range of other things that can be explored including:[19]

- Ensuring all new developments have the electrical capacity to install renewables and EV chargers in the future if not already being installed as part of the design - we are exploring how this can be included in the new Local Plan.
- High sustainability standards for new builds – Excellent BREEAM ratings, at least A EPC and Passivhaus for houses or meet the new Future Homes

[19] Subject to assessing deliverability before local government reorganisation is implemented in 2023

Standard which is yet to be adopted formally - we can't mandate a standard but can require energy efficiency standards above building regulations.

Waste

The Council through its waste contract with Amey (now Urbaser) has recently implemented significant improvements to its recycling service with much larger recycling bins provided. This has increased recycling rates by 2% since it was introduced in the summer of 2020 whereas all other North Yorkshire collection authorities experienced an average reduction of 0.2%.

North Yorkshire County Council provide the waste disposal function for North Yorkshire and seek to minimise the amount of waste going to landfill through their state of the art Energy from Waste plant at Allerton Park

There are a range of other things that can be explored including:[20]

- Purchase recycled products in supply chain (procurement)

4. Implementing Monitoring and Reporting

To ensure that progress is made, and emissions are reduced year on year, we will monitor progress through our performance software, Pentana, by creating new KPI's and context indicators, which will be included in quarterly reports to Council. We will also prepare and publish an annual report on our carbon emission footprint with the information being made publicly available.

Both the Low Carbon Project Officer and the Low Carbon Officer Working Group will be responsible for implementation of, monitoring and reporting on this strategy.

We will also continue to work with the Low Carbon Working Group to prepare and implement a Low Carbon Action Plan to support the aims and vision of this strategy.

How will we measure internal emissions?

We will continue to measure Scope 1, 2 & 3 emissions and calculate our annual carbon footprint by:

- Monitoring and recording gas and electricity usage within our built environment via meter readings and utility bills.
- Monitoring and recording fuel usage in our vehicle fleet including pool cars, business cars, small vans, waste trucks, road sweepers etc.
- Recording emissions from grey fleet vehicles - business travel carried out in employees' and Councillor's own vehicles, recorded via payroll mileage claims.
- Monitoring and recording water usage and wastewater via meter readings and utility bills.
- Monitoring and recording of waste type and volumes, as well as disposal methods.

[20] Subject to assessing deliverability before local government reorganisation is implemented in 2023

- Review services and contracts register to identify procurement routes that already consider scope 1 & 2 emissions and encourage others to do the same.

How will we measure emissions from the District?

The UK Government publishes an annual estimate of emissions from each Local Authority, these figures are usually reported 18 months after the reporting year so there is always a delay. However, we will use this data to monitor emission trends across the district.

Our measure of success within the Council Plan 2020-2030 is to report the % reduction in tonnes of carbon per capita.

5. Review

The policy context surrounding climate change and its impacts is constantly evolving and improving so we will continue to monitor and update this strategy on a regular basis to ensure coherence with policy, legislation and the Council’s aims and priorities.

This strategy will be monitored and developed by the Low Carbon Project Officer and the Low Carbon Working Group and will be considered by the Policy Review Committee every 6 months. The Policy Review Committee will receive regular updates on the progress achieved as part of the Council's commitment to greener practices

This review is proposed to be every 6 months.

SELBY DISTRICT COUNCIL

Report Reference Number: C/21/9

To:	**Council**
Date:	**24 February 2022**
Ward(s) Affected:	**All Districts**
Author:	**Caroline Skelly, Planning Policy Manager**
Lead Executive Member:	**Cllr Richard Musgrave, Lead Councillor for Place Shaping**
Lead Officer:	**Dave Caulfield, Director of Economic Regeneration and Place**

Title: Revised Local Development Scheme

Summary:

The Local Development Scheme (LDS) sets out a timetable for the preparation of a Local Plan and its relevant documents. It represents a public statement as to what Local Plan documents will be prepared over a three-year period, identifying key milestones and preparation arrangements. The purpose of this report is to consider a revised Local Development Scheme (LDS) for 2022 to 2024.

Recommendations:

1. That Council recommends that the revised Local Development Scheme which sets out the timescales for the preparation of a new Local Plan at Appendix A is brought into effect and published.

Reasons for recommendation

It is important that there is clarity about what work is being undertaken to progress the Local Plan for Selby District and what documents will be produced. Local Plan documents have key implications for places across the district and for communities, businesses and organisations across and beyond the district. There is a legal requirement to produce a Local Development Scheme, which must be made publicly available and kept up-to-date.

1. Introduction and background

1.1 The proposed new Local Development Scheme for Selby District Council covers the period 2022 to 2024.

1.2 Members approved a decision to begin work on the preparation of a new Local Plan in September 2019 and good progress has been made in accordance with the current Local development Scheme. A revised Local Development Scheme has been prepared which sets out the next stages in the preparation of the Local Plan and reflects the implications of Local Government Reorganisation.

2. Progress of the Local Plan

2.1 In line with the current Local Development Scheme consultation took place on the Issues and Options for the Local Plan in early 2020. The responses to this consultation helped to shape the preparation of the Preferred Options consultation which took place between 29 January and 6 March 2021. We received 1217 responses to the consultation comprising over individual 4700 comments.

2.2 Through the consultation exercise a further 44 additional or amended sites were also submitted to the Council for further consideration. Consultation on the 44 additional sites took place between 2 August and 13 September 2021 which received 92 individual responses.

2.3 Between 3 September and 15 October 2021 consultation took place on a number of technical evidence documents which will help to shape the Publication version of the Local Plan. Consultation took place on the Green Belt review, Greenspace Audit, Local Plan and CIL Viability report and the Indoor and Outdoor Sports Facilities Assessment.

2.4 The next stage in progressing the Local Plan is the preparation of the Publication version, which is the pre-submission plan which must be prepared under Regulation 19 of the Town and Country Planning Act 2004 (as amended). The Publication version of plan will be subject to consultation before it is submitted to the Secretary of State for examination. Officers are in the process of updating the Local Plan policies in response to the comments raised in relation to all three public consultations and the outcomes of additional evidence work.

2.5 One of the key areas of risk to progress of the Local Plan which has previously been highlighted to Local Plan Programme Board has been the implications resulting from Local Government reorganisation. Paragraph 74 of the National Planning Practice Guidance states that as set out in the Local Government (Structural Changes) (General) (Amendment) Regulations 2018 existing plans will remain in place for the areas set out in the plan. Plans that are being prepared, but not yet adopted, can also carry over and continue through to adoption in the new authority. The regulations also state that new plans covering the whole of the new area must be adopted within 5 years of the reorganisation.

2.6 As we have made significant progress on the Local Plan work should continue, however the key risks relate to ensuring that we are able to retain sufficient staff resources to support the completion of the plan, whilst work begins on a new Local Plan for the North Yorkshire geography and any future changes to national planning policy.

2.7 The current Local Development Scheme states that the Council will consult on the Publication version of the Local Plan in early 2021. The elections for the new Unitary Authority are due to take place on 5th May 2022 and therefore it is proposed to delay consultation on the Publication Local Plan until after the Local elections in May 2022.

2.8 The delay in consultation will mean that the Local Plan is submitted seven months later than originally anticipated. The key milestones are set out in the draft revised Local Development Scheme document attached at Appendix 1.

3. Alternative Options Considered

3.1 None as keeping the Local Development Scheme up to date is a statutory requirement.

4. Implications

4.1 Legal Implications

The Planning and Compulsory Purchase Act 2004 requires Local Planning Authorities to prepare and maintain an LDS. This Legislation requires that the scheme should specify the Local Plan documents that are to be produced; the subject matter and geographical area to which each document relates; and the timetable for the preparation and revision of these documents. The LDS must be made publicly available and kept up-to-date, as it is important that local communities and interested parties can keep track of progress.

4.2 Financial Implications

The completion of the Local Plan will be undertaken within existing budgets allocated for this purpose.

4.3 Policy and Risk Implications

The timescales for the preparation of a new Local Plan are dependent on the maintenance of existing staff resources and the implications resulting from any future changes to national planning guidance.

4.4 Corporate Plan Implications

The preparation of a new Local Plan will help the Council to deliver its Corporate Plan objectives to make Selby a great place to do business and to enjoy life. More specifically it will contribute to the objective to have a local plan in place which will deliver more houses in the District, business opportunities, promote health and well-being and protect and enhance the local environment.

4.5 Resource Implications

None

4.6 Other Implications

None

4.7 Equalities Impact Assessment

The Local Development Scheme is a project plan. An equalities impact assessment will be prepared to support the emerging Local Plan.

5. Conclusion

5.1 The updated Local Development Scheme provides a public statement setting out which Local Plan documents will be prepared by Selby District Council. It sets out key milestones for these documents.

6. Background Documents

None

7. Appendices

Appendix 1 – Local Development Scheme 2022 to 2024

Contact Officers:

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Selby District Council

Local Development Scheme 2022 – 2024

1. What does an LDS include?

1.1 The Local Development Scheme (LDS) sets out the key planning policy documents we will be producing over the next three years. This document is the second Local Development Scheme to be prepared in relation to the new Local Plan which began in September 2019. In terms of content there are particular requirements set out in the Planning and Compulsory Purchase Act 2004, Section 15(2) as amended. This specifies that the LDS should include:

- the local development documents which are to be development plan documents;
- the subject matter and geographical area to which each development plan document is to relate;
- which development plan documents (if any) are to be prepared jointly with one or more other local planning authorities;
- any matter or area in respect of which the authority have agreed (or propose to agree) to the constitution of a joint committee under section 29;
- the timetable for the preparation and revision of the development plan documents;
- such other matters as are prescribed.

1.2 This LDS was brought into effect from 24 February 2022 by resolution of the Council.

1.3 Copies of the Local Development Scheme are available for inspection at the Customer Contact Centre, Access Selby, Selby or may be downloaded from the Council's website www.selby.gov.uk.

2 What are the current Local Plan documents?

2.1 The Local Plan currently consists of the following documents:

a) The Selby District Core Strategy Local Plan 2013 – this sets out a long-term vision and strategic policies to guide development and shape the growth of the District
b) Some 'saved' detailed policies from the previous 2005 Local Plan - which remain part of the Council's planning policies until replaced (those that were not replaced by policies in the Core Strategy)
c) Policies in the Minerals Local Plan (December 1997) and Waste Local Plan (October 2006) prepared by North Yorkshire County Council - which have been 'saved' until they are replaced by the emerging Joint Minerals and Waste Local Plan.

2.2 The Selby District Core Strategy Local Plan 2013 provides a strategic context with which subsequent Local Plan documents must conform. The Core Strategy covers the period from 2011 to 2027.

2.3 The Selby District Local Plan was adopted in February 2005. Transitional arrangements enabled policies and proposals in adopted development plans to be 'saved', initially for up to three years from commencement of the new legislation or until replaced by individual DPD policies. In the case of Selby District Local Plan the three year 'saved' period ran until February 2008 but those policies which remained consistent with national and regional policy at that time were further extended indefinitely (or until replaced), by Direction of the Secretary of State's approval. The 'saved' policies can be viewed on the Council website.

2.4 Policies in the Minerals Local Plan (December 1997) and Waste Local Plan (October 2006) prepared by North Yorkshire County Council have also been 'saved' until replaced by the Joint Minerals and Waste Local Plan which is currently in preparation.

2.5 Neighbourhood Plans are prepared for a particular neighbourhood area. The Localism Act 2011 introduced statutory neighbourhood planning in England, enabling communities to draw up their own plans and have more say in the planning of their area. The usual lead in this is the Parish Council who submits the proposed boundary (Neighbourhood Area) and supporting statement to Selby District Council. Once this is approved, the plan is drawn up by local people. The plan can be used to influence the type, design, location and mix of new sustainable development - it must generally be in line with the Local Plan, national and local planning policies and other laws. The plan is then checked by an independent examiner to ensure that it meets the standards for a Neighbourhood Plan. The final plan is then subject to a local referendum and is brought into force by Selby District Council if more than 50% voters support it.

2.6 At the time the LDS was adopted Appleton Roebuck and Acaster Selby and Church Fenton Neighbourhood Plans had been adopted. The progress of the Neighbourhood Plans are monitored and set out in the latest Authority Monitoring Report.

3. What Plans Are We Producing?

3.1 We are required to provide details of all our Local Development Documents within this Local Development Scheme.

3.2 We are now producing a new Local Plan which will provide a long-term strategy for the whole District. The Local Plan will replace the Core Strategy Document which was adopted in 2013 and the 'saved' policies from the 2005 Local Plan. Together with any adopted Neighbourhood Plans and emerging Joint Minerals and Waste Plan the new Local Plan will make up the development plan for the District. It will be supported by a Policies Maps which will identify allocations of land and constraints to development.

<u>The Statement of Community Involvement.</u>

3.3 The current document was adopted in December 2020 and sets out how the Council will involve people in plan Making. The Statement of Community Involvement sets out how and when we will consult interested parties in developing our planning policies.

<u>The Annual Monitoring Report</u>.

3.4 Local Authorities must prepare and publish an annual monitoring report to cover a period of a minimum of 12 months. The Annual Monitoring Report demonstrates how effectively the Council's planning policies are working.

4. Preparation of Local Plan

4.1 The preparation of a Local Plan will provide a comprehensive Development Plan Document for the whole of Selby District. It will set out the overall spatial approach for new development, allocate specific sites and set out the policy framework for decision making up to 2040. A detailed timetable for the preparation of the plan is set out at Appendix 1.

Key Stage of Local Plan Preparation	
Year	Key Stages
2019	Initial Evidence Gathering and Stakeholder Engagement Preparation of Issues and Options Consultation Document (Regulation 18)
2021	Preparation of Preferred Options Local Plan (Regulation 18)
2022	Preparation of Publication Version of Local Plan (Regulation 19)
2023	Formal Submission to Secretary of State (Regulation 22)
2024	Adoption of new Local Plan (Regulation 26)

Local Plan	
Document Details	
Role and Subject	• Will set out the volume and spatial approach for new development across the District. • Will identify site specific allocations for housing (including gypsy and traveller sites), retail/town centre uses, employment and other purposes and related policies and requirements. • Where necessary, will set out local standards and criteria against which planning applications for the development and use of land and buildings will be assessed and • Will provide more detailed policies to manage land and development. • Site specific allocations, designations and the areas to which policies apply will be identified on the Policies Map.
Coverage	District – wide
Status	Local Development Plan
Chain of Conformity	Consistent with national guidance
Arrangements for Production	
Lead Section	Planning Policy Team
Joint preparation	No
Resource Requirements	Planning Policy Manager, Policy Officers, Development Management, Legal, Economic Development and Regeneration, Environmental Health, Housing and Business Support roles. External support provided by North Yorkshire County Council, and other key stakeholders

	(including public health). Evidence base studies undertaken by consultants.
Approach to involving Stakeholders and the Community	In accordance with the Regulations and the Statement of Community Involvement (SCI).

5. Joint Working

5.1 It is not currently proposed to prepare any joint Local Plan documents with neighbouring local authorities. However, the Council is working in partnership with other local authorities to ensure that cross boundary issues are fully addressed under its duty to cooperate (Localism Act 2011 and the National Planning Policy Framework (NPPF, 2018).

5.2 North Yorkshire County Council will contribute to the Council's plan making, particularly with regard to transport and education matters, and advice on strategic planning, monitoring and intelligence, biodiversity, landscape, archaeology and sustainability aspects, but are not specifically jointly preparing any Local Plan documents. It is important to note that on 1st April 2023 through Local Government Review, Selby District Council and North Yorkshire County Council will become a new North Yorkshire Council.

5.3 The Council will also work with other public bodies such as the Environment Agency and Highways England, as well as key stakeholders in preparing the Local Plan.

6. Monitoring and Review

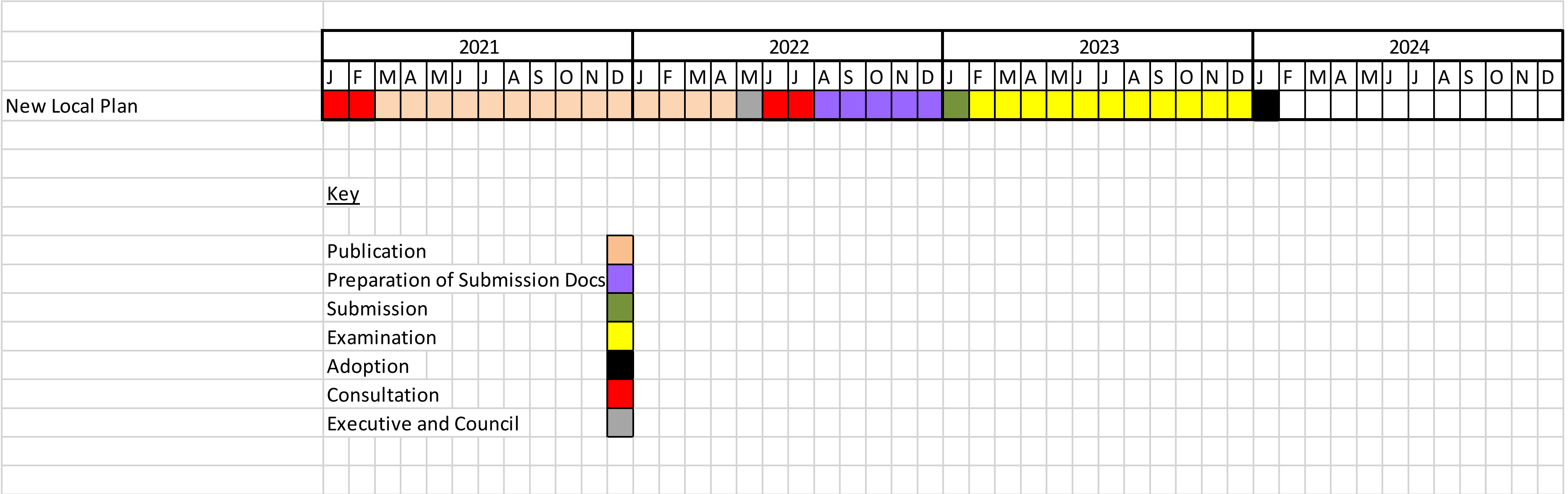
6.1 The Local Development Scheme will be monitored on an annual basis through the Authorities Monitoring Report (AMR). As a result of monitoring, the Council will consider what changes, if any, need to be made to its Local Plan, and will bring these forward through reviews of this LDS.

6.2 The Council will continue to monitor annually how effective it's planning policies and proposals are in meeting stated objectives. This includes publishing its AMR each year covering the period 1 April to 31 March. Depending on the stage reached in the process, the AMR will assess:

- Whether the Council is meeting the timescales and milestones in the LDS and, if not the reasons why;
- The extent to which policy objectives are being achieved;
- Whether any policies need to be replaced to meet sustainable development objectives; and
- What action needs to be taken if policies need to be replaced.

Appendix 1

Timetable for the Preparation of a New Local Plan



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SELBY
DISTRICT COUNCIL

Report Reference Number: C/21/10

To:	Council
Date:	24 February 2022
Ward(s) Affected:	ALL
Author:	Sarah Thompson, Housing and Environmental Health Service Manager and Hannah McCoubrey, Housing Strategy Officer
Lead Executive Member:	Cllr Crane, Leader of the Council and Lead Executive Member for Housing, Leisure, Strategic Matters, External Relations and Partnerships
Lead Officer:	Suzan Harrington, Director of Corporate Services and Commissioning

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Title: Housing Revenue Account (HRA) Business Plan – 2021/22 Review

Summary:
On 5th December 2019 Executive approved the final version of the Council's Housing Revenue Account Business Plan. This plan detailed how, over the period 2020-2025, the Council would both invest in current stock, as well as increase overall housing supply in the district. It also provided a long-term financial forecast for the HRA over the period 2020-2050. It is now time to complete a review of this plan, in light of the time that has passed, as well as the unprecedented circumstances created by the COVID-19 pandemic. As a result of this, along with other socio-economic factors, the Council faces significant financial difficulties in trying to maintain the Business Plan's commitments, the key issues being:

- The introduction of new and essential safety investment in our properties.
- A continued deficit within the Housing Development Programme meaning we continue to sell more properties via Right to Buy than we replace.
- An ever-growing decarbonisation agenda resulting in a widescale need for property refurbishment and potential regeneration.
- Increased costs of materials and labour meaning we receive less for our money.

Growing cost and income pressures mean that changes to the Council's plans for debt repayment are needed and the revised Business Plan proposes that, rather than maintain repayment against the original 30 year timeline, repayment is extended to match the loans actually taken out. The potential for this change was signalled in the approved Business Plan but Officers are now recommending that this is formalised so that a viable HRA can be sustained.

Recommendations:
That Council approve the 2021/22 review of the HRA Business Plan 2020-2025 and reflect the revised cost and income profiles in the budget proposals for 22/23 - 24/25.

Reasons for recommendation:
Approving this review of the HRA Business Plan 2020-2025 allows the Council to continue to try and deliver an ambitious programme of improvement within our housing stock, as well as maintain our commitment to housing development and securing building safety; ensuring as much as possible that the needs of our residents are met now and in the future.

1 Introduction and background

1.1 At the end of 2019, Selby District Council published its Housing Revenue Account Business Plan 2020-2025. Its intention was to provide tenants, the Council, and its Members with priorities and direction as to how it will manage Council owned social housing throughout the Selby district. It set out the scope for investment in both current and new homes, benefitting not only our tenants, but also the wider community and economy. Its objectives were, and remain:
Objective 1: To ensure good quality housing within the district which helps meet the needs of our local community.
Objective 2: To provide a first-rate housing management service which makes the best use of our existing stock.
Objective 3: To deliver a financially sustainable service which demonstrates value for money and ensures that investment is targeted to council priorities.

1.2 Central to the foundations of how we achieve our ambitions, the HRA Business Plan also included our financial forecast and key economic assumptions. This demonstrated that the Council could maintain its assets and invest in new provisions, but at the same time deliver a high level of service to current and future tenants and leaseholders.

1.3 Of course, it is difficult to review the HRA Business Plan without acknowledging the COVID-19 pandemic and its impact on our ways of working. There are also a myriad of new and emerging factors which may have a significant impact on the Business Plan, including both internal changes as well as additional requirements resulting from new Government legislation. Local Government Reform is also on the horizon, urging us to consider how we will come together with other stock holding local authorities in the North Yorkshire region. It is therefore important for us to reflect, plan for the future and consider where our priorities now lie.

2 Today’s context

It is important that we identify both national and local policy implementation and/or updates that could affect Council operations and the Business Plan.

National

2.1 *Right to Buy receipts* - Under new rules, the timeframe local authorities have to spend new and existing Right to Buy receipts has been extended from 3 to 5 years. There is also an increase in the percentage cap of receipts local authorities can use on the construction of new homes, from 30% to 40%. An acquisitions cap has however been introduced to limit the number of homes that can be acquired, rather than built, above a threshold of 20 units (50% from April 2022 to 30% by April 2024). These measures are aimed at providing local authorities with the ability to undertake longer term planning and replace more homes lost via Right to Buy. Whilst SDC's receipts are relatively low, should Right to Buy sales result in additional capital receipts eligible for retention under the new agreement, these will then support additional homes delivery.

2.2 *Planning for the Future White Paper* - This sets out the Government's proposals for a 'once in a generation' reform of England's planning system. Amongst other things, the paper includes provision for the new affordable housing tenure of First Homes, defers Community Infrastructure Levy payments and raises the threshold at which developer contributions would be sought from 10 to 40/50 homes (for a time limited period), as well as extending 'permission in principle' to cover major development. The paper did however receive a mixed response, and Government has recently indicated that some of its more controversial reforms are likely to be reworked or removed entirely, with a focus instead on Brownfield development. It is however expected that First Homes will be mandatory (at a rate of 25%) on any new development with an Affordable Housing requirement as of 28 December 2021. Along with all other local authorities, we are unsure as to how First Homes will impact on Section 106 gains, and acknowledge that our Affordable Housing Delivery Strategy may need to be reviewed in future in light of this. It is however more likely that First Homes will reduce Shared Ownership stock (as an alternative route into Affordable Home Ownership) rather than have a significant impact on the number of Affordable Rented units acquired via Section 106 requirements.

2.3 *Social Housing White Paper* - This long-awaited paper reiterates the same themes as those proposed in the green paper; ultimately lobbying for the reform of social housing with the aim of rebalancing the relationship between residents and landlords. Its 'new charter' aims to ensure tenants feel safe in their homes, know how their landlords are performing against others, have their complaints dealt with appropriately, and are treated with respect. Its focus is on transparency, holding landlords to account and assisting tenants when they need it, especially for those who want to purchase a home. Again, the proposals put forward are significant and it is likely to take time for changes to filter through to local authorities for them to action.

2.4 *Building Safety Bill 2021:* Introduced in the House of Commons in July 2021 and expected to become law 9-12 months thereafter; this new bill aims to give residents and homeowners across England more rights, powers and protections - making homes across the country safer. It will provide a clear pathway on how residential buildings should be constructed, maintained and made safe and will set out the framework to improve compliance with the Building Safety Regulator, with tougher penalties for those who break the rules. The majority of the Act is aimed primarily at high-risk buildings (those at least 18 metres or seven storeys high, and containing at least two residential units). Consequently, whilst we are awaiting further legislative instruction in order to better understand the potential financial impact on the Council, early reading suggests that initially, there are no significant cost implications. The Secretary of State does however have general powers to amend this definition if deemed necessary; so it is recommended we keep abreast of the Bill, as it becomes law, in order to ensure continued and future compliancy.

2.5 *Fire Safety Act 2021:* Intended to complement the Building Safety Act, this amends the Regulatory Reform (Fire Safety) Order 2005 with the intention of improving fire safety in multi-occupancy domestic premises. Crucially, the external walls of a building and the fire doors to individual flats must now be assessed as part of the requirement for a fire risk assessment, which implements a greater level of inspection than currently occurs in relevant Council buildings. Notably, the Act applies to all multi-occupied residential buildings and is not dependent on the height of the building. Those in control of such premises become the 'Responsible Person' for fire safety, giving them a duty to undertake assessments and manage risk in relation to these areas. It should be noted that this Act will likely come into force fully over the course of 2021. Survey work is currently underway in order to evaluate what level of fire safety work is required in our communal areas, also given that an increase in spend had already been agreed as part of the Business Plan. However, costs are likely to be above those previously assumed given the new Act and its increased requirements.

2.6 *Electrical Safety Review of social housing:* The Electrical Safety Standards in the Private Rented Sector (England) Regulations 2020 came into force in June 2020 and impose duties on private landlords to conduct electrical safety checks every five years in their properties. However, there has been multiple calls for the same regulations to apply to all landlords, irrespective of tenure. A Government review on this issue is now taking place and if the regulations were to incorporate social housing, the Council would need to ensure they are fully complaint with these requirements, which would have a budgetary impact. Based on works done this year, in order to undertake a programme of inspections every year of circa 600 properties (totalling 3,000 over 5 year intervals) we would require approximately £177k per annum, based on current average costs going forward.

2.7 *Energy performance and decarbonisation:* The Government target remains for all social housing providers to attain a minimum rating of Energy Performance Certificate (EPC) C for rented properties by 2035, an important milestone towards making all homes 'net-zero-carbon' by 2050. The costs associated with this improvement work are likely to be high and may include the installation of new thermal insulation, the improvement of roofs, changes to heating systems, the installation of low energy lighting and any additional renewable power solutions. There will also be a proportion of properties where retrofitting will not be cost effective, and we may want to consider clearance in order to rebuild (discussed further at 4.3.3). Given increased costs, Ministers opened bidding for the £160m first wave of the Social Housing Decarbonisation Fund at the end of August 2021, set to total £3.8bn over the next 10 years. This allows authorities to bid for additional funding to improve the energy efficiency of any of their properties with an EPC rating of D or below. SDC are looking to submit a future bid.

<u>Local</u>

2.8 *SDC Housing Rents 2021/22:* Modelling within the HRA Business Plan set out ambitions to both improve current stock and build new affordable homes, with an assumed rent increases of CPI +1% (and an anticipated increase of 3% for 21/22). However, Government subsequently advised that Registered Providers were not able increase rents by more than CPI (at September of the previous year) +1% in any year. This led to estimated rental income being lower than in the proposed budget by £220k. In January 2021, Council consequently approved the maximum rent increase of 1.5% in line with Government policy, in order to maximise investment in our properties. The potential for high CPI inflation in the 12 months to September 2021 also represents a significant increase in providers' maximum permitted rent inflation for 2022/23. The latest Rent Report also submitted to Executive in January 2022 will propose a 3.1% plus 1% (4.1% in total) increase. This will see rents increase on average from £86.37 in 2021/22 to £89.99 per week (on a 48 week basis) representing an average increase of £3.62 across both Social and Affordable rented properties. Overall, this rental increase is estimated to grow HRA rent yield by approximately £347k in 2022/23 to reinvest in our housing stock.

2.9 *Allocation of SDC's Section 106 Affordable Housing Commuted Sums:* A revision of this allocation was required in April 2021, largely due to rising house prices impacting on the programme and increasing the risk of funding being unspent within the given timeframe. It was therefore agreed that a contribution of up to 80% of market value could be made utilised per property towards delivery of SDC's affordable homes programme (previously £30k per unit for empty homes and council house buybacks and £50k for new builds/acquisitions). Applying the revised subsidy levels of up to 80% of market value per unit, at least a further 54 affordable new build homes could be supported over the next 4 years. Whilst this will reduce the number of units that can be supported by the funding, it does mean that delivery can be maximised within the funding timeframe. Financial modelling within the Business Plan includes provision for 20 additional HRA properties per year in order to sustain the service, meaning that these properties alone would not suffice. In order to bridge this gap then, we must also look at other ways of delivering Affordable Housing, as detailed below.

2.10 *Affordable Housing Delivery Strategy 2021-2025:* This new strategy provides details of our affordable housing delivery ambitions and supports the Council Plan's priorities to: enable the delivery of increased housing supply, invest in improving the quality of current stock, and increase the number of affordable homes. It makes clear that delivery of these objectives will be through direct development, Section 106 on-site acquisition, the purchase of empty homes, and finally through buying back former Council properties that have been sold through the Right to Buy. It maintains that each scheme will be assessed for viability, but to support this, Section 106 Commuted Sums and Homes England Affordable Housing Grant Funding will be maximised where appropriate.

2.11 Ultimately, since the plan was conceived, financial pressures have undoubtedly increased within the Council's HRA, and after service running costs and sums set aside to repay self-financing debt, current forecasts show that there are insufficient funds available to support the investment needed in our stock; leading us to explore options to extend payback of debt as detailed in Section 4.

3. Aims and Objectives of the HRA Business Plan: 2021/22 Review

3.1 The HRA Business Plan should demonstrate that the Council can maintain its assets and invest in new provisions, and at the same time deliver a high level of service to current and future tenants and leaseholders. The plan illustrates:

- The Council's legal responsibilities as a social landlord.
- National, regional and local housing priorities.
- How the management of Selby's housing stock can support the delivery of wider strategic priorities.
- Local demand for affordable housing.
- Tenant and leaseholder needs and aspirations.
- Long term forecasts of income and spending and resources available to support investment plans.

3.2 As advised, three new objectives were agreed for the HRA Business Plan 2020-2025, which were:

Objective 1: To ensure good quality housing within the district which helps meet the needs of our local community; we will:

- Provide significant investment for current housing stock, not only meeting but surpassing the Decent Homes Standard.

  > Update - Standards have since risen in the private sector; and although not yet mandatory for social housing, we would like to be working to best practice in the event this were to change i.e. electrical safety tests every 5 years. At present, we are updating our records via electrical surveys in a significant proportion of our properties (550 have already been completed this year) in order to ascertain the level of work required.

- Improve energy efficiency for our tenants, especially in our off-gas properties, reducing the likelihood of fuel poverty occurring.

  > Update - Decarbonisation has come to the forefront of Government agenda, with an associated funding pot available to local authorities. Work has begun internally on modelling the costs of refurbishment and additional works to ensure that the Council is doing its part to meet the Government's target of being 'net-zero-carbon' by 2050.

- Ensure the Council has accurate and increased stock records to inform both responsive repairs and planned investment programmes.
- Acknowledge and try to meet the needs of our rural residents and those who may require specialist and/or supported accommodation.

3.3 **Objective 2:** To provide a first rate housing management service which makes the best use of our existing stock; we will:

- Build on the good work already completed in Tenant Participation and encourage an increased relationship with our tenants and leaseholders.
- Improve our responsive repair service by utilising new IT provisions, gathering feedback and using it to improve and shape service delivery.
- Increase fire safety in communal areas to ensure they are both secure and attractive places for residents to experience.

  > Update - In light of the Building Safety Bill 2021, this work is likely to be extended in order to ensure that the Council is entirely compliant with any new legislation regarding the safety of our tenants and properties.

- Meet local need by prioritising those with local connection for new build affordable housing, and reduce empty homes within the community to increase affordable accommodation in local areas.

3.4 Objective 3: Deliver a financially sustainable service which demonstrates value for money and ensures that investment is targeted to council priorities; we will:

- Work with the Housing Trust to deliver increased affordable housing throughout the district via our three delivery pillars.

> Update - Given the work required on LGR, it was proposed that affordable homes delivery is focussed entirely on the HRA. This means removing the planned capital expenditure on Selby and District Housing Trust Loans. This has significantly impacted the sustainability of the Trust and they are exploring their options (including wind-up). However, as per the Council's new Affordable Housing Delivery Strategy, we will continue to ensure the supply of affordable homes in the district via direct development, Section 106 on-site acquisition, the purchase of empty homes and buying back former Council properties sold through the Right to Buy.

- Commit to one-for-one replacement of properties lost via Right to Buy and work to replace those already lost but not yet replaced.

> Update - At the end of March 2019, the Council owned and managed 3036 properties. This reduced to 3026 in March 2020 and 3017 in 2021. Property loss was due entirely to Right to Buy sales. However, numbers would have been lower still had it not been for the 'buy back' of former Council properties increasing Council stock (7 in total). On average, over the last 5 years, the Council has lost 18 properties a year to RtB and 'Mid-case' modelling presumes a loss of 20 properties a year. At the same time, we also assume a replacement rate of 20 properties a year in order to meet 1 for 1 replacements. We do however acknowledge that a deficit does remain in regards to properties already lost to RtB and not replaced in previous years.

- Ensure that housing need takes precedence when deciding the location, property and tenure type of new housing schemes.
- Reduce void times in our properties to accelerate access to affordable housing and increase rental income to the HRA.

4. Financing the plan

4.1 The aim of the HRA Business Plan is to provide the financial environment to support our landlord responsibilities over the medium and longer term, combined with strategic objectives for our housing service. Of course, in light of the changes experienced since the plan was published, it is important that we review the financial modelling. We know that we are currently operating in difficult times and face a broad range of competing pressures in setting our strategic direction and in utilising our limited financial capacity. We must undertake essential investment to respond to changing building safety and energy efficiency standards, as well as maintaining the quality of our existing housing stock. At the same time, we are committed to developing new homes to serve future tenants, aware of the many households currently sat on our housing waiting list.

4.2 The HRA is a 'ring-fenced' account which means that all the costs associated with maintaining our homes, financing improvement works, servicing debt and running the service, are met from the rental and other associated income generated from the houses and garages we let. The balance between repaying our debts, versus maintaining and/or extending our housing stock, remains an on-going feature of the plan and requires careful consideration. Consequently, it was agreed that the plan be regularly reviewed and in appropriate circumstances, utilise ‘flexible levers’ by either accelerating the programme or slowing down debt repayment in whichever direction is required.

4.3 Appendix A details the updated modelling for the HRA Business Plan, which includes some key changes:

4.3.1 Council rents have been rebased given that figures were reduced from those forecasted in the original Business Plan, resulting from Government direction on inflation and a struggle to provide 1 for 1 replacement of homes lost via Right to Buy.

4.3.2 Garage rents have not been rebased at present; however, this may need to be considered at next review and the rent budget updated to reflect a more realistic figure. Many of our garages are in a state of disrepair and it may not be cost effective to refurbish them given the relatively small income they generate. However, in order to establish a true picture of current condition and rental yield, a review of garages is expected to take place in 2022 and a subsequent options appraisal produced in order to ascertain best value for money.

4.3.3 The percentage of void properties has been increased from 2 to 2.5%. This accounts for removing a small number of properties from housing management that require such significant work that again, they are not cost effective to refurbish. This will reduce overall stock numbers by approximately 75 properties (opposed to 60) and subsequently reduces HRA rental income by £65k in 2022/23. However, the HRA remains sustained via the Housing Development Programme and rental income yielded from these additional properties. Instead, these ‘end of life’ properties are more suitable for regeneration, which will require a separate report for Executive Members to consider. This work not only has the potential to improve on the quality of our properties, but in some circumstances may allow us to increase the number of units being rebuilt, providing further sustenance to the HRA. Whilst this work is in early stages, it is important that we make reference to it now and include within the financial modelling.

4.3.4 The Capital Improvement Programme (CIP) has also slipped since the Business Plan was approved, mainly due to an inability to provide contractors with continuity of work. To combat this, our contractors have been tasked with completing stock condition surveys, designed to provide early insight into next year’s programme. This will help to bring the programme back on course once budgets are approved in February 2022. As part of the Business Plan, we agreed to undertake substantial investment in our existing stock over the next 15 years. As a long-term asset, we must ensure an effective system for repairs, maintenance and improvement is in place. Robust data as to the quality of our stock is integral to this process, as well as providing much needed information for a number of current focuses - from the review of the Decent Homes Standard, the government’s decarbonisation agenda and more locally with LGR on the horizon, resulting in the merger of multiple stock holding authorities.

4.3.5 Although the budget remains unchanged, we are aware that additional fire and building safety work may be required in our properties in order to maximise levels of compliancy. This is likely to result in new and additional work which the financial modelling does not account for. However, the CIP was also modelled with a 'no refusals' assumption, whilst the current rate of refusals stands at approximately 20%. This does then provide scope to filter this underspend into additional compliancy measures. Work is therefore underway to ascertain the cost of these new safety measures in order to inform the Capital Improvement Programme's workstream, without requiring any additional spending bids.

4.3.6 However, we are aware that with increased inflation (of which the modelling includes 4% at 2022/23, 2.6% at 2023/24, 2.1% at 2024/25 and then returning to the flat rate of 2%) on cost of labour and materials, current Council contracts are having to be renegotiated and costs increased. Some changes to migrant labour availability resulting from Brexit were expected. However, labour shortages have been compounded by the various COVID-19 lockdowns and uncertainty regarding travel arrangements. For contractors, this means that labour is either not available, or is at an increased cost. This is made worse due to increased pressures on material availability (a direct result of the pandemic) and a significant increase in energy prices. Initial estimates suggest additional cost pressure of £190k on the CIP.

4.3.7 The modelling also provides rough estimates as to the amount of new housing we expect to deliver over the coming years, sustaining the HRA via 1 for 1 replacement of properties lost through Right to Buy. This could be through direct development, Section 106 on-site acquisition, the purchase of empty homes and buying back former Council properties sold through the Right to Buy. Presently, we also benefit from additional Section 106 subsidy to supplement the cost of housing development; primarily with a focus on acquisitions until March 2023 to ensure that subsidies are spent within their given timeframes, but also through direct development should a realistic and affordable scheme come forward. It is important to note however that, as per Government guidance, from 28 December 2021 where cash contributions for affordable housing are secured in lieu of on-site units, a minimum of 25% of these commuted sum contributions must be used to secure First Homes, the Government's new preferred affordable housing tenure. We are not assuming any further receipts at this point, but any new funds would likely fall to the new authority (post-LGR) to allocate and spend accordingly.

4.4 Loans - HRA self-financing borrowing is made up of historic debt as well as £50.2m new borrowing taken out in 2012. All borrowing is via fixed-rate 'interest only' loans and in accordance with the Council's Treasury Management Strategy. In the original Business Plan, it was agreed the Council would maintain the proposal that all loans be repaid over a 30 year period if financially viable to do so (as per the HRA Business Plan 2012-2017). This now forms part of our worst-case. However, the bulk of our remaining loans are not repayable until a later date, as follows:

Loan Value (£000)	Loan Rate (%)	Remaining Loan Term (as of 1st April 2021)	Maturity Date
16,793	3.50	21	28/03/2042
16,720	3.52	31	28/03/2052
1,000	8.375	35	31/03/2056
16,720	3.48	41	28/03/2062

As of 2021/22, the Council has almost £5.6m set aside in order to repay this debt (last year repaying our first loan of £6.5m). In order to maintain our commitment to repay over 30 years, from 2022/23 the Council must set aside £2.28m every year until 2041/42 in order to reach its target. However, given the difficulties facing the HRA over the coming years, as reiterated throughout this report, we are recommending that repayment be reprofiled and instead spread over the remainder of the loan terms. This would mean taking the balance outstanding and spreading it out until the last loan is due in 2061/62, ensuring of course that enough money is available as each repayment interval in order to service our debt. This would see the amount we need to set aside each year reduce from £2.28m to £1.14m. This loan profile is detailed within the mid-case financial modelling. This would provide us with an additional £1.69m each year towards the other commitments within the original HRA Business Plan, namely our commitment to a new and improved CIP and 1 for 1 property replacement; also taking into account the additional costs of materials and labour this is likely to affect both of these projects going forward. Our best case assumes back-loading loan repayment provisions which minimises cost pressures in the earlier years of the plan but carries greater risk.

4.5 Ultimately, the Council does face significant challenges in maintaining its HRA commitments. However, by reprofiling debt repayment and through maintaining a 1 for 1 Housing Development Programme, the financial forecast included within this review is able to show that there remains sufficient resources over the next 30 years of the plan to:

- Maintain a viable housing management service.
- Continue with the new CIP to maintain as well as improve on the Decent Homes Standard in our properties.
- Carry out necessary planned repairs to our housing stock.
- Invest in new properties as part of a Housing Development Plan (per individual finance arrangements, including accessing Homes England grant funding and Section 106 commuted sums).

5. Consultation

5.1 The HRA Business Plan underwent significant consultation prior to being published, examined by both the Council's Scrutiny Panel and Policy Review Committee. For tenants, there was an online survey made available on the Council's website, complimented by drop-in sessions held at local Community Centres based around the district, and a focus group held at the Council's Civic Centre in Selby.

5.2 As this is a review of the original plan, maintaining its objectives and general direction, it was decided that this Review Report for 2021/22 would instead be made available only to the Council's Tenant Scrutiny Panel for feedback purposes, acting on behalf of our tenant cohort. The review and its content was supported and the panel are now working with the team to create a tenant friendly review report, soon to be published.

6. <u>Implications</u>

6.1 Legal Implications

Section 74 of the Local Government and Housing Act 1989 requires the local housing authority to keep a separate Housing Revenue Account and Section 76 of the same Act provides that they must prevent a debit balance in the HRA.

6.2 Financial Implications

Appendix A presents three scenarios - a best, worst and mid-case. The mid-case is our 'most likely' scenario and incorporates the issues set out in this report, with the best and worst cases demonstrating the impacts of variations in assumptions. Key assumptions included in the mid-case are:

- 2021/22 rents will increase in line with government policy based on CPI +1% (4.1% for 21/22).
- Non-dwelling income increases in line with the Council's policy for fees and charges (4%).
- Void rate set at 2.5% to reflect 'out of management' properties.
- Bad debt provision: 40% at 1% and 60% at 3% to reflect potential impact of Universal Credit.
- Day to day maintenance costs increase in-line with inflation and do not vary with stock losses through RtB or new-build through the HDP.
- General inflation based on latest CPI forecasts (4% for 22/23, 2.6% for 23/24 and 2.1% for 24/25, then back to 2% from thereon).
- Surplus funds generated through efficiencies or additional income is allocated to the Major Repairs Reserve to be available for use to invest and maintain the housing stock.
- Based on current trends, 20 Right to Buy sales are assumed each year.
- Capital Programme includes inflation based on CPI forecasts.

As highlighted in this report, the HRA is experiencing challenges as a result of previous rent reductions, COVID-19 wider economic factors and delays to replacement of stock lost through Right to Buy. Demand for stock improvement work is currently in excess of the resources available through the Major Repairs Reserve and therefore funds earmarked for debt repayment will need to be diverted to the Capital Improvement Programme. The necessary balance between investment in the stock and repayment of debt is highlighted in the approved 30-year Business Plan but growing pressures mean that a reprofiling of debt repayment is now necessary.

Modest savings of circa £200k are planned for the HRA following implementation of Phase 2 of the Housing and Asset Management System and opportunities for efficiency will continue to be sought but the longer-term sustainability of the HRA is reliant upon the replacement of homes sold through right-to-buy and the rental income they deliver.

Notably, the draft HRA Budget was presented to the Executive on 2 December 2021 outlining the revenue budget, capital programme and indicative budgets for 2023/24 and 2024/25. This iteration of the financial modelling (Appendix A) updates some key assumptions presented as part of the draft budget. Whilst the key service budgets are in-line with those proposed as part of the draft budget, the differences are as follows:

- HRA debt (repayment of interest) - the previous Business Plan made assumptions regarding the financing of borrowing to build new houses and this had been taken forward as part of the draft budget. The shorter term focus is around the acquisition of property to increase stock numbers (further information can be found in **paragraph 2.10**). The financing of these homes will be through the use of Section 106 affordable housing receipts to a maximum of 80% market value, and the remainder funded either via grant (through agreements with Homes England) or capital receipts. This eliminates the need for PWLB borrowing and generates savings of £222k.
- Voluntary MRP - the approved plan works on the basis that funds will be set aside annually to repay PWLB debt after 30 years even though some of the borrowing was taken out over 50 years. **Paragraph 4.4** provides more information. This solution led to longer term savings through interest savings. The revised mid-case plan reprofiles MRP over the remaining term so that there are sufficient funds available to repay debt but won’t allow early repayment. It frees up funds in the shorter term where the plan demonstrates greater pressures. This action will save £1.14m voluntary MRP (and £0.328m from not taking additional borrowing for Housing Development projects) but leads to interest payable over the longer term.

These changes free up £1.690m, transferable to the Major Repairs Reserve to invest in capital enhancements to dwellings. As alluded to in **paragraph 4.3.6,** the capital programme profile is based on that approved in the previous plan and has been updated to reflect higher than previously forecasted inflation rates. Those assumptions had a flat 2% built into the model. This has been amended to reflect those used in the revenue budget for the next 3 years at 4%, 2.6% and 2.1% and then drops back to the longer term assumption of 2%. This has a subsequent impact on the programme of £117k for 22/23, £156k for 23/24 and £169k for 24/25.

In addition, £190k has been built into the CIP annually to support additional contract costs for works which include rewiring houses, installing kitchens and bathrooms, and health and safety work around Carbon Monoxide.

6.3 Policy and Risk Implications

Financial elements within the Business Plan do carry various levels of risk, detailed under its ‘Risk Register.’ However, new and increased risks must also be acknowledged in light of the past year:

Risk	Detail
Provision of bad debt	Many of the aids that Government put in place during the pandemic to ease financial hardship for our tenants are now coming to an end (particularly the Universal Credit uplift and furlough scheme). There are concerns this will increase the potential for further pressure on arrears. Whilst we do include provision for bad debt within the modelling, this figure will potentially need increasing if debt rises considerably. Reduced benefit income, the continued benefit cap freeze, the potential for higher tenant unemployment as government support for the economy winds down, and well as increased energy costs, may all increase financial pressure on tenants over the coming months. As rent collection forms the overwhelming majority of income received for the HRA, it is vital that rent is both collected at maximum capacity, and subsequently used effectively.
Socio-economic climate	Economic recovery remains fragile since leaving the European Single Market and Customs Union, as well as the ongoing pandemic, with significant disruption to supply chains and the labour market resulting in high-cost inflation and ongoing shortages of materials and skills. Weaker operating margins and increased spending on existing stock due to remedial safety works, catch up on repairs, and energy efficiency improvements means that providers must maintain a close watch on these issues. The risk here is that the Council fails to prepare appropriately for these issues, which will impact on the future delivery of Council services. We must therefore try and plan ahead for these concerns and consider how an increase in costs would affect the Capital Programme. That being said, LGR does provide scope to merge services and pool resources, helping to reduce overall spend.
Decarbonisation	The Government remain committed to making all homes ‘net-zero-carbon’ by 2050. The costs associated with retrofitting our properties are likely to be high, with current predictions standing at approximately £20k extra per property. The biggest concerns relating to decarbonisation are financial and skill capacity, limits on existing stock (again it is predicted that approximately 20% of current national stock will not be cost effective to upgrade), and a general lack of clarity over what is required.

	For many social housing providers, the only way this work can be achieved is if the majority is grant funded. Ministers consequently opened bidding for the £160m first wave of the Social Housing Decarbonisation Fund at the end of August 2021. Unfortunately, funding remains a competitive short-term solution, with turn-around times that prove difficult to achieve. The risk here is that, because of this, the Council do not maximise on grant funding schemes and properties become sub-standard. Currently then, Officers are looking to the next round of funding and collecting together key information needed to submit a formal bid. The Council also now benefits from additional resource in the form of a Low Carbon Project Officer who can offer specialist advise and expertise.
Additional safety compliance	As advised, additional work may be required in both our properties and communal areas as a result of the Building Safety Bill, Fire Safety Act 2021 and the Electrical Safety Standards. Much of this work is unaccounted for in the financial modelling, but it is expected that the reallocation of existing CIP funds will suffice. However, if costs were above this amount, this could prolong the time it takes to fulfil the CIP. Additionally, where grant funding is available, Officers will consider any and all suitable funding streams.

It should be noted that even with the reprofiling of the self-financing debt there will be insufficient funds within the Major Repairs Reserve to cover the cost for the works needed to our stock. Accordingly the modelling shows that monies previously set aside to repay debt will also need to be released.

6.4 Corporate Plan Implications

Implementation of the HRA Business Plan 2020-2025 meets the Corporate Plan's aim to enable the delivery of increased housing supply; increase the number of affordable homes; and invest in improving the quality of Selby District Council housing stock.

6.5 Resource Implications

The HRA Business Plan will link directly to the Councils MTFS and incorporates the Council's Capital Investment Programme, as approved by the Executive.

6.6 Equalities Impact Assessment

The HRA Business Plan is intended to be an overarching strategic document setting out the future of the Council's housing provision, and therefore not subject to an Equality Impact Assessment. However, any new policy or procedure created as a result of its implementation will be subject to such an assessment and will be inclusive of the relevant protected characteristics of age; disability; gender reassignment: pregnancy and maternity; race; religion or belief; sex and sexual orientation.

7. Conclusion

Following the 2021/22 review and in light of what we have experienced over the last 18 months, it was clear that in order to maintain our commitments within the original Business Plan, some changes needed to be made. The HRA's future viability is reliant on achieving a certain level of rental income, based on having adequate stock in circulation and on a successful 1 for 1 replacement scheme. However, we have struggled to achieve in both of these areas, impacted by internal struggles as well as by large scale socio-economic shifts. Therefore, in order to meet our stated aims and provide a sustainable financial model, we have:

- Accounted for more void properties in the financial modelling and plan separate project work in order to combat these 'end of life' properties, potentially increasing stock numbers if appropriate.
- Stepped up stock condition survey work to better understand our properties needs and better plan the CIP going forward.
- Continued to pay close attention to Government direction in order to ensure high levels of compliancy with the financially capability to respond to any changes.
- Reprofiled the Housing Development Plan to ensure we spend our remaining Section 106 subsidy, focusing on acquisitions in the first instance and on direct development if financially viable.
- Reprofiled our debt position in order to both service our debt as well as provide adequate financial capacity within the HRA.

Subject to these changes, the HRA Business Plan continues to demonstrate that Selby District Council can maintain its assets and invest in new provisions, and at the same time deliver a high level of service to current and future tenants. It continues to provide a 30 year financial forecast which includes key assumptions to ensure a sustainable financial model; including the new Capital Programme which will drive increased standards, enable better planning and achieve greater efficiencies. Approval of the review and all that is entails with therefore allow the Council to continue to pursue its new objectives and make positive changes to its housing stock and service, better meeting the needs of our current and future tenants.

8. Background Documents

Selby District Council's Housing Revenue Account Business Plan 2020-2025 (including Appendices A, B, D)
HRA Business Plan 2020-2025 Appendix C

9. Appendices

Appendix A – Financial modelling

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SELBY DISTRICT COUNCIL - HRA 30 YEAR FINANCIAL PLAN (Based on	1	2	3	4	5	6	7	8	9	10	11	12	13
	Latest Approved												
Mid Case Scenario	← Medium Term Financial Plan →												
	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30	2030/31	2031/32	2032/33	2033/34
KEY ASSUMPTIONS													
Inflation	2.00%	4.00%	2.60%	2.10%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%
Interest Rates	1.25%	1.50%	1.75%	2.00%	2.25%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%
Estimated Sales	-12	-20	-20	-20	-20	-20	-20	-20	-20	-20	-20	-20	-20
Demolitions													
Estimated New Build / Additions	3	20	20	20	20	20	20	20	20	20	20	20	20
Rent Increase CPI + 1%	1.50%	4.10%	3.60%	3.10%	3.10%	3.10%	3.10%	3.10%	3.10%	3.10%	3.10%	3.10%	3.10%
Number of Dwellings (Mid Year Average)	3,011	3,006	3,006	3,006	3,006	3,006	3,006	3,006	3,006	3,006	3,006	3,006	3,006
Average Rent - Rent Restructuring	86.37	89.91	93.15	96.04	99.01	102.08	105.25	108.51	111.87	115.34	118.92	122.60	126.40
Rent Weeks	48.00	48.00	48.00	48.00	48.00	48.00	48.00	48.00	48.00	48.00	48.00	48.00	48.00
Rent Income (£)	-12,480,811	-12,973,103	-13,440,135	-13,856,779	-14,286,339	-14,729,215	-15,185,821	-15,656,582	-16,141,936	-16,642,336	-17,158,248	-17,690,154	-18,238,548
Void loss	-312,020	-324,328	-336,003	-346,419	-357,158	-368,230	-379,646	-391,415	-403,548	-416,058	-428,956	-442,254	-455,964
Provision for Bad & Doubtful Debts	-267,713	-278,273	-288,291	-297,228	-306,442	-315,942	-325,736	-335,834	-346,245	-356,978	-368,044	-379,454	-391,217
Net Rent Income	-11,901,077	-12,370,502	-12,815,840	-13,213,131	-13,622,738	-14,045,043	-14,480,440	-14,929,333	-15,392,143	-15,869,299	-16,361,247	-16,868,446	-17,391,368
% Increase in Rent	1.73	4.10	3.60	3.10	3.10	3.10	3.10	3.10	3.10	3.10	3.10	3.10	3.10
REVENUE FINANCING													
Dwellings Rents	- 12,302,040	- 12,648,775	- 13,104,131	- 13,510,359	- 13,929,180	- 14,360,985	- 14,806,176	- 15,265,167	- 15,738,387	- 16,226,277	- 16,729,292	- 17,247,900	- 17,782,585
Garage Rents	- 107,150	- 109,300	- 111,480	- 113,710	- 115,984	- 118,304	- 120,670	- 123,083	- 125,545	- 128,056	- 130,617	- 133,229	- 135,894
Total Resources (£)	**- 12,409,190**	**- 12,758,075**	**- 13,215,611**	**- 13,624,069**	**- 14,045,165**	**- 14,479,289**	**- 14,926,846**	**- 15,388,250**	**- 15,863,932**	**- 16,354,333**	**- 16,859,909**	**- 17,381,129**	**- 17,918,479**
REVENUE BUDGET													
Operational Services	1,913,720	2,030,050	2,081,750	2,124,350	2,166,837	2,210,174	2,254,377	2,299,465	2,345,454	2,392,363	2,440,210	2,489,015	2,538,795
Commissioning Contracts & Procurement	114,410	118,610	122,570	125,140	127,643	130,196	132,800	135,456	138,165	140,928	143,747	146,621	149,554
Contingency	75,000	76,500	78,030	79,591	81,182	82,806	84,462	86,151	87,874	89,632	91,425	93,253	95,118
Provision for Bad & Doubtful Debts	270,650	278,273	288,291	297,228	306,442	315,942	325,736	335,834	346,245	356,978	368,044	379,454	391,217
CEC Recharge from General Fund	2,787,610	2,815,790	2,858,190	2,914,000	2,972,280	3,031,726	3,092,360	3,154,207	3,217,291	3,281,637	3,347,270	3,414,215	3,482,500
Savings Target													
Debt Management Costs	6,000	6,120	6,242	6,367	6,495	6,624	6,757	6,892	7,030	7,171	7,314	7,460	7,609
Investment Interest - Notional Sum	- 38,000	- 42,500	- 34,030	- 44,290	- 45,287	- 46,419	- 47,579	- 48,769	- 49,988	- 51,238	- 52,518	- 53,831	- 55,177
Repayment of HRA Reform Loan (Interest)	1,841,905	1,841,905	1,841,905	1,841,905	1,841,905	1,841,905	1,841,905	1,841,905	1,841,905	1,841,905	1,841,905	1,841,905	1,841,905
Contribution to Computer Development Reserve	50,000	50,000	50,000	50,000	50,000	50,000	50,000	50,000	50,000	50,000	50,000	50,000	50,000
Net Service Costs	**7,021,295**	**7,174,748**	**7,292,948**	**7,394,291**	**7,507,497**	**7,622,954**	**7,740,818**	**7,861,141**	**7,983,976**	**8,109,376**	**8,237,396**	**8,368,092**	**8,501,521**
Net Service Surplus / Deficit before contribution to MRR & CAA	**-5,387,895**	**-5,583,327**	**-5,922,663**	**-6,229,779**	**-6,537,667**	**-6,856,335**	**-7,186,028**	**-7,527,109**	**-7,879,956**	**-8,244,957**	**-8,622,512**	**-9,013,037**	**-9,416,958**
Voluntary MRP for Self-Financing Debt	1,260,000	1,140,826	1,140,826	1,140,826	1,140,826	1,140,826	1,140,826	1,140,826	1,140,826	1,140,826	1,140,826	1,140,826	1,140,826
Assumed Voluntary MRP for HDP	73,458	73,458	73,458	73,458	163,933	256,217	350,347	446,359	544,292	644,183	746,072	849,999	956,004
Assumed HDP Interest	59,501	59,501	59,501	59,501	120,843	183,412	247,232	312,328	378,726	446,453	515,533	585,996	657,867
Net Resources Transferred to Major repairs Reserve	- 3,994,936	- 4,309,542	- 4,648,878	- 4,955,993	- 5,112,066	- 5,275,881	- 5,447,624	- 5,627,596	- 5,816,112	- 6,013,495	- 6,220,081	- 6,436,216	- 6,662,260
Major Repairs Reserve													
Opening Balance	- 8,927,227	- 4,916,808	- 3,227,131	- 2,267,554	- 1,474,271	- 0	- 0	- 0	- 0	- 0	- 0	- 0	- 0
Transfers													
Revenue Contributions	- 3,994,936	- 4,309,542	- 4,648,878	- 4,955,993	- 5,112,066	- 5,275,881	- 5,447,624	- 5,627,596	- 5,816,112	- 6,013,495	- 6,220,081	- 6,436,216	- 6,662,260
Assumed Capital Programme	8,005,355	5,999,218	5,608,455	5,749,276	6,857,528	6,233,270	6,365,790	6,657,915	7,118,110	9,517,933	7,486,092	8,166,402	7,861,489
Draw back of funds from CFR					- 271,192	- 957,389	- 918,167	- 1,030,319	- 1,301,998	- 3,504,438	- 1,266,012	- 1,730,187	- 1,199,229
Closing Balance	**-4,916,808**	**-3,227,131**	**-2,267,554**	**-1,474,271**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**
CFR/Cashflow													
Opening Balance	- 4,486,876	- 5,820,335	- 7,034,619	- 8,248,903	- 9,463,187	- 10,496,755	- 10,936,408	- 11,509,415	- 12,066,281	- 12,449,401	- 10,729,972	- 11,350,859	- 11,611,498
Less unfinanced capital expediture (internal borrowing)													
Add Voluntary MRP	- 1,333,458	- 1,214,284	- 1,214,284	- 1,214,284	- 1,304,759	- 1,397,043	- 1,491,173	- 1,587,185	- 1,685,118	- 1,785,009	- 1,886,898	- 1,990,825	- 2,096,830
Less Debt Repaid													
Transfer of Funds to MRR	-	-	-	-	271,192	957,389	918,167	1,030,319	1,301,998	3,504,438	1,266,012	1,730,187	1,199,229
Closing Balance	- 5,820,335	- 7,034,619	- 8,248,903	- 9,463,187	- 10,496,755	- 10,936,408	- 11,509,415	- 12,066,281	- 12,449,401	- 10,729,972	- 11,350,859	- 11,611,498	- 12,509,099
Net Cashflow	**-10,737,142**	**-10,261,750**	**-10,516,457**	**-10,937,458**	**-10,496,755**	**-10,936,409**	**-11,509,415**	**-12,066,282**	**-12,449,401**	**-10,729,973**	**-11,350,859**	**-11,611,498**	**-12,509,099**

Appendix A

SELBY DISTRICT COUNCIL - HRA 30 YEAR FINANCIAL PLAN (Based on

Mid Case Scenario

	14	15	16	17	18	19	20	21
	2034/35	2035/36	2036/37	2037/38	2038/39	2039/40	2040/41	2041/42
KEY ASSUMPTIONS								
Inflation	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%
Interest Rates	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%
Estimated Sales	-20	-20	-20	-20	-20	-20	-20	-20
Demolitions								
Estimated New Build / Additions	20	20	20	20	20	20	20	20
Rent Increase CPI + 1%	3.10%	3.10%	3.10%	3.10%	3.10%	3.10%	3.10%	3.10%
Number of Dwellings (Mid Year Average)	3,006	3,006	3,006	3,006	3,006	3,006	3,006	3,006
Average Rent - Rent Restructuring	130.32	134.36	138.53	142.82	147.25	151.81	156.52	161.37
Rent Weeks	48.00	48.00	48.00	48.00	48.00	48.00	48.00	48.00
Rent Income (£)	-18,803,943	-19,386,866	-19,987,859	-20,607,482	-21,246,314	-21,904,950	-22,584,003	-23,284,107
Void loss	-470,099	-484,672	-499,696	-515,187	-531,158	-547,624	-564,600	-582,103
Provision for Bad & Doubtful Debts	-403,345	-415,848	-428,740	-442,030	-455,733	-469,861	-484,427	-499,444
Net Rent Income	-17,930,500	-18,486,346	-19,059,422	-19,650,265	-20,259,423	-20,887,465	-21,534,976	-22,202,561
% Increase in Rent	3.10	3.10	3.10	3.10	3.10	3.10	3.10	3.10
REVENUE FINANCING								
Dwellings Rents	- 18,333,845	- 18,902,194	- 19,488,162	- 20,092,295	- 20,715,156	- 21,357,326	- 22,019,403	- 22,702,005
Garage Rents	- 138,612	- 141,384	- 144,212	- 147,096	- 150,038	- 153,039	- 156,099	- 159,221
Total Resources (£)	**- 18,472,457**	**- 19,043,578**	**- 19,632,374**	**- 20,239,391**	**- 20,865,194**	**- 21,510,365**	**- 22,175,503**	**- 22,861,226**
REVENUE BUDGET								
Operational Services	2,589,571	2,641,362	2,694,189	2,748,073	2,803,035	2,859,095	2,916,277	2,974,603
Commissioning Contracts & Procurement	152,545	155,596	158,708	161,882	165,120	168,422	171,790	175,226
Contingency	97,020	98,961	100,940	102,959	105,018	107,118	109,261	111,446
Provision for Bad & Doubtful Debts	403,345	415,848	428,740	442,030	455,733	469,861	484,427	499,444
CEC Recharge from General Fund	3,552,150	3,623,193	3,695,657	3,769,570	3,844,961	3,921,860	4,000,298	4,080,303
Savings Target								
Debt Management Costs	7,762	7,917	8,075	8,237	8,401	8,569	8,741	8,916
Investment Interest - Notional Sum	- 56,557	- 57,971	- 59,420	- 60,905	- 62,428	- 63,989	- 65,588	- 67,228
Repayment of HRA Reform Loan (Interest)	1,841,905	1,841,905	1,841,905	1,841,905	1,841,905	1,841,905	1,841,905	1,841,905
Contribution to Computer Development Reserve	50,000	50,000	50,000	50,000	50,000	50,000	50,000	50,000
Net Service Costs	**8,637,741**	**8,776,811**	**8,918,794**	**9,063,751**	**9,211,745**	**9,362,843**	**9,517,110**	**9,674,615**
Net Service Surplus / Deficit before contribution to MRR & CAA	**-9,834,716**	**-10,266,767**	**-10,713,580**	**-11,175,640**	**-11,653,449**	**-12,147,522**	**-12,658,392**	**-13,186,611**
Voluntary MRP for Self-Financing Debt	1,140,826	1,140,826	1,140,826	1,140,826	1,140,826	1,140,826	1,140,826	1,140,826
Assumed Voluntary MRP for HDP	1,064,130	1,174,418	1,286,912	1,401,656	1,518,694	1,638,073	1,759,840	1,884,043
Assumed HDP Interest	731,177	805,952	882,223	960,019	1,039,371	1,120,310	1,202,868	1,287,077
Net Resources Transferred to Major repairs Reserve	- 6,898,584	- 7,145,571	- 7,403,619	- 7,673,140	- 7,954,558	- 8,248,312	- 8,554,858	- 8,874,665
Major Repairs Reserve								
Opening Balance	- 0	- 0	- 2,881,542	- 5,940,164	- 8,990,500	- 12,193,456	- 14,957,478	- 12,721,478
Transfers								
Revenue Contributions	- 6,898,584	- 7,145,571	- 7,403,619	- 7,673,140	- 7,954,558	- 8,248,312	- 8,554,858	- 8,874,665
Assumed Capital Programme	8,042,732	4,264,029	4,344,997	4,622,804	4,751,602	5,484,289	10,790,859	4,802,466
Draw back of funds from CFR	- 1,144,149							
Closing Balance	**0**	**-2,881,542**	**-5,940,164**	**-8,990,500**	**-12,193,456**	**-14,957,478**	**-12,721,478**	**-16,793,677**
CFR/Cashflow								
Opening Balance	- 12,509,099	- 13,569,906	- 15,885,150	- 18,312,888	- 20,855,370	- 23,514,890	- 26,293,789	- 29,194,456
Less unfinanced capital expediture (internal borrowing)								
Add Voluntary MRP	- 2,204,956	- 2,315,244	- 2,427,738	- 2,542,482	- 2,659,520	- 2,778,899	- 2,900,666	- 3,024,869
Less Debt Repaid								16,793,000
Transfer of Funds to MRR	1,144,149	-	-	-	-	-	-	-
Closing Balance	- 13,569,906	- 15,885,150	- 18,312,888	- 20,855,370	- 23,514,890	- 26,293,789	- 29,194,456	- 15,426,324
Net Cashflow	**-13,569,907**	**-18,766,692**	**-24,253,052**	**-29,845,870**	**-35,708,345**	**-41,251,268**	**-41,915,933**	**-32,220,001**

	22	23	24	25	26	27	28	29
	2042/43	2043/44	2044/45	2045/46	2046/47	2047/48	2048/49	2049/50
KEY ASSUMPTIONS								
Inflation	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%
Interest Rates	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%
Estimated Sales	-20	-20	-20	-20	-20	-20	-20	-20
Demolitions								
Estimated New Build / Additions	20	20	20	20	20	20	20	20
Rent Increase CPI + 1%	3.10%	3.10%	3.10%	3.10%	3.10%	3.10%	3.10%	3.10%
Number of Dwellings (Mid Year Average)	3,006	3,006	3,006	3,006	3,006	3,006	3,006	3,006
Average Rent - Rent Restructuring	166.37	171.53	176.85	182.33	187.98	193.81	199.82	206.01
Rent Weeks	48.00	48.00	48.00	48.00	48.00	48.00	48.00	48.00
Rent Income (£)	-24,005,915	-24,750,098	-25,517,351	-26,308,389	-27,123,949	-27,964,792	-28,831,700	-29,725,483
Void loss	-600,148	-618,752	-637,934	-657,710	-678,099	-699,120	-720,793	-743,137
Provision for Bad & Doubtful Debts	-514,927	-530,890	-547,347	-564,315	-581,809	-599,845	-618,440	-637,612
Net Rent Income	-22,890,840	-23,600,456	-24,332,070	-25,086,364	-25,864,042	-26,665,827	-27,492,468	-28,344,734
% Increase in Rent	3.10	3.10	3.10	3.10	3.10	3.10	3.10	3.10
REVENUE FINANCING								
Dwellings Rents	- 23,405,767	- 24,131,346	- 24,879,417	- 25,650,679	- 26,445,850	- 27,265,672	- 28,110,908	- 28,982,346
Garage Rents	- 162,406	- 165,654	- 168,967	- 172,346	- 175,793	- 179,309	- 182,895	- 186,553
Total Resources (£)	**- 23,568,173**	**- 24,297,000**	**- 25,048,384**	**- 25,823,026**	**- 26,621,644**	**- 27,444,981**	**- 28,293,803**	**- 29,168,899**
REVENUE BUDGET								
Operational Services	3,034,095	3,094,777	3,156,672	3,219,806	3,284,202	3,349,886	3,416,884	3,485,221
Commissioning Contracts & Procurement	178,731	182,305	185,951	189,670	193,464	197,333	201,280	205,305
Contingency	113,675	115,948	118,267	120,633	123,045	125,506	128,016	130,577
Provision for Bad & Doubtful Debts	514,927	530,890	547,347	564,315	581,809	599,845	618,440	637,612
CEC Recharge from General Fund	4,161,910	4,245,148	4,330,051	4,416,652	4,504,985	4,595,084	4,686,986	4,780,726
Savings Target								
Debt Management Costs	9,094	9,276	9,461	9,651	9,844	10,041	10,241	10,446
Investment Interest - Notional Sum	- 68,909	- 70,632	- 72,397	- 74,207	- 76,062	- 77,964	- 79,913	- 81,911
Repayment of HRA Reform Loan (Interest)	1,254,150	1,254,150	1,254,150	1,254,150	1,254,150	1,254,150	1,254,150	1,254,150
Contribution to Computer Development Reserve	50,000	50,000	50,000	50,000	50,000	50,000	50,000	50,000
Net Service Costs	**9,247,672**	**9,411,862**	**9,579,503**	**9,750,669**	**9,925,436**	**10,103,881**	**10,286,084**	**10,472,126**
Net Service Surplus / Deficit before contribution to MRR & CAA	**-14,320,500**	**-14,885,137**	**-15,468,881**	**-16,072,357**	**-16,696,208**	**-17,341,100**	**-18,007,719**	**-18,696,773**
Voluntary MRP for Self-Financing Debt	1,140,826	1,140,826	1,140,826	1,140,826	1,140,826	1,140,826	1,140,826	1,140,826
Assumed Voluntary MRP for HDP	2,010,729	2,139,949	2,271,753	2,406,194	2,526,035	2,634,277	2,753,487	2,897,929
Assumed HDP Interest	1,372,971	1,460,582	1,549,945	1,641,096	1,720,066	1,789,279	1,867,007	1,964,796
Net Resources Transferred to Major repairs Reserve	- 9,795,975	- 10,143,781	- 10,506,357	- 10,884,241	- 11,309,281	- 11,776,718	- 12,246,399	- 12,693,222
Major Repairs Reserve								
Opening Balance	- 16,793,677	- 21,626,058	- 26,469,195	- 31,558,790	- 37,187,995	- 43,063,542	- 49,563,811	- 55,513,581
Transfers								
Revenue Contributions	- 9,795,975	- 10,143,781	- 10,506,357	- 10,884,241	- 11,309,281	- 11,776,718	- 12,246,399	- 12,693,222
Assumed Capital Programme	4,963,593	5,300,644	5,416,762	5,255,036	5,433,733	5,276,450	6,296,629	6,938,008
Draw back of funds from CFR								
Closing Balance	**-21,626,058**	**-26,469,195**	**-31,558,790**	**-37,187,995**	**-43,063,542**	**-49,563,811**	**-55,513,581**	**-61,268,795**
CFR/Cashflow								
Opening Balance	- 15,426,324	- 18,577,879	- 21,858,654	- 25,271,233	- 28,818,253	- 32,485,114	- 36,260,216	- 40,154,529
Less unfinanced capital expediture (internal borrowing)								
Add Voluntary MRP	- 3,151,555	- 3,280,775	- 3,412,579	- 3,547,020	- 3,666,861	- 3,775,103	- 3,894,313	- 4,038,755
Less Debt Repaid							-	-
Transfer of Funds to MRR	-	-	-	-	-	-	-	-
Closing Balance	- 18,577,879	- 21,858,654	- 25,271,233	- 28,818,253	- 32,485,114	- 36,260,216	- 40,154,529	- 44,193,284
Net Cashflow	**-40,203,937**	**-48,327,849**	**-56,830,023**	**-66,006,248**	**-75,548,656**	**-85,824,028**	**-95,668,111**	**-105,462,080**

SELBY DISTRICT COUNCIL - HRA 30 YEAR FINANCIAL PLAN (Based on	30
Mid Case Scenario	
	2050/51
KEY ASSUMPTIONS	
Inflation	2.00%
Interest Rates	2.50%
Estimated Sales	-20
Demolitions	
Estimated New Build / Additions	20
Rent Increase CPI + 1%	3.10%
Number of Dwellings (Mid Year Average)	3,006
Average Rent - Rent Restructuring	212.40
Rent Weeks	48.00
Rent Income (£)	-30,646,973
Void loss	-766,174
Provision for Bad & Doubtful Debts	-657,378
Net Rent Income	-29,223,421
% Increase in Rent	3.10
REVENUE FINANCING	
Dwellings Rents	- 29,880,798
Garage Rents	- 190,284
Total Resources (£)	**- 30,071,083**
REVENUE BUDGET	
Operational Services	3,554,926
Commissioning Contracts & Procurement	209,412
Contingency	133,188
Provision for Bad & Doubtful Debts	657,378
CEC Recharge from General Fund	4,876,340
Savings Target	
Debt Management Costs	10,655
Investment Interest - Notional Sum	- 83,959
Repayment of HRA Reform Loan (Interest)	1,254,150
Contribution to Computer Development Reserve	50,000
Net Service Costs	**10,662,090**
Net Service Surplus / Deficit before contribution to MRR & CAA	**-19,408,993**
Voluntary MRP for Self-Financing Debt	1,140,826
Assumed Voluntary MRP for HDP	3,046,362
Assumed HDP Interest	2,065,434
Net Resources Transferred to Major repairs Reserve	- 13,156,371
Major Repairs Reserve	
Opening Balance	- 61,268,795
Transfers	
Revenue Contributions	- 13,156,371
Assumed Capital Programme	8,261,860
Draw back of funds from CFR	
Closing Balance	**-66,163,306**
CFR/Cashflow	
Opening Balance	- 44,193,284
Less unfinanced capital expediture (internal borrowing)	
Add Voluntary MRP	- 4,187,188
Less Debt Repaid	-
Transfer of Funds to MRR	-
Closing Balance	- 48,380,472
Net Cashflow	**-114,543,778**

SELBY
DISTRICT COUNCIL

Report Reference Number: C/21/11

To:	**Council**
Date:	**24 February 2022**
Author:	**Karen Iveson – Chief Finance Officer**
Lead Officer:	**Karen Iveson – Chief Finance Officer**

Title: **The Budget, Reserves and Balances 2022/23**

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

Recommendations:

It is recommended that councillors consider the Chief Finance Officer's statements in paragraphs 2.8 and 2.14 when setting the Council Tax.

Reasons for recommendation

To provide Council with assurance on the proposed budget and the Council's reserves in order to formally set the budget and Council Tax for 2022/23.

1. Introduction and background

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

1.2 The last 2 years have been like no other with the Covid-19 pandemic having profound impacts on all aspects of our lives. For the Council, this has seen rapid change as we moved to home working, carrying out our business remotely where possible and playing our part in the response to the virus, whilst still delivering the vital public services our communities rely on. Then add to this the decision for Local

Government Re-organisation (LGR) in North Yorkshire and we have a "perfect storm".

1.3 We have seen heightened financial risk - with additional workload and costs, significant income losses and delays to planned savings initiatives, all as a direct result of the impacts of the virus, as we have moved in and out of national lockdowns and local restrictions. And we are now planning for our final year before the new unitary council is established from 1 April 2023.

1.4 It is against this backdrop that the budget for 2022/23 has been formulated.

2. The Report

Robustness of the Budget

2.1 Whilst Covid continues to impact on many service areas during 2021/22, for the most part service budgets have been reviewed on the assumption of a 'normal year' for 2022/23. In some cases however, where on-going impacts are clear, then budgets have been revised using best available assumptions. Investment income is one such budget where a low bank rate is expected to remain for the next 2/3 years.

2.2 Financial plans include cautious assumptions on service income (for example recycling and planning income) and include provision for rises in demand led services such as waste and recycling; and the Housing Revenue Account includes provision for the approved 4.1% (CPI +1%) increase in rent levels. Cost pressures from changes in Government Policy and increasing demand for services will continue to be closely monitored and will be managed through the Council's revenue reserves in the short to medium term and base budget savings plans for the longer term..

2.3 For this final year, the proposed budget includes one-off contingencies to help manage the risks associated with Covid-19 and LGR – including £750k for LGR, and £1m Covid contingency to manage service pressures. These are in addition to the annual operational and commissioning contingencies.

2.4 The Council's Medium-Term Financial Plan (3 year budget) has been refreshed to take account of the 2022/23 final local government finance settlement. The funding from central Government relating to the Business Rates Baseline (safety net) will be £2.274m for 2022/23 plus a further £251k grant for under indexation of the business rates multiplier. The 2022/23 Finance Settlement shows an increase of £1.321m to settlement funding (including Rural Services Delivery Grant, Lower Tier Service Support Grant, and New Homes Bonus and a one-off services grant) beyond the assumptions in the approved MTFS. Whilst in isolation, this is a positive settlement with some significant and unexpected one-off funding, beyond 2022/23 local government awaits the outcome of the fairer funding review, the review of the business rates retention system and also a review of new homes bonus. The current MTFS and budget assumes that new Homes Bonus is phased out over the next 3 years.

2.5 Looking ahead, LGR will undoubtedly impact on the future costs of Local Government in North Yorkshire and Selby's recurring General Fund deficit will need to be addressed.

2.5 The forecast for savings requirement over the next 3 years is £3.5m for the General Fund, although the budget recognises that, with capacity diverted to the Council's Covid response, savings of this level will not be achievable within the required timescales. Accordingly, the budget applies reserves to bridge the funding gap in the short to medium-term.

2.6 There is risk to the Council's share of Business Rates income although a further large surplus on our Business Rates Collection Fund is forecast for 2022/23 as a result of the windfall from renewable energy. In accordance with the approved MTFS the budget transfers the related surplus funds to reserves to support future spending decisions. Looking forward it is expected that these receipts will cease following the reset of business rates baselines and therefore they are not assumed within our recurring resources.

2.7 It should also be noted that circa £1.4m p.a. of Programme for Growth spend is committed to internal staff capacity. When programme funding is exhausted the budget assumes that capacity is released with any necessary transitional costs would be met from reserves.

2.8 In respect of the proposed Council Tax requirement for 2022/23, councillors are asked to consider the following statement:

" The Chief Finance Officer reports that the estimates of income and expenditure forming the Council's General Fund Revenue and Housing Revenue budgets for 2022/23 have been prepared on the basis of existing plans, known commitments and the financial implications of the proposals for savings and where necessary, service development and improvement. Where it has been necessary to do so, in the case of certain budgets such as contract payments, investment income and income from fees and charges, assumptions have been used for inflation, interest rates and demand for services which are considered to be reasonable and prudent. In addition a risk assessment is undertaken for these budgets and contingencies are available to mitigate the risk within the budget. In view of this, the Chief Finance Officer considers the Council's budget estimates for 2022/23 to be robust."

Reserves and Balances

2.9 As with most local authorities, the Council maintains a range of reserves and balances to help manage its finances over the medium to longer term. These can be analysed into three main types:

i) General Fund (Working) Balance – comprises of a non-earmarked balance (currently set at a minimum of £1.5m) which is set aside to cover the risk of excess inflation or unforeseen events;

ii) Housing Revenue Account - as with the General Fund balance but this time relating to a local authority's housing function whilst it operates a Housing Revenue Account. The minimum balance is currently set at a £1.5m, which is set aside to cover the risk of excess inflation or unforeseen events within the HRA service;

iii) Specific reserves – amounts earmarked for specific items of expenditure to meet known or predicted liabilities and future investment.

2.10 Appendix A provides an assessment of the appropriate level of balances for the General Fund and HRA. Appendix F of the Budget and Council Tax report next on this agenda shows the estimated balance on each reserve at the end of 2022/23 after taking into account the impact of the agreed budget and provides a brief summary of the purpose of each reserve.

The General Fund (Working) Balance

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

Housing Revenue Account Balance

2.12 The current minimum balance on the Housing Revenue Account is £1.5m which equates to £497.51 per property as at 1 April 2021 and is considered to be sufficient to cover a reasonable level of risk within the HRA.

Specific Earmarked Reserves

2.13 In relation to reserves set aside for specific items of expenditure, a review has also been conducted to determine adequate levels. Given the heightened risk to the Council's finances as a result of Covid, and the forecasted recurring budget deficit, an additional £9m has been earmarked in the Business Rates Equalisation Reserve to support future spending decisions.

2.14 In respect of the adequacy of the Council's proposed financial reserves and balances councillors are asked to consider the following statement:

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

- **the Council's spending plans for 2022/23 and the medium term financial position;**
- **a risk assessment of the main items of income and expenditure;**
- **a risk assessment of the savings plan;**
- **adequacy of estimates of inflation, interest rates;**
- **treatment of demand led pressures;**
- **the need to respond to emergencies including the on-going response to Covid-19, and**
- **other potential calls on balances.**

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

The Chief Finance Officer also reports that the Council's earmarked reserves have been reviewed as part of the Medium Term Financial Strategy and Medium Term Financial Plan and with the proposals included within the budget, remain adequate."

3. Legal/Financial Controls and other Policy matters

3.1 Legal Issues

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

3.2 Financial Issues

3.2.1 There are no financial implications as a direct result of this report. CIPFA's Financial Resilience Index identifies a range of financial indicators and assesses their relative risk when compared to other authorities. The latest published index relates to 2020/21. Generally, the indicators suggest Selby is 'lower risk' but unallocated reserves are considered high risk. In isolation unallocated reserves are relatively low but this should be seen in the context of the Council's overall reserves position – earmarked reserves are used to manage financial risk. Reserves are also forecast to reduce as planned strategies and projects are implemented – for example the Programme for Growth Reserve is expected to be fully depleted within the next 2 years as planned projects are implemented.

4. Conclusion

4.1 Whilst there remains uncertainty around the on-going impacts as we emerge from the pandemic, the Council's 2022/23 budgets are robust, and based on current assumptions and assessed risk, the Council has adequate levels of reserves and balances, however given expected levels of Government funding, increases to the Council's cost base (Including LGR implementation) and delays to savings, a drawdown from reserves will needed during 2022/23.

5. Background Documents

Budget reports to and associated minutes of the Executive

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Appendices:
Appendix A – Review of General Fund and HRA Balances

APPENDIX A

Review of General Fund and HRA Balances

Introduction

1. The Chartered Institute of Public Finance and Accountancy (CIPFA) believes that Local Authorities, on the advice of their Chief Finance Officer, should make their own judgements on such matters taking into account all the relevant local circumstances. Such circumstances vary, and there is a broad range within which authorities might reasonably operate depending on their particular circumstances.

2. There is no definitive guidance as to the minimum level of balances or reserves, either as an absolute amount or as a proportion of expenditure, since each local authority is independent, operates in a unique local environment and the decision is one of a number of inter-related decisions taken as part of its financial strategy. Section 32 of the Local Government Act 1992 requires billing authorities (such as Selby) to have regard to the level of reserves needed for meeting estimated future expenditure when calculating the budget requirement. Budgets are based upon forecasts of pay and price inflation, changes in interest rates, and the demand for and levels of service to be provided. The existence of balances provides for unexpected changes from these forecasts. Consequently, the provision of an appropriate level of balances is a fundamental part of prudent financial management over the medium and longer term and with the events of 2020 the need for adequate reserves to cope with significant unforeseen challenges has never been more important.

3. The Council has a well established and robust reserves strategy – earmarking resources to manage risk, cover commitments and support investment/service improvement. Annual amounts are set aside to cover known commitments over their expected ‘whole life’. The Business Rates Equalisation Reserve is the main earmarked reserve established to support the revenue budget, leaving general balances as funding of last resort.

Principles to Assess the Adequacy of Reserves

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

Budget Assumptions

- Wider economic impacts of national policy changes (such as Brexit) on inflation, interest rates and supply chain prices
- treatment of inflation and interest rates
- a risk assessment of the main items of income and expenditure
- Staff turnover rates and appropriate level of salary vacancy factor
- estimates of the level of and timing of capital receipts and general cashflows
- treatment of demand-led pressures (e.g. take-up of housing benefits and Council Tax Support)
- treatment of planned efficiencies and savings
- financial risks inherent in significant funding partnerships, contracts or major capital developments
- the availability of other funds to deal with major contingencies and the adequacy of provisions

Financial Standing and Management

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

Use of any "excess" balances

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

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

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

<u>General Fund</u>

6. The current Council policy is for the General Fund Balance to be a minimum £1.5m. This represents approximately 11.3% of net service expenditure.

- *Adequacy of inflation*

Generally budgetary provision is made for inflation in respect of pay, prices and contract expenditure (in 2021/22 a 2% allowance for pay inflation has been included within the budget) although the government has indicated public sector pay restraint. It remains unclear what the impact on the Council will be as a result of the withdrawal from the EU. Although the pandemic is overshadowing many aspects of the economy, some level of economic volatility would be reasonable to expect and there may be impacts as suppliers seek to recover additional costs from their customers. Reserves are available to support the revenue budget in the short to medium term. An adverse variance of 1% in the assumptions made to these forms of expenditure would result in additional expenditure of approximately **£182k** in any one year.

- *Adequacy of interest rate assumption*

The Council is a net lender. An adverse variance of 0.5% in interest rates would increase the budgeted expenditure by approximately **£220k.**

- *Treatment of demand led pressures*

Demand volatility can affect both expenditure (e.g. housing benefit claims or property growth in our waste collection service) and income (e.g. number of planning applications). Housing Benefits are a significant item of expenditure estimated at £11.352m in 2022/23 the majority of which is met by government subsidy. The estimate of subsidy is complex and is therefore relatively 'high risk'. There had also been a number of regulatory changes in recent years affecting the take up and it is considered prudent therefore to allow for some fluctuation in the net cost of benefits either reflecting subsidy variations, demand changes and changes in regulations. A figure of £100k is considered adequate for this purpose.

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

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

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

There is a high risk that expected income will not materialise due to the on-going effects of the virus.

Leisure services have been severely impacted during 2020/21 and 2021/22 with closure of Summit Indoor Adventure and our leisure centres. Significant income losses/service subsidies are included within the budget but a fall in demand beyond that predicted for 2022/23 of say a further 10% would lead to a reduction in income of around **£**158k.

Taken together **£500k** is considered sufficient to cover this risk

- *Responding to emergencies*

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

- *Programme for Growth*

The 'Programme for Growth' is the Council's strategic programme to support delivery of its Corporate Plan. The latest approved programme forecasts show that £11.58m will be spent by 31 March 2022, leaving £18.75m over the coming 2 years. The Programme is funded from renewable energy business rates income which has been earmarked for this purpose. The programme includes a number of major projects and where considered necessary appropriate contingencies are included with budgets.

It should also be noted that circa £1.4m p.a. within the programme is committed to recurring internal staff capacity (for example within the planning service). When programme funding is exhausted the budget assumes that this staffing capacity is released or alternative savings will be required. Any necessary transitional costs would be met from the Business Rates Equalisation Reserve.

- *Savings delivery*

The Council has a strong track record for savings delivery but as the target increases it becomes more challenging to deliver. Furthermore with capacity diverted towards the Council's response to Covid-19 delays to savings are expected. The Business Rates Equalisation Reserve includes monies set aside to back-fill the Council's savings plan should this not be delivered as quickly as planned. At the end of 2021/22 the balance on this reserve is forecast to be £11.8m and a further £6m (net of drawdown) is to be added to this reserve in 2022/23 - overall this is considered sufficient to mitigate this risk over the medium term without drawing on general balances.

- *Other Issues*

The Council has an unusually large Non-Domestic Rate debit to collect due to the power industries. The timing of receipts and any changes in debit could have a major impact on the Council's cash flow and Business rates income. The current Business Rates Retention scheme guarantees a level of income for the Council through 'safety net' arrangements leaving around £180k funding at risk for the coming year. As highlighted above, at the end of 2021/22 the Council will have circa £11.8m plus a further £6m (net of planned drawdown) in 2022/23 set aside in the Business Rates Equalisation Reserve.

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

HRA

7. The Housing Revenue Account (HRA) minimum working balance is currently £1.5m which equates to £497.51 per property at 1 April 2021 which represents 18% of the net HRA budget. The estimated HRA balance at 1 April 2021 is projected to be £1.5m.

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

- *Adequacy of inflation*

Generally budgetary provision is made for inflation in respect of pay, prices and contract expenditure (in 2021/22 a 2% allowance for pay inflation has been included within the budget). An adverse variance of 1% in the assumptions made to these forms of expenditure would result in additional expenditure of **£90k** in any one year.

- *Treatment of demand led pressures*

Demand volatility can affect expenditure (e.g. requests for housing repairs). Housing repairs are a significant item of expenditure estimated at £2.6m in 2022/23. The age of the stock and winter weather conditions affects the need for repairs year on year. It is considered prudent therefore to allow for some fluctuation in the cost of repairs. A figure of **£300k** is considered adequate for this purpose.

- *Capital Programme*

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

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

- *Other Issues*

The value of bad debts requiring write off within the HRA is currently rising due to the current economic climate. These bad debts are met from HRA income. It is considered prudent to allow for some fluctuation in bad debts levels. A figure of **£270k** is considered adequate for this purpose.

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

SELBY DISTRICT COUNCIL

TO ACT FOR OTHERS

Report Reference Number: C/21/12

To:	**Council**
Date:	**24 February 2022**
Ward(s) Affected:	**All**
Author:	**Karen Iveson, Chief Finance Officer**
Lead Executive Member:	**Councillor C Lunn, Lead Executive Member for Finance and Resources**
Lead Officer:	**Karen Iveson, Chief Finance Officer**

Title: Revenue Budget and Capital Programme 2022/23 and Medium-Term Financial Plan

Summary:

This report presents the Executive's proposed revenue budget; capital programmes and the Programme for Growth for 2022/23. As a result of local government re-organisation (LGR) in North Yorkshire from April 2023, this will be Selby's last budget. The report also presents indicative budgets and planned programmes for 2023/24 and 2024/25 to enable the impact of recurring proposals to be viewed over the medium term and to support a smooth transition to the new unitary council in North Yorkshire. This approach provides the new council with an understanding of the pressures and opportunities facing Selby District, and investments planned by members.

After incorporating the final Local Government Finance Settlement and subject to the Council Tax level, the 2022/23 budget is expected to require £2.847m of funds earmarked in the Business Rates Equalisation Reserve (BRER) for revenue support.

A Council Tax freeze for 2022/23 is proposed. This is a departure from the approved Medium-Term Financial Strategy (MTFS) and adds £119k p.a. to the forecast deficits. The approved 4.1% (CPI+1%) increase is included for housing rents.

The report also proposes a CPI increase to the income bands within the Council's Council Tax Support scheme – there are no cost implications from this change.

In 2021/22 the £9.2m of renewable energy business rates were transferred to the Business Rates Equalisation Reserve and then subsequently applied to the Programme for Growth as part of the MTFS approved by Council in July. For 2022/23 the Government has confirmed the further deferral of business rates system review/reset although the majority of these receipts continue to be at risk. Given the scale of the forecast deficits over the next 3 years, it is proposed that the estimated

£9m receipts forecast to be received in 2022/23, are transferred to the Business Rates Equalisation reserve.

The Medium-Term Financial Plan (3 year budget) shows there is an underlying gap between spending (with spending reflecting the budget risk highlighted in the MTFS) and current assumed core funding, as a result of New Homes Bonus and the renewable energy business rates windfalls ceasing. We continue to await the outcome of the Government's Fair Funding Review, and reform of the Business Rates Retention System, to confirm the level of future savings.

There is capacity in reserves to smooth the impact of funding reductions and this proposed budget confirms the deferral savings until 2024/25, post LGR. However, the on-going use of reserves to support the revenue budget is not a long-term sustainable solution and therefore achievement of efficiency savings and additional income generation remain crucial.

The budget proposals include a number of discretionary growth bids, along with contingencies to support the LGR transition and on-going Covid impacts.

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

Recommendations:

It is recommended that:

1. **The revenue budgets, savings, capital programme and programme for Growth at Appendices A to E be approved;**
2. **Council Tax is frozen at £183.22 for a Band D property for 2022/23;**
3. **the formal Council Tax resolution set out in Appendix I be considered and approved;**
4. **the revised income bands for the Council Tax Support Scheme 22/23 as laid out in points 2.11 and 2.12 of the report are approved.**

Reasons for recommendations

To enable the Council to set its budget and Council Tax and agree revisions to the Council Tax Support Scheme for the coming financial year.

1. Introduction and background

1.1 On 21 July 2021, the government announced that the county, district and borough councils in North Yorkshire will be replaced by a new unitary council. The new council will begin to operate on 1 April 2023. This therefore means that the 2022/23 budget for Selby District Council will be its last.

1.2 This clearly has implications for the period covered by the existing Financial Strategy and removes the need for a budget beyond next financial year. However, the council is obligated to hand over its affairs to the new organisation in the best state it can, and this means continuing to tackle known budgetary issues.

1.3 The financial implications of Local Government Reorganisation (LGR) are not yet fully understood but locally agreed protocols on spending for all councils are now in place to ensure that the new council is aware of financial issues that will impact on it. However, the decision and other agreements do not affect the requirement on Selby District Council to set a legal budget for 2022/23 that addresses the Council's aims and objectives. It is also agreed that all existing councils will be responsible for their own backfilling and/or external support requirements in support of the implementation of the new Council.

1.4 The Council approved its Medium-Term Financial Strategy (MTFS) on 22 July 2021. The MTFS covers both General Fund activities and the Housing Revenue Account, and provides the strategic financial framework for annual budget setting and medium-term financial planning.

1.5 Details of the Government's final Local Government Finance Settlement were published on 7 February 2022 and have been included in the estimates.

1.6 The budget proposals include provision for known contractual risks identified in the MTFS and the resources needed to deal with on-going backlogs as a result of the Council's Covid recovery arrangements.

1.7 The MTFS also confirms the Council's strategic approach to securing financial sustainability by reducing its base net revenue budget in order to deliver services within its in-year resources; and investing 'one-off' or finite resources to stimulate local economic growth and achieve sustainable income through Council Tax and Business Rates growth.

1.8 The MTFS mid-case includes an assumed Council Tax increase of 1.99% for a Band D property. From the HRA perspective the MTFS includes a Consumer Price Index (CPI)+1% increase in housing rents.

1.9 The MTFS also confirms the Council's reserves strategy - fundamentally avoiding the use of reserves to support the on-going revenue budget which is not sustainable in the long term. Instead, it seeks to balance the set aside of sums to cover known commitments and financial risk, as well as earmarking resources to support delivery of the Council's Corporate Plan. However, with LGR from April 2023, the potential for service transformation and associated savings is now very different. In addition, internal capacity is diverted towards LGR implementation, the on-going response to Covid recovery and delivery of the Council's ambitious investment plans, consequently savings remain pushed back to 2024/25.

2. The Report

2.1 The Executive's proposed revenue budgets for the 3 years for 2022/23 to 2024/25 are presented at **Appendix A,** the capital programmes are shown at **Appendix D** and the Programme for Growth is at **Appendix E**.

General Fund Revenue Budget

2.2 The proposed budget includes provision for 'contractual' and other unavoidable rises in expenditure (e.g. inflation and changes in interest rates), as well as inflation on income from the Council's discretionary fees and charges. This includes:

- The current increase in inflation rates is expected to be relatively short term, with forecasts indicating general running costs will increase by 4% in 2022/23 reducing to 2.6% in 2023/24 and 2.1% in 2024/25. There is expected to be particular pressure on utilities and increases of 55% for gas and 38% for electricity have been built in for 2022/23. Insurance is expected to increase by 15%, primarily due to rebuild costs. The impact of increased interest in 2022/23 from the previously assumed baseline of 2% is an additional net cost of £358k.
- Low interest rates continue to impact on investment returns, with 2022/23 budget levels being £270k lower than pre-pandemic levels.an increase in Internal Drainage Board (IDB) levies of 8.7% over the 3 years to 2024/25 (Danvm IDB's levy is increasing by £53k or 10% in line with their equalisation plan) – taking the total levies from £1.759m in 2021/22 to £2.050m in 2024/25;
- A 2% provision for an annual pay award with the budget statement indicating an end to wider public sector pay restraint;
- The announcement of an increase in national insurance contributions by 1.25% increases employer contributions by £57k in 2022/23.
- a 5% vacancy factor to help mitigate the rising pay bill and manage other cost pressures within the budget

2.3 £192k of annual discretionary growth is included from 2022/23 **(see Appendix B),** including:

- Reduction in planning income by £143k to reflect longer term underlying trends
- Increase in planning enforcement resource £34k
- IT software costs for additional security £15k

2.4 In addition the following contingencies are also included:

- A contingency to deal with the on-going impacts of Covid - £750k was included in the draft budget, however, given the recent surge in the Omicron variant and the potential for further uncertainty ahead, the Executive consider it prudent to increase this up to £1m in 2022/23, with an additional £250k drawn from reserves;

- £750k one-off increase in staffing capacity and related support for the implementation of Local Government Re-organisation.

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

Local Government Finance Settlement

2.5 In October 2021 the Chancellor announced the outline proposals covered by the Spending Review. For local government there were announcements on increases in core spending power (driven in part by Council tax growth), additional grant funding, and business rate reliefs. The draft budget was based on the provisional settlement announced on 16 December 2021 and the proposed budget has now been updated for the final settlement published on 7 February 2022. The following are incorporated into the proposed budget for 2022/23:

- Business Rates Baseline funding £2,274k (safety net level) to reflect Selby's continued non-pool status in 2022/23 plus £251k of business rates multiplier compensation;
- New Homes Bonus – £1,647k (including £767k of legacy payments);
- Lower Tier Services Grant - £112k
- Rural Services Delivery Grant - £142k
- Services Grant (one-off) - £169k

2.6 For 2022/23 the proposed budget assumes the Council is at the safety net for the purposes of Business Rates Retention and therefore no Business Rates Growth is included. Beyond 2022/23 the funding system is subject to review. For 2022/23 onwards the estimates assume current Business Rates Baseline (plus inflation) with a small amount of growth included within the savings plan (£100k in 2023/24 plus a further £100k in 2024/25).

2.7 In 2021/22 the £9.2m of renewable energy business rates were transferred to the Business Rates Equalisation Reserve and then subsequently applied to the Programme for Growth as part of the MTFS approved by Council in July. For 2022/23 the Government has confirmed the further deferral of business rates system review/reset although the majority of these receipts continue to be at risk. Given the scale of the forecast deficits over the next 3 years, it is proposed that the estimated £9m receipts forecast to be received in 2022/23, are transferred to the Business Rates Equalisation reserve.

2.8 In line with indications from the Government, the MTFS and proposed budget assumes that 2022/23 will be the last year of the New Homes Bonus scheme. Whilst additional and unexpected new Homes Bonus has been announced for 2022/23, we continue to plan for the withdrawal of this income stream. Given the spending pressures facing the Council, the proposed budget applies New Homes Bonus to the revenue budget in the first instance.

Council Tax

2.9 The approved MTFS mid-case assumes a Council Tax increase of 1.99% for a Band D property for 2022/23. A 1.99% increase would take the Council average Band D charge from £183.22 to £186.87 (a rise of 7p per week) and generate an additional £119k in Council Tax income. However, due to the on-going impact of Covid-19 on our communities, the Executive propose to freeze Council Tax for a further year. This will mean £119k p.a. recurring reduction in income from Council Tax, against that assumed in the MTFS.

2.10 The tax base for Council Tax setting purposes is 32,768 - a 2.19% increase on 2021/22 which is more optimistic than that used in the MTFS – property growth continues to be buoyant despite the effects of the virus. The Council Tax yield is estimated at £6.004m for 2022/23. The budget also includes £99k Collection Fund surplus.

Council Tax Support Scheme 2022/23

2.11 The Council Tax Support Scheme (CTS) moved to an income banded scheme from the 1 April 2020 and this is working well, the scheme is easier for customers to understand and for the team to administer. We are therefore not proposing any major changes to the scheme. Within the scheme we retain the ability to review the income bands to ensure they remain appropriate. We have increased the scheme income bands from 1 April 2022 by 3.1% as this is the Consumer Price Index (CPI) for the relevant reference period (the year to September 2021). This is the % the Department for Work and Pensions (DWP) has used for increasing the benefit rates within their various benefit schemes. By allowing this increase in the income bands for CTS we would avoid customers falling into a lower discount band because of an increase in their benefits from the DWP, the overall cost of the CTS scheme would remain unchanged.

2.12 From 1 April 2022 the proposed income bands are:

Council Tax Reduction Level (before any non-dep charges applied)	Pass-ported	Single Weekly Income Band	Couple Weekly Income Band	Family with one child Weekly Income Band	Family with two or more children Weekly Income Band
100%	All Cases	£0.00 - £113.00	£0.00 - £165.00	£0.00 - £206.00	£0.00 - £268.00
75%	N/A	£113.01 - £160.00	£165.01 - £211.00	£206.01 - £253.00	£268.00 - £314.00
50%	N/A	£160.01 - £211.00	£211.01 - £263.00	£253.01 - £304.00	£314.01 - £366.00
25%	N/A	£211.01 - £258.00	£263.01 - £309.00	£304.01 - £361.00	£366.01 - £464.00

General Fund Summary

2.13 Taking the Council's overall service requirements and funding assumptions together, the estimated position for 2022/23 is summarised below with more detail at **Appendix A**:

General Fund	**2022/23 £000's**
Net Budget Before Contribution to/(from) Reserves	21,130
Contributions to Reserves	9,787
Contributions from Reserves	(8,307)
Net Proposed Revenue Budget	**22,610**
Funding	
Business Rates Baseline (safety net)	(2,275)
Compensation for under indexation of BR Multiplier	(251)
New Homes Bonus	(1,647)
Lower Tier Services Grant	(112)
Service Grant	(169)
Rural Services Delivery Grant	(142)
Renewable Business Rates Income	(9,064)
Council Tax (Tax Base 32,768 x Band D £183.22)	(6,004)
Collection Fund Surplus – Council Tax	(99)
Total Funding	**(19,763)**
Net Budget Deficit to be funded from BRER	**2,847**

2.14 Subject to the assumptions and risks within the budget, the General Fund Deficit after delivery of planned savings, is estimated at £2.847m for 2022/23. It is proposed that this be funded from the Business Rates Equalisation Reserve.

Housing Revenue Account Budget

2.15 The HRA budgets have been prepared using the same assumptions on pay and price inflation as included in the General Fund and assumptions on rent changes are based on the Government's formula. In 2022/23 the approved CPI+1% increase has been applied (4.1%). It is also assumed that any properties sold under right to buy will be replaced by properties being acquired or built under the housing delivery programme. These assumptions informed the latest refresh of the HRA Business Plan considered by the Executive in January 2022.

2.16 The proposed HRA budget includes no new bids for discretionary growth – our focus over the next year will be to deliver the ambitious improvement programme already in place.

2.17 The estimated position on the HRA for 2022/23 is shown below. The HRA savings plan has been deferred as a result of delays to implementation of the

Housing and Asset Management system and is now forecast in 2022/23. Opportunities for further efficiency will continue to be sought in order to maximise the resources available for investment in the service.

HRA	**2022/23 £000's**
Net Budget Before Contribution to/(from) Reserves	7,075
Contribution to Reserves	1,264
Net Proposed Revenue Budget	**8,339**
Less Dwelling Rents	(12,649)
Net Surplus available for Major Repairs	**(4,310)**

2.18 Before consideration of the Housing Investment Programme requirements, a surplus position is anticipated for 2022/23. HRA surpluses are used to fund the HRA investment programme, which are smoothed annually through transfers to and from the Major Repairs Reserve. Investment plans for 2022/23 total £16.3m and will require a £6.8m drawdown from the Major Repairs Reserve (MRR). There is potential for additional supplier risk which may result in increased prices. The programme will be kept under review and outputs will be flexed if required.

2.19 Looking ahead the refreshed HRA Business Plan sets out the long-term requirements for the Housing Revenue Account whilst balancing savings and investments within the context of a sustainable HRA. To this end, the proposed budget assumes that resources needed to support improvement in our housing stock will be drawn from reserves voluntarily set aside to repay self-financing debt. The HRA business plan which was approved on the 6 January 2022 considered options for debt repayment and changes have been incorporated into the Executive's proposed budget.

Savings

2.20 Delivering on-going efficiencies is a key part of the Council's 'Great Value' priority – being as efficient as possible and living within our means, whilst using the financial capacity created to generate long-term gains to improve outcomes for citizens. The MTFS identifies recurring savings of £2.8m (mid-case) - £4.4m p.a. (worst case) will be needed by 2024/25.

2.21 The Council's approach to savings covers three key strands:

- **Transforming** our business through the use of technology and flexible working to meet citizen and customer needs – the potential for further service transformation will be considered as part of longer-term planning for LGR;
- **Growing** our resources through investment in economic and housing growth to drive growth in Council Tax and Business Rates and through charging for services and trading externally;
- **Commissioning** from and with partners to achieve shared efficiencies and reduce the demand for public sector services.

2.22 However, organisational capacity is undoubtedly stretched as we continue to recover from the pandemic and tackling backlogs in some service areas means that capacity to deliver the savings required, is severely diminished. This coupled with the need to support LGR implementation and accelerate delivery of our approved investment programmes, means that savings have been profiled beyond 2023/24. With reserves earmarked to bridge the gap in the medium-term as the new Council establishes its transformation programme.

2.23 The savings plan has been reassessed as part of the budget process and the revised plan is set out at **Appendix C.** As a result of further delays to the reset of the business rates baseline growth of £100k p.a. year-on-year has been pushed back to 2023/24.

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

GF Savings Summary	**2022/23 £000's**	**2023/24 £000's**	**2024/25 £000's**
Low risk/completed	0	0	0
Medium risk/in progress	23	123	123
High risk/not started	0	100	1,384
New target – to be identified	0	0	2,052
Cumulative Savings	**23**	**223**	**3,559**
Annual Savings	**23**	**200**	**3,336**

HRA Savings Summary	**2022/23 £000's**	**2023/24 £000's**	**2024/25 £000's**
Low risk/completed	0	0	0
Medium risk/in progress	195	195	195
High risk/not started	0	0	0
New target – to be identified	0	0	0
Cumulative Savings	**195**	**195**	**195**
Annual Savings	**195**	**0**	**0**

2.25 The plan will continue to be monitored and progress against the current savings plan is presented at **Appendix C**.

General Fund Capital Programme

2.26 As stated previously, given LGR and the operational challenges associated with the on-going response to Covid-19 recovery, the General Fund capital programme includes previously approved projects and a bid for an additional refuse collection vehicle; only limited new growth is proposed at this time:

- ICT growth to ensure our systems remain fit for purpose as we plan

for the transition to the new council.
- Improvement works to the outdoor skatepark

Phasing of the programme is reviewed quarterly, and the latest capital programme is attached at **Appendix D.**

2.27 Much of the programme is of a relatively routine nature and accordingly, officers have authority to progress schemes based on the bid information previously submitted to Council. There are however, projects for which Detailed Business Cases will be required for Executive consideration before actual work commences. These are:

- Industrial Units improvement programme – a full review of industrial unit assets will be undertaken before expenditure is approved;
- Purchase of land;

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

2.28 There is limited room for additional revenue contributions to support the capital programme and therefore it is largely supported by capital receipts, external grants and earmarked reserves. The following table presents a summary of the programme (with indicative figures shown for 2024/25 for routine rolling programmes):

Programme	**2021/22 £000's**	**2022/23 £000's**	**2023/24 £000's**	**2024/25 £000's**
Asset Management	520	1,543	318	0
Grants & Loans	515	688	580	532
ICT Replacement	231	245	119	239
Waste Collection Fleet	191	0	0	0
Total Programme	**1,456**	**2,476**	**1,017**	**771**
Funding				
Capital Receipts	332	858	331	0
Grants	400	550	550	532
Reserves	533	1,068	136	239
Borrowing	191	0	0	0
Total Funding	**1,456**	**2,476**	**1,017**	**771**

2.29 Projects include: the enhancement of existing assets such as the car parks, play areas and industrial units; Disabled Facilities Grants and ICT projects. The latter cover a range of replacement and new systems, hardware and infrastructure – funding for ICT projects is covered by the ICT Replacement Reserve.

Housing Investment Programme

2.30 The Housing Investment Programme (HIP) includes the projects necessary to ensure our homes continue to meet the decency standard. Again the phasing of work is reviewed quarterly and the latest HIP is at **Appendix D**. Indicative programmes for 2023/24 and 2024/25 are taken from the business plan. Financing of the programme will be reviewed annually and should there be insufficient funding within the Major Repairs Reserve, adjustments to previous voluntary sums set-aside for debt repayment (Voluntary Revenue Provision - VRP) will be done in line with the business plan. The following is a summary of the programme:

Programme	**2021/22 £000's**	**2022/23 £000's**	**2023/24 £000's**	**2024/25 £000's**
Energy Efficiency Programme	856	541	555	567
Health & Safety Improvement	650	947	601	614
Property Refurbishment Prog	4,714	4,194	3,984	4,091
Community Centre Refurb	40	24		
Empty Homes Programme	600			
Investment Programme	881	956	468	478
Environmental Improvement Plan	40	68		
St Wilfred's Court Refurb		94		
Housing Development Programme	20	9,371		
Housing System		104		
Total Programme	**7,801**	**16,299**	**5,608**	**5,750**
Funding				
Major Repairs Reserve	7,181	6,824	5,608	5,750
IT Reserve		104		
Capital Receipts	4	1,874		
Homes England Grant	117			
S106 Commuted Sums	499	7,497		
Total Funding	**7,801**	**16,299**	**5,608**	**5,750**

2.31 As with the General Fund, much of the HRA programme is of a relatively routine nature and again officers have authority to progress schemes based on the information previously approved by Council. Projects for which Detailed Business Cases will be required for Executive consideration before actual work commences are:

- HRA new build programme

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

Programme for Growth

2.32 The ‘Programme for Growth’ is the Council’s strategic programme to support delivery of its Corporate Plan. The programme comprises a range of cross cutting projects designed to ‘make Selby a great place’. The current Programme was originally approved as part of the 2018/19 budget and regular progress reports have been presented to both Executive and the Overview and Scrutiny Committee. The Programme was extended in September 2020 to incorporate resources earmarked in 2019/20.

2.33 The latest approved programme totals £30.325m over the 7 years from 2017/18 to 2023/24. Latest forecasts show that, £11.58m will be spent by 31 March 2022, leaving £18.75m over the coming 2 years.

2.34 The Programme is funded by previously received New Homes Bonus and some business rates receipts from renewable energy facilities. In September 2021 full Council approved an extended Programme. The current budget is summarised below:

Programme for Growth	**To 2020/21 £000’s**	**2021/22 £000’s**	**2022/23 £000’s**	**2023/24 £000’s**	**Total £000’s**
Total Allocated to projects	3,365	3,555	7,981	8,580	23,481
Internal capacity	3,136	1,369	1,436	753	6,694
Unallocated		150			150
Total programme	**6,501**	**5,074**	**9,417**	**9,333**	**30,325**
Funding from Special Projects Reserve	6,501	5,074	6,567	9,333	27,475
Funding from Capital Receipts			2,850		2,850
Total Funding	**6,501**	**5,074**	**9,417**	**9,333**	**30,325**

2.35 **Appendix E** sets out the current programme. All spend is subject to Executive approval of detailed business cases. It should also be noted that circa £1.4m p.a. is committed to internal staff capacity. When programme funding is exhausted the budget assumes that capacity is released. Any necessary transitional costs would be met from reserves.

Reserves

2.36 The Council has a robust reserves strategy which is reviewed annually as part of the refresh of the MTFS. Reserves to fund commitments are replenished by regular revenue contributions to ensure they remain sustainable.

2.37 At the end of 2021/22 reserves for growth and improvement are forecast to include £15.901m for the Programme for Growth which is committed to staffing and projects. Reserves to manage risk include £11.805m from Business Rates to support the revenue budget (per MTFS) and £1.503m General Working Balance.

2.38 These earmarked reserves provide the financial capacity to fund budget deficits, the capital programmes and other irregular expenditure. Including the proposals within this budget for 2022/23 it is estimated that in total £11.258m will be required from General Fund reserves and £13.079m from Capital and Restricted reserves to fund on-going projects and new proposals.

2.39 The HRA reserves are General Balances and the Major Repairs Reserve (MRR) which are ring-fenced for the HRA. The HRA capital programme will require £6.824m from the MRR in 2022/23.

2.40 Contributions to reserves (including capital receipts) of £14.647m are forecast for 2022/23, which includes resources set aside to support future revenue budgets and subject to savings delivery, future investments.

2.41 A forecast of reserve balances based on the MTFS assumptions and proposed budget, is set out at **Appendix F**. As at 31 March 2025 reserves are forecast at:

Reserves	**Forecast 31 March 2023 £000's**	**Forecast 31 March 2024 £000's**	**Forecast 31 March 2025 £000's**
General Fund			
Commitments	3,714	3,672	3,672
Growth and improvement	9,757	384	384
Risk	20,853	17,422	14,080
Total General Fund Reserves	**34,324**	**21,478**	**18,136**
HRA			
Balances	1,500	1,500	1,500
Major Repairs	2,821	1,862	1,068
Total HRA Reserves	**4,321**	**3,362**	**2,568**
Capital receipts (from asset sales)	**1,359**	**1,529**	**2,029**
Restricted Funds (s106/CIL)*	**2,473**	**2,473**	**2,473**

**Subject to allocation*

3. Alternative Options Considered

The MTFS sets out scenarios and options for key assumptions including Council Tax. Whilst this report proposes a freeze in Council Tax for 2022/23, subject to the Government's referendum principles, reasonable alternatives for Council Tax are:

- 1.99% increase in the Band D charge from £183.22 to £186.87 - £3.65 p.a. and equivalent to 7p per week, which would generate additional receipts of £119k p.a.
- £5 increase in the Band D charge from £183.22 to £188.22 – 2.7% and equivalent to 9.6p per week, which would generate additional receipts of £160k p.a.

4. Implications

4.1 Legal Implications

4.1.1 The council is required to set a council tax for 2022/23 before 11th March 2022. It may not be set before all major precepts (i.e. precepts from the Police and Fire Authorities) have been issued or before 1st March 2022, whichever is the earlier. The decision to set the level of council tax is reserved to Council, although Executive has to recommend a budget to Council.

4.1.2 Before determining the level of the tax, the Council must estimate its proposed revenue expenditure, taking into account amounts required by way of contingency, any need to raise reserves and any other amounts which the Council is legally required to transfer between funds. It must also estimate its anticipated income, any relevant transfer between funds and any proposed use of reserves. It must then calculate the difference between the two which is the council tax requirement.

4.1.3 Members have a fiduciary duty to the council taxpayers and others in the local authority's area. Members have no authority to make anything other than a balanced budget. In reaching decisions on these matters, Members are bound by the general principles of administrative law - and must also balance the interests of service users against those who contribute to the Council's finances. The resources available to the Council must be deployed to their best advantage. Members must also act prudently. Members must also bear in mind their other statutory duties to have regard to certain matters when making decisions. In particular, the "equalities duty" to have 'due regard' to the need to eliminate discrimination and to promote equality when making decisions and the need to consider any crime and disorder implications of the decision.

4.1.4 Among the relevant considerations which Members must take into account in reaching their decisions are the views of business ratepayers and the advice of officers. The duty to consult representatives of non-domestic ratepayers on the Council's expenditure plans is contained in Section 65 of the Local Government Finance Act 1992.

4.1.5 Members must also have regard to, and be aware of, the wider duties placed upon the council by various statutes governing the conduct of its financial affairs. These include the distinction between revenue and capital expenditure and the requirement to set prudential indicators in line with capital investment plans that are prudent, affordable and sustainable.

4.1.6 Section 106 of the Local Government Finance Act 1992 makes it a criminal offence for any Member with arrears of council tax which have been outstanding for two months or more to attend any meeting at which a decision affecting the budget is to be made, unless the Member concerned declares at the outset of the meeting that he or she is in arrears and will not be voting on the decision for that reason. The Member concerned must not vote but may speak. The application of Section 106 of the 1992 Act is very wide and

Members should be aware that the responsibility for ensuring that they act within the law at all times rests solely with the individual Member concerned.

4.2 Financial Implications

4.2.1 The financial implications are set out in the report.

4.3.1 Policy and Risk Implications

4.3.1 As part of the annual budget process a risk assessment of the Council's major budgets is undertaken. The continuing uncertainty in the wider economy from the impacts of the pandemic and other issues, means greater uncertainty within the public sector funding regime, and therefore greater financial risk for the Council. Areas that are particularly high risk are central government funding and income (particularly on our leisure service) along with savings, and inflationary and demand led cost pressures – in services such as waste and recycling. The Programme for Growth includes £1.4m recurring internal staffing costs which are assumed to be released when the Programme funding is exhausted. Transitional costs would need to be funded from reserves. The MTFS also identified additional financial risk arising from inflationary pressures, Local Government Re-organisation and the on-going impacts of Covid-19 - contingencies are included in the budget proposals to manage these issues over the medium term.

4.3.2 The Council's earmarked reserves and general balances also provide a buffer for these risks and are crucial to ensure sustained financial resilience and viability. The budget assumes further receipts from renewable energy business rates in 2022/23 are earmarked for this purpose.

4.4 Council Plan Implications

The proposed budget aims to support delivery of the Council Plan'.

4.5 Resource Implications

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

4.6 Other Implications

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

4.7 Equalities Impact Assessment

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

5. Conclusion

5.1 Selby District Council's last proposed General Fund Net Revenue Budget for 2022/23 totals £22.610m. It assumes a Council Tax freeze for 2022/23 and after the application of Central Government funding, savings, and planned transfers to and from reserves is a deficit of £2.847m. The deficit is the result of the cessation of New Homes Bonus, on-going impacts of Covid-19, assumed increased costs of leisure services, and the impacts of Council Tax freezes.

5.2 It is proposed that £2.847m is drawn from the Business Rates Equalisation Reserve, to balance the budget as the majority of savings are deferred to 2024/25. £23k savings are forecast for the General Fund and £195k are forecast for the HRA.

5.3 The Business Rates Equalisation Reserve contains resources to support the revenue budget over the medium term, but the growing deficit means that significant savings will be required. The level of future savings will be reassessed as part of the transition to the new Council, following the outcome of the Fairer Funding Review and reset of the Business Rates Retention system.

5.4 For 2022/23 the Government has confirmed the further deferral of business rates system review/reset although the majority of these receipts continue to be at risk. Given the scale of the forecast deficits over the next 3 years, it is proposed that the estimated £9m receipts forecast to be received in 2022/23, are transferred to the Business Rates Equalisation reserve.

5.5 The budget also includes a capital programme to meet General Fund and HRA needs and includes the latest Programme of Growth – the Council's strategic programme which aims to deliver its Council Plan priorities, generating economic growth and sustainable income for the Council as core government funding reduces.

6. Background Documents

Medium Term Financial Strategy approved by Council July 2021.

7. Appendices

A – Revenue estimates (GF and HRA Summaries)
B – Growth
C – Savings
D – GF Capital programme and Housing Investment Programme
E – Programme for Growth
F – Reserves
G - Consultation responses
H - Extract from Policy Review Minutes 11/01/2022
I – Council Tax Supporting Information
J – Council Tax Resolution

K – Council Tax Schedule by Town and Parish Areas
L – Town and Parish Council Precepts

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GENERAL FUND SUMMARY 2022/23 - 2024/25
(INCLUDING GROWTH BIDS)

Appendix A

	2022/23 Original £	2023/24 Original £	2024/25 Original £	Comments
Leadership & Extended Leadership Team	903,470	864,930	881,720	Management Team.
Operational Services	4,084,130	3,968,870	3,988,750	Environmental Health, Property Management, Benefits & Taxation, Contact Centre, Strategic Housing.
Business Development & Improvement	1,733,960	1,678,680	1,653,270	ICT, Data & Systems, HR, Marketing & Transformation. Includes permanent bid for CivicaPay security and functionality.
Commissioning, Contracts & Procurement	4,799,640	4,858,760	4,953,380	Waste & Recycling Contracts, Grounds Maintenance & Leisure. Bids included for technical & legal support for Leisue Services and the Env Services Contracts. Due to the ongoing impact of Covid on the provision of Leisure Services the worst case impact not included in this statement could be £1.1m in 22/23, £825k in 23/24 and £550k in 24/25.
Community, Partnerships & Customers	366,560	230,450	215,210	P4G funded posts plus miscellaneous grants
Economic Development & Regeneration	479,510	252,870	45,150	P4G funded posts.
Planning	627,520	355,490	241,480	Development Management & Planning Policy (Local Plan). Includes bids for permanent reduction in planning fee income and Planning Enforcement Officer post.
Finance Services	2,462,950	2,563,220	2,654,480	Finance, Audit & Internal Drainage Boards
Legal & Democratic	681,360	694,110	708,210	Legal, Licensing & Dem. Services
Service Budgets	**16,139,100**	**15,467,380**	**15,341,650**	
CEC Charged to HRA	(2,815,790)	(2,858,190)	(2,914,000)	CEC to HRA
Net Service Budget	**13,323,310**	**12,609,190**	**12,427,650**	**Reducing mainly due to P4G contracts ending**
Investment Income	(400,000)	(378,470)	(405,710)	Includes reduction in investment interest due to low rates / covid-19
External Interest Paid	75,200	75,200	75,200	
Capital Adjustments	(224,830)	(225,690)	(226,520)	MRP / Depreciation
Capital Programme Costs Funded by Reserves	1,068,093	136,746	239,000	Capital Growth excluding P4G, to include new bids for Northgate Finance Software, PICK Protection, SAN Storage and Selby Skatepark
P4G Revenue Projects	0	0	0	Excluding Salaries included in Services above
P4G Capital Projects	5,315,733	8,908,063	0	
Contingencies	1,972,000	222,000	222,000	£100k operational contingency & £100k commissioning contingency. £22k addt contingency bid from 22/23 onwards and £750k one off support through LGR and £1000k one-off Covid Contingency
Net Budget before contribution to/(from) Reserves*	**21,129,506**	**21,347,039**	**12,331,620**	-
Contribution To Reserves				
Asset Management	200,000	200,000	200,000	Per MTFS
ICT	250,000	250,000	250,000	Per MTFS
Pension Equalisation Reserve	185,060	185,060	185,060	Contributions proportion of the pension revaluation saving
District Election	38,000	38,000	38,000	Per MTFS
Business Rates Equalisation	9,064,000			
Local Plan	50,000	50,000	50,000	Per MTFS
Contribution From Reserves				
District Election Reserve				
Asset Management	(823,573)	(17,746)		
Business Development Reserve	(168,140)	(40,000)		
Revenue Carry Forwards				
ICT	(329,520)	(204,000)	(324,000)	Finance system replacement rephased to 24/25 since MTFS
PFI	(195,510)	(204,980)	(214,640)	Updated per Year end model
Contingency	(100,000)	(100,000)	(100,000)	Funding for commissioning contingency - subject to annual review and sufficient funds in reserve.
Local Plan	(122,000)	(60,000)		
Programme for Growth	(6,567,963)	(9,332,743)		Remaining project and salary costs
NET REVENUE BUDGET	**22,609,860**	**12,110,630**	**12,416,040**	
NNDR	(2,525,624)	(2,419,817)	(2,568,213)	Safety net plus compensation cap in 22/23. Increase by 2% plus £100k additional rates in each of 23/24 and 24/25
New Homes Bonus	(1,646,921)	-	-	Per Final settlement
Lower Tier Services Grant	(112,480)			Per Final settlement
Services Grant	(169,499)	-	-	Per Final settlement
RSDG	(141,757)			Per Final settlement
Business Rates Collection Fund Deficit/(Surplus)	(9,064,000)			
Council Tax to be Levied	(6,003,753)	(6,184,460)	(6,370,606)	Based on tax base below
Council Tax Collection Fund Deficit/(Surplus)	(98,598)	-	-	
Shortfall / (surplus)	**2,847,228**	**3,506,353**	**3,477,221**	
Tax Base	**32,768.00**	**33,095.68**	**33,426.64**	
Band D Council Tax	**183.22**	**186.87**	**190.58**	

HOUSING REVENUE ACCOUNT SUMMARY 2022/23 to 2024/25

	2022/23 Original £	2023/24 Original £	2024/25 Original £	Comments
Operational Services	3,217,390	3,266,910	3,307,280	All salary costs removed (except Cleaners & Enforcement Officer), only inflation increases reflected.
Commissioning, Contracts & Procurement	118,610	122,570	125,140	Increase in grounds maintenance contract
Service Budgets	**3,336,000**	**3,389,480**	**3,432,420**	
CEC Recharges from GF	2,815,790	2,858,190	2,914,000	Reflects charges for salaries and overheads attributable to the HRA
Net Service Budget	**6,151,790**	**6,247,670**	**6,346,420**	
Capital A/c Adjustment Capital Chgs	(1,296,640)	(1,296,640)	(1,296,640)	Reversal of Depreciation Charges
Contingency	76,500	78,030	79,590	To support housing development costs / properties held for redevelopment
Debt Management Expenses	6,120	6,240	6,370	Support TM costs, part of NYCC contract
Investment Income	(42,500)	(34,030)	(44,290)	Based on MTFS assumptions
HRA Debt - Payment of Interest	1,901,410	1,901,410	1,901,410	Interest on borrowing.
Provision for Bad & Doubtful Debts	278,270	288,290	297,230	Assume increase in provision for tenants on benefits as a impact of Universal Credit
Net Budget before contribution to/(from) Reserves	**7,074,950**	**7,190,970**	**7,290,090**	
Contribution To Reserves				
Comp Development Cont	50,000	50,000	50,000	Contribution to ICT Reserve
HRA Debt - Voluntary MRP	1,214,280	1,214,280	1,214,280	Provision to repay self financing debt
NET HRA REVENUE BUDGET	**8,339,230**	**8,455,250**	**8,554,370**	
Dwelling Rents	(12,648,780)	(13,104,130)	(13,510,360)	CPI + 1% from 2020/21
Net Surplus available for Major Repairs	**(4,309,550)**	**(4,648,880)**	**(4,955,990)**	Transfer (to) / from MRR to meet demands of capital programme and new build

APPENDIX B

GENERAL FUND NEW GROWTH BIDS 2022/23 - 2024/25

Description	Strategic Theme / Priority	Revenue 22/23	Revenue 23/24	Revenue 24/25	Capital 22/23	Capital 23/24	Capital 24/25	Comments	Term	Funded From
Finance software - To secure a £20k annual capital investment to maintain our current software based on the upgrades/development roadmap received from the software supplier. The software is key to how we develop the Finance Software Suite from Advanced Business Solutions comprising of E-Financials, Collaborative Planning & E-Procurement in the future to meet our aims and aspirations of a council. Software development will allow us to: - cut costs by automating routine tasks - improve efficiency of staff - streamline business operations - replace paper processes - communicate more effectively with customers, suppliers or partners	Working with others and co-developing The way in which services are delivered Helping people to access services digitally. This work will help us to continually improve value to money in The business whilst ensuring that we do things efficiently, with increased productivity				20,000			The Northgate software is integral to the integration and rationalising of software systems at the council. The majority of staff across the business areas will use a Northgate application everyday. Failure to develop a key critical software system would mean: increased costs by 'workround' routine tasks inefficiency of staff increased paper processes reputation issues with customers, suppliers or partners non-compliance with legislation	One off	ICT
Net Cost of Bid		**0**	**0**	**0**	**20,000**	**0**	**0**			
to secure a £8k annual capital investment to maintain our current PICK Protection software	Working with others and co-developing the way in which services are delivered				8,000			The Personal Guardian App is a lone worker solution that can be placed on any smartphone. It gives peace of mind to both employees and employers. It allows employees to proactively protect themselves from day to day risks and raise an alarm in the event of an emergency by ether pressing a button linked via Bluetooth or via the app directly. Employees are protected 24/7 by Pick Protection's BS: 8484 Alarm Receiving Centre The Council's lone worker policy states that those considered at medium or high risk when working alone should use the App. For example the trades team, Neighbourhood Officers, Planning offices, Lifeline operatives. Etc. For more information see the council's lone working policy	One off	ICT
Net Cost of Bid		**0**	**0**	**0**	**8,000**	**0**	**0**			
SAN Storage . This is the Council's Storage Area Network which is the underlying disk space for all our servers, systems and data. This cost is to replace the existing storage which is approaching end of hardware support life with storage on the NYCC SAN.	Digital Foundations: is about how we will work with others to update our infrastructure and ensure that our technology is resilient, sustainable and secure. Technology and the digital world moves fast, working with our partners to provide a simple and standardised infrastructure will keep costs low and ensure we are able to respond quickly to changing needs.					30,000		**Modernise the ICT infrastructure to improve resilience and security.** Modernise the ICT infrastructure to improve service availability (24/7/365), increase resilience to cyber-attack and ensure risk based and proportionate levels of information security. **Simplify the ICT estate** Streamline internal systems and processes, reduce the number of applications, increase the commonality of applications and move towards a single platform **Better use of data** Managing and using data securely and appropriately; improving data discovery tools; removing barriers to effective data use; and make better use of data to improve decision making The existing SAN is approaching end of hardware support life, meaning it will no longer be supported by the supplier. If the hardware is not under support and maintenance then all the Council's servers and systems could potentially stop functioning in the event of a storage system failure.	One off	ICT
Net Cost of Bid		**0**	**0**	**0**	**0**	**30,000**	**0**			
This bid is to cover the revenue costs of owning and managing the sites that the Council is acquiring around Selby station to deliver the land use changes and improvements that form the Selby Gatework TCF project	The Selby Gateway TCF project is the Council's priority regeneration scheme and acquisition of these sites by the Council is essential to deliver the project and its transformational benefits	30,000 -50,040	23,000 -16,190	16,000				These costs will include business rates, limited maintenance / insurance / utilities ahead of the sites being cleared to deliver the TCF proposals from late 2022 to late 2023. There will also be limited costs in extending current car parking enforcement and management arrangements to the car park at the Selby Business centre site. There will be income from the business units and car park at the Selby Business centre site which will help to cover the costs in the first year, but there is a requirement for additional funding for years 2 and 3 once the income from the Business centre comes to an end. There may be longer term low value revenue costs associated with the use of these sites beyond implementation of the TCF proposals - although most will form public realm.	One off	P4G Contingency
Net Cost of Bid		**-20,040**	**6,810**	**16,000**	**0**	**0**	**0**			
Technical and Legal support for procurement of replacement Environmental Services Contract	Environmental Services	50,000	20,000					The current Environmental Services Contract is due to expire on 31st March 2024. The Council will need to replace the contract and be in a position to award a replacement by 30th June 2023 to allow for mobilisation. Tender documents will be required to be developed for issue to the market by 30th September 2022 and for return 31st December 2022 with evaluation by the end of March 2023. Post tender clarification and compiling contracts for signature run from March 2023 to June 2023. The Council currently provides Environmental Services via an outsourced contract and therefore requires a contract succession strategy for this statutory service. Based on current contract values it is estimated a total contract cost for an extended contract would be in the region of £60 million.	One off	Bus Dev Reserve
Net Cost of Bid		**50,000**	**20,000**	**0**	**0**	**0**	**0**			

Description	Strategic Theme / Priority	Revenue			Capital			Comments	Term	Funded From
		22/23	23/24	24/25	22/23	23/24	24/25			
Technical and Legal support for procurement of replacement Leisure Services Contract	Leisure Services	50,000	20,000					The current Leisure Services Contract is due to expire on 30th September 2024. The Council will need to replace the contract and be in a position to award a replacement by 31st December 2023 to allow for mobilisation. Therefore, Tender documents would be required to be developed for issue to the market by 31st January 2022 and complete an evaluation by end March 2023. Post tender clarification and compiling contracts for signature run from March 2023 to September 2023. The Council currently provides leisure services via an outsourced contract and therefore requires a contract succession strategy. In addition any replacement strategy would need to recognise options for future use of current unused assets that may have no alternative uses.	One off	Bus Dev Reserve
Net Cost of Bid		**50,000**	**20,000**	**0**	**0**	**0**	**0**			
Reduction in base budget for Planning Income without a corresponding reduction in workforce	Ensuring that Selby is 'a great place to live'. It is also relates to the core values about being customer focused.	143,000	143,000	143,000				Planning income is difficult to predict as it is subject to the variations of the development sector and can be disproportionately impacted by a small number of larger major applications (e.g. recent single fees of £100-200k+ for Kellingley and 2 large scale solar farms). The delivery of Planning Income is essentially an estimate of predicted levels of developer activity. It is therefore influenced by market forces (and other external factors such as covid impacts) that are outside the Council's control. The Income target was reduced in 2020/21 to reflect the impacts of covid and cannot be seen as a typical year. The target for 2021/22 is £906k. The 2021/22 year to date reflects the uncertainties in predicting planning income with a slow start in the first 4 months but as a result of 2-3 very large fees in recent months the income is likely to exceed the £906k target this year. However this cannot be seen as a typical year. For 22/23 the target set is currently £1.049m. If we discount 20/21 and 21/22 as being typical years because of Covid impacts then the best way to establish a reasonable baseline budget for 22/23 is to look at the average income for the previous 5 years (2015/16 to 2019/20). The average income for these five years was £887k pa. It is for this reason we are asking for the budget to be retained at the current level of £906k (rather than increasing to £1.049m) to more accurately reflect the five year average income trend. It is also important to stress that there is not necessarily a direct correlation between income and workloads. A high number of small to medium size applications may for example generate a considerable amount of work but at the same time not generate high income levels. A small number of very large applications may generate an income surplus. We know that workloads and number of applications are higher than pre-pandemic levels with a concentration of smaller applications, a few 'super majors', but with less of the normal sized 'major' applications (e.g. medium scale housing schemes). The Planning Review only just recently fully implemented benchmarked workloads to the establishment needed to deliver these workloads – and set staffing number appropriately. There is no scope to reduce the workforce to reflect the lower income levels proposed without having a negative impact on the performance and progress in tackling the backlog.	Perm	Revenue
Net Cost of Bid		**143,000**	**143,000**	**143,000**	**0**	**0**	**0**			
Extension of Planning Enforcement Officer post	The post directly delivers on the Council Strategic Priorities particularly ensuring that Selby is 'a great place to live'. It is also relates to the core values about being customer focused. In addition Planning Enforcement is a long standing Member priority.	34,070	34,750	35,450				The Planning Enforcement Team currently has 356 live cases. Since the beginning of May around 174 new cases have been generated and 226 closed. This has allowed the team to eat into the backlog by around 35%. This reduction has been achieved by two Principal Officer (one agency contractor funded until December 2021); one Senior Planning Enforcement Officer and two Planning Enforcement Officers. One of which is on a temporary contract seconded from Environmental Health. This post was initially funded through monies acquired from central government following a bid process. This funding came to an end in May 2021 and further funding was provided following approved for 2021/22. There is a need to continue to make progress against the backlog, but in addition given the number of cases being generated it is likely that the core operating capacity of the team needs to around 250 cases. This post along side the posts in the establishment would allow this level of work to be handled in appropriate and timely customer focused manner.	Perm	Revenue
Net Cost of Bid		**34,070**	**34,750**	**35,450**	**0**	**0**	**0**			
CivicaPay. Like for like replacement but bringing in additional security and functionality	By implementing the hosted e-payments and income management solution this will help SDC deliver greater automation, efficiency gains whilst at the same time providing service improvements to the customer working towards the Digital Transformation agenda.	15,000	15,000	15,000				CivicaPay utilises Microsoft technology bringing power and ease of use directly to the desktop. By using browser based technology and extending the use of the software directly to the citizen the economies of "self-service" can truly be realised in terms of resource, cost and contact key performance indicators.In Civica's hosted platform, the card data is captured, processed and stored entirely in Civica's data centres. No Cardholder data is exposed to our customer environment at any juncture. Through the Digital Transformation Agenda the purchase of this software will enhance the customer experience through increased/improved "self-service" when paying for goods/services from the Council.	Perm	Revenue
Net Cost of Bid		**15,000**	**15,000**	**15,000**	**0**	**0**	**0**			

Description	Strategic Theme / Priority	Revenue			Capital			Comments	Term	Funded From
		22/23	23/24	24/25	22/23	23/24	24/25			
To improve and enhance the outdoor skatepark adjacent to Selby Leisure Centre, Scott Road, Selby.	This project supports the corporate priorities of making Selby a great place to live and a great place to enjoy. This project supports the corporate principles to be Community-focused "We will empower and involve people in decisions about their area and their services"				150,000			The skatepark although well used has not received any investment since the ramps were replaced at the time the Summit building was constructed. The skatepark has no dedicated lighting or CCTV and has old fencing along all four sides with baffle boards along the base of the fencing to a height of about 1.5metres creating blind spots. The skate park on generally regular occasions over the last five years has attracted anti-social behaviour. We wish to look at a co-design approach with the community to enhance safety and attract self regulation, revenue implications to this bid are managed within the leisure provision contract through IHL. This bid is for funding to: - complete community engagement and co-design - remove the fencing at the front and rear of the skatepark - install and repair dedicated lighting and CCTV - make good existing, and install additional ramps	One off	Asset Management Reserve
Net Cost of Bid		**0**	**0**	**0**	**150,000**	**0**	**0**			
Total Value of new GF Bids		**272,030**	**239,560**	**209,450**	**28,000**	**30,000**	**0**			

Funding	**22/23**	**23/24**	**24/25**	**22/23**	**23/24**	**24/25**
ICT Reserve	0	0	0	28,000	30,000	0
P4G Reserve	-20,040	6,810	16,000	0	0	0
Asset Management Reserve	0	0	0	150,000	0	0
Capital Receipts	0	0	0	0	0	0
Business Development Reserve	100,000	40,000	0	0	0	0
Revenue	192,070	192,750	193,450	0	0	0
Total	**272,030**	**239,560**	**209,450**	**178,000**	**30,000**	**0**

Appendix C Planned Savings

Strategic Category	Lead	General Fund - Potential Saving	2021/22 Planned Savings £000's	2022/23 Planned Savings £000's	2023/24 Planned Savings £000's	2024/25 Planned Savings £000's	Commentary	Current Risk
Growing resources	Suzan Harrington	Asset rationalisation	0	0	100	100	This saving relates to the lease for the Contact Centre at Market Cross Selby. The saving will be realised when the lease expires in November 2022 but some remedial work may be required and it has therefore been reprofiled to 2023/24.	Medium
Growing resources	Dave Caulfield	Business Rates Growth	0	0	100	200	The Council's Economic Development Strategy will proactively foster new inward investment and indigenous business growth. This 'saving' is however high risk due to uncertainties regarding the BRR system reset. This cautious target assumes that the reset brings the Council out of its current safety net position and enables modest year on year growth to be realised. Delays to business rates retention system reset mean that this target is delayed a further year and proposed targets have been reprofiled accordingly.	High
Growing resources	Suzan Harrington	Summit alternative use	0	0	0	282	Assumes alternative use that brings in equivalent net funding. Profiled to 2024/25 due to current market conditions	High
Growing resources	Suzan Harrington	Green waste collection	0	0	0	740	Consider charging for garden waste collections - Government's waste strategy may ultimately over-rule this but this saving assumes implementation of full cost recovery of relevant/allowable costs	High
		Total Growing Resources	**0**	**0**	**200**	**1322**		
Transforming	Suzan Harrington / Alison Hartley	Process improvements /on-line transactions	0	0	0	162	The Channel shift project is currently being delivered and savings from this are starting to be recognised. Further programmes to role out digitalisation are delayed due to covid-19, and any potential benefits from this may not be made in the short term due to additional workload pressures as a result of the pandemic across the Council. Saving reprofiled a further year to 2024/25.	High
Transforming	Suzan Harrington	Introduce CT Penalty Scheme - NEW	5	5	5	5	Council Tax Penalty Scheme was not being enforced due to covid-19 but has now been reintroduced from 21/22.	Medium
		Total Transforming	**5**	**5**	**5**	**167**		
Commissioning	Suzan Harrington	Contract renegotiations	18	18	18	18	Various procurement related savings	Medium
		Total Collaboration & Commissioning	**18**	**18**	**18**	**18**		
		Total	**23**	**23**	**223**	**1,507**	Potential for balance to be delivered through LGR	

Target (MTFS 'Mid Case') £000	**23**	**23**	**223**	**3,559**
Low Risk £000	0	0	0	0
Medium Risk £000	23	23	123	123
High Risk £000	0	0	100	1384
Balance to be delivered through LGR £000	-	-	-	2,052
Total	**23**	**23**	**223**	**3,559**

Strategic Category	Lead	HRA - Potential Saving	2021/22 Planned Savings £000's	2022/23 Planned Savings £000's	2023/24 Planned Savings £000's	2023/24 Planned Savings £000's	Update/Comments	Current Risk
Transforming	Suzan Harrington	Process improvements /on-line transactions	0	195	195	195	The new housing/asset management system is in the process of being implemented and went live in 2020/21.	High
		Total	**-**	**195**	**195**	**195**		

Appendix D : 2021/22 Selby District Council Capital Programme - To 30 November 2021

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	Approved Programme & Carry Forward Proposal: Forecast 22/23	Forecast 23/24	Forecast 24/25
Transforming Customer Services	106,575	106,575	79,931	5,429	-74,502	106,575	0	0	Covid-19 and other delays have prevented the start of work on the reception alterations delaying the contact centre move. The Call Centre continues to operate from the first floor extension at the Civic Centre and face to face appointments are being offered for the most vulnerable customers. Due to LGR, a reassessment is taking place of the requirement for wholesale changes to the Civic Centre reception and are now looking at modifying existing meeting rooms to ensure face to face services can be delivered effectively.			
Website Development	10,000	10,000	0	0	0	10,000	0	0	This project is to enhance the platform to allow for future development of the website. Currently reviewing the scope of this projects with NYCC / LGR on the horizon & a decision will be taken in Q4.			
GIS System	31,380	31,380	23,535	1,600	-21,935	9,000	22,380	-22,380	This project forms part of the Contact Centre re-opening project. This capital budget will fund the software requirements as required. Committed £7k for Lone Worker software from PICK Protection & £2k GIS licences. The balance is requested to be carried forward to next year to fund the Contact Centre arrangements.	22,380		
Benefits & Taxation System upgrade	21,380	21,380	16,035	2,852	-13,183	15,000	6,380	-6,380	This budget is linked to software upgrades supporting Channel Shift as part of the Digital Strategy. The forecast has been reduced to £15k to cover upgrades in relation to the annual billing process, the remaining budget can be carried forward ot next year.	21,380	15,000	15,000
IDOX Planning System	15,000	15,000	11,250	1,000	-10,250	10,000	5,000	-5,000	To support the IDOX suite of software applications for upgrades and patches as part of the IDOX Roadmap. This ensured that we remained PSN compliant throughout 2021/22. The forecast has been reduced to £10k for the anticipated updates required in January with the balance requested to be carried forward.	20,000	15,000	15,000
ICT - Servers	30,000	30,000	22,500	24,912	2,412	30,000	0	0	Renewed Sophos Cybersecurity to September 2023 at a cost of £28k (pending receipt of the invoice).			
ICT - Software	4,694	4,000	4,000	4,000	0	4,000	0	0	Budget committed to the Digital Workforce Project and the implementation of Microsoft 365 Tools - training has now been completed and the final invoice has been paid for £4k, no further costs will be incurred.			
Adobe Licence Replacement	15,000	15,000	0	0	0	15,000	0	0	Licences replacement programme due 2021/22 with the invoice being paid in Q4.			
Finance Software	0	0	0	0	0	0	0	0	Capital investment to maintain the current software based on the upgrades/development roadmap received from the software supplier.	20,000		
PICK Protection Software	0	0	0	0	0	0	0	0	Capital investment to maintain our current PICK Protection software	8,000		
SAN Storage	0	0	0	0	0	0	0	0	The Council's Storage Area Network which is the underlying disk space for all our servers, systems and data. This cost is to replace the existing storage which is approaching end of hardware support life with storage on the NYCC SAN.		30,000	
Finance System Replacement	0	0	0	0	0	0	0	0	Replacement for the finance system has been reforecast into 2022/23.	0		150,000
Committee Management System	3,000	3,000	0	0	0	3,000	0	0	ModernGov software upgrade expected in Q4 2021/22 as part of legislative changes			
Upgrade to Assure from M3	8,500	8,500	6,375	5,000	-1,375	8,500	0	0	This budget is to migrate from M3 to Assure software as part of the Digital Transformation programme. The Assure migration is expected to Go Live in Q4 2021/22 with the balance of the invoice to be paid.			
Cash receipting System	32,500	32,500	0	0	0	32,500	0	0	Income Management Software replacement project. The budget for this project will be used for the capital purchase of the system, training and consultancy on the new software due to GO LIVE in Q4 2021/22.			
Northgate Revs & Bens	3,600	3,600	0	0	0	3,600	0	0	Budget required for system upgrades following legislative changes in Q4 in relation to e-billing in line with the Digital Strategy			
Asset Management Plan - Leisure & Parks	47,891	47,891	35,918	4,732	-31,186	47,891	0	0	Works have been completed to the water tank at Selby Park, the car park at Tadcaster Leisure Centre and some glazing work at the same site. Further works are scheduled this year but not yet completed.	9,005	17,746	

Appendix D : 2021/22 Selby District Council Capital Programme - To 30 November 2021

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 22/23	Forecast 23/24	Forecast 24/25
Committee Room Microphone system	65,000	65,000	0	0	0	0	65,000	-65,000	Specification is written and tenders have been invited and are with Procurement for review for the Committee Room microphone system, should this project be completed the system will not be progressed until 2022/23, it is therefore requested this budget be carried forward. Consideration is also being given to alternative options such as renting equipment following LGR, in all likelihood this equipment will still be required at the Civic Centre irrespective of the LGR outcome.	65,000		
Car Park Ticket Machines	22,473	22,473	16,855	9,704	-7,151	22,473	0	0	Implementation of the revised car park tariffs was delayed whilst technical issues relating to acceptance of card transactions was resolved. Implementation of the associated machine upgrades is now completed and operational and we are awaiting final invoices.			
Industrial Units Maintenance	25,000	25,000	18,750	0	-18,750	25,000	0	0	An initial report detailing the options has been provided to LT for consideration. Further work is now required to develop a formal business case for each option. Given the nature of the options being considered it is considered inappropriate to seek approval to invest the existing capital funds at this time. Improvements to the industrial units are subject to the outcome of a report to Executive in respect of the future direction. We are awaiting information regarding demand from colleagues in ED to inform the recommendations of the report. Progress has been delayed in respect of provision of demand information due significant resource pressures resulting from further Covid19 restrictions and additional support requirements for local businesses. The forecast has been revised to £25k 21/22 for completion of the building surveys & immediate remidation costs with the balance in 22/23.	229,400		
Industrial Units Investment	0	20,000	15,000	0	-15,000	20,000	0	0	New Bid approved at Council on 22 July 2021. Major updating of industrial units including energy efficiency, panel erosion and refurbishments. We are currently working with our EPC Assessor to establish the nature and scale of works required to achieve the minimum required energy efficiency standards required to bring out industrial units back int use. Following completion of this work, a specification will be developed and issued to the market. Due to capacity issues with the team however is not anticipated this will occur until Q4, with works commencing in Q1/Q2 of 2022/23. The forecast is therefore requested to be reduced to £20k for the current year with the balance of this years budget being forecasted into 2022/23.	620,163	300,669	
Car Park Improvement Programme	520,168	150,000	112,500	19,865	-92,635	100,000	50,000	-50,000	Work to progress improvement to Back Micklegate and Micklegate car parks is delayed in order to maximise funding options through external funding bids such as the Heritage Action Zone funding; however delays have also been encountered due to discussions with Landowners. Plans to focus delivery on Portholme Crescent whilst these issues are addressed have been scaled back to enable the space to be utilised as a walk-in testing centre for Covid-19. Work to install the first of Electrical Vehicle Charging Points (EVCP) is now complete, with points in South Parade and Back Micklegate car parks operational. We are working closely with colleagues in the Economic Development and Regeneration team to maximise funding available for improvements at Britannia car park, Tadcaster. It is anticipated tenders will be issued in January. The forecast has been amended to reflect ongoing delays around the Back Micklegate development.	420,168		
ICT - Channel Shift 2 Website & Intranet	16,720	16,720	12,540	2,900	-9,640	16,720	0	0	Citizens Access Portal (Revenues) has gone live in Q3 2021/22, Citizens Access Portal (Benefits) is anticipated in Q4 2021/22. The remaining budget will be used for e-forms development through 2021/22.			
ICT - Channel Shift 3 Website & Intranet	18,000	18,000	0	0	0	0	18,000	-18,000	Channel shift Phase 3 - Housing management CX Portal project which has been delayed will commence throughout 2021/22 once Channel Shift 2 has been completed and the Civica CX Phase 2 project has commenced. As a result of the delays on these projects Channel Shift 3 will not now commence until 2022/23, it is therefore requested this budget be carried over to next year.	18,000		

Appendix D : 2021/22 Selby District Council Capital Programme - To 30 November 2021

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 22/23	Forecast 23/24	Forecast 24/25
ICT - Disaster Recovery Improvements - Software / Hardware	17,790	17,790	0	0	0	17,790	0	0	This budget is for improvements aligned to Microsoft requirements & Disaster Recovery Improvements in 2021/22. A number of Oracle server upgrades will be required throughout the year to ensure that they remain compatible following software upgrades. Upgrades will take place in Q4 to align to softare changes.			
ICT - End User Devices - Software / Hardware	54,760	54,760	41,070	16,103	-24,967	44,000	10,760	-10,760	Budget is required for replacement hardware in relation to the digital workforce strand of the digital strategy. £44k has been raised as an order, some of which have been delivered, however we are waiting for devices to be delivered for Cllrs and new starters and central stock, due to delivery issues this is anticipated for delivery in Q4. The remaining is requested to be carried forward for high spend items such as monitors especially with any breakages and return to workplace requirements to support a soft hybrid environment - jabras/ cameras etc.	60,260	49,500	49,500
ICT - Digital Workforce - Telephones - Mobile Working	11,770	11,770	0	0	0	11,770	0	0	Budget is for replacement Mobile hardware in relation to the digital workforce strand of the digital strategy. A further 25 trades tablets are being purchased for rollout this year as current tablets are nearing end life and require and upgrade. It is anticipated these are received in Q4.	9,500	9,500	9,500
South Milford Retaining Wall	15,000	15,000	0	0	0	0	15,000	-15,000	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). As progress has not yet been made we request this budget is carried forward into the next year as it is currently unknown how long the process will take.	15,000		
Waste Collection Fleet	200,000	190,570	190,570	186,495	-4,075	190,570	0	0	The additional RCV was delivered at the end of November and is now in use. Final invoices are being reviewed and there may be a small balance remaining and not required at the end of the review.			
Council Play Area Maintenance	197,730	197,730	148,298	0	-148,298	197,730	0	0	Works at Grange Road have been completed and the site reopened w/c 29th November. The tenders for the remaining sites in this project will be issued next week with the works starting with Charles Street and continuing over the next two years.	100,000		
Replacement of Vehicle Fleet	3,510	0	0	0	0	0	0	0	The Council's replacement commercial vehicle fleet has now arrived and is fully operational. The forecast has been updated to nil as all outstanding invoices have now been received.			
Purchase of Land	937,500	0	0	0	0	0	0	0	This budget has been removed as part of the MTFS approval			
New Build Projects (Loans to SDHT)	2,800,000	0	0	0	0	0	0	0	This budget has been removed as part of the MTFS approval			
Outdoor skatepark adjacent to Selby Leisure Centre	0	0	0	0	0	0	0	0	The skatepark although well used has not received any investment since the ramps were replaced at the time the Summit building was constructed. We wish to look at a co-design approach with the community to enhance safety and attract self regulation, revenue implications to this bid are managed within the leisure provision contract through IHL. This capital programme is for funding to: - complete community engagement and co-design - remove the fencing at the front and rear of the skatepark - install and repair dedicated lighting and CCTV - make good existing, and install additional ramps	150,000		
Private Sector - Home Improvement Loans	27,720	30,000	22,500	11,896	-10,604	30,000	0	0	RAS Loans remain an important tool in providing support for emergency repairs in homes owned by vulnerable people. We have completed 4 RAS loans in the first two quarters of 2021/22, 3 for new heating and hot water systems (including our first private sector air source heat pump) and 1 for a new bathroom. There are 4 new roof loans that are currently delayed due to contractor workloads but these should all complete during quarter 3. Historically, RAS loans are repaid to the council upon sale of the property allowing them to be recycled into new loans. This allows more vulnerable households to receive the help they need. We have so far received 1 repaid loan in 2021/22. In the whole of 2020/21 we received 3 repaid loans. New Bid approved at Council on 22 July 2021 for an additional £30k allocation per annum over the next 3 years to 2023/24. Approval is sought to revise the current year forecast to £30k and carry forward the balance into 2022/23.	57,720	30,000	

Appendix D : 2021/22 Selby District Council Capital Programme - To 30 November 2021

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 22/23	Forecast 23/24	Forecast 24/25
Empty Property Grants	84,886	84,886	63,665	19,152	-44,513	84,886	0	0	Empty Homes Grants remain popular and are an excellent way of sourcing private rented accommodation for vulnerable households at risk of homelessness. We have completed 1 Empty Homes Grants in the first quarter of 2021/22, which provided a three bedroom house to a homeless family. Progress on other schemes has slowed although a further 3 grants should complete in quarter 3 and discussions are on-going regarding a possible 2 further conversion schemes that will hopefully progress to full grants thus ensuring that our private rented portfolio for homeless households continues to grow.	80,000		
Disabled Facilities Grants (DFG)	813,357	471,544	353,658	194,133	-159,525	400,000	473,904	-71,544	Covid-19 and supply chain delays remain an issue for contractors, increasing costs and causing delays in completing adaptations. Due to the substantial budget £814k (DFG grant £503k- £311 carry forward) the additional temporary Technical Officer has been (recruited for 2 days a week) has been extened for a further 3 months. It remains difficult to forecast an accurate outturn but the aim is for at least a 75 completions in 21/22 compared with 50 last year, YTD we have completed 48. The reduction in the outturn is based on current spending with the majority of jobs being lower costing Level Access Showers. The balance of the forecast is requested to be phased over the next 3 yrs.	550,000	550,000	531,981
Total General Fund	**6,160,904**	**1,720,069**	**1,194,949**	**509,773**	**-685,176**	**1,456,005**	**666,424**	**-264,064**		**2,475,976**	**1,017,415**	**770,981**

Appendix D : 2021/22 Selby District Council Capital Programme - To 30 November 2021

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 22/23	Forecast 23/24	Forecast 24/25
Housing & Asset Management System	103,660	103,660	0	0	0	0	103,660	-103,660	The remaining capital balance is expected to be paid following the Phase 2 project completion in August 2022. This budget is therefore requested to be carried forward due to the delay in Phase 2.	103,660		
St Wilfrid's Court	93,733	0	0	0	0	0	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. Government changes to the roadmap for easing restrictions has meant works to finalise the scoping works and subsequent issue of tenders was progressed as planned. Further delays have been experienced due to a lack of capacity within the team, which we are seeking to address through the ongoing restructure process. Given the ongoing upward pressure on materials and labour costs however, it is unlikely we would be able to deliver the improvements required within the available budget; hence a decision has been made to delay tender issue until next financial year when indications suggest the market pressures may have stablised.	93,733		
Environmental Improvement Plan	108,152	40,000	30,000	0	-30,000	40,000	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 was delayed due to Covid-19. Of the 6 sites this budget is supporting one site is due for completion in Q3, with a further site hoped to go to be completed by the end of the financial year. Works on the remaining 4 to be completed in 2022/23. The forecast has been adjusted accordingly with the estimated level of spend for this financial year.	68,152		
Housing Acquisition and Development	1,701,273	2,000,273	0	0	0	20,000	1,980,273	-1,980,273	Programme for the development of HRA properties on phase 2 small sites, Starts on these sites has been delayed due to Covid and is anticipated in 2021/22. Work including, feasibility studies, asbestos surveys and garage clearance has been completed. Planning permission for development of three schemes has now been secured. Planning permission for the fourth scheme forming part of the package of works to be tendered has been delayed. This has resulted in a subsequent delay to the issue of the tender package originally anticipated in Q2. It is hoped planning permission will now been determined in Q3 with tenders to be issued in Q4. This budget is also allocated to the purchase of S106 properties. As a result of the delays experienced the majority of the budget has been forecasted to spend in the next financial year. New Bid approved at Council on 22 July 2021. To extend the New Build/Acquisitions programme to maximise spend of s106 affordable housing commuted sums. Spend subject to 'self-financing business case'. The forward forecast has yet to be determined as the position of the schemes is yet to be confirmed.	9,371,273		
Community Centre Refurbishment	64,377	64,377	0	0	0	40,000	24,377	-24,377	Work to identify requirements outlined for other community centres under the FRA process is required. Progress on delivery of the programme was paused whilst we addressed other priority works which have been generated as a result of the various service suspensions resulting from Covid-19. We are now currently in the process of agreeing a programme of works to upgrade Fire Safety measures in a number of our community centres, the contract has now been let. Works are anticipated to commence in Q4 with the work completing early in 2022/23, the forecast has been adjusted accordingly with the balance to be carried over into 2022/23.	24,377		
Empty Homes Programme - Improvements to Property	200,000	600,000	450,000	278,731	-171,269	600,000	0	0	This supports the Empty Homes Programme and is available to purchase Empty properties that will be brought back in to use and let through the HRA and former council properties sold through the Right to Buy. We purchased 7 properties in 2019/2020, the work to improve these properties to a lettable position was delayed due to the pandemic but now works are complete and these are now let. 3 further properties are expected to be purchased in 21/22 (of which 1 has completed in October 2021) which will complete the programme. New Bid was approved at Council on 22 July 2021 for £400k to complete the Empty Homes Programme.	0	0	0

Appendix D : 2021/22 Selby District Council Capital Programme - To 30 November 2021

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 22/23	Forecast 23/24	Forecast 24/25
Energy Efficient Programme	856,084	856,084	642,063	524,381	-117,682	856,084	100,645	0	The multiple lockdowns experienced during the past year as a result of Covid-19 severely impacted the ability of our major works contractors to complete the programme identified. The situation was further exacerbated by customer refusals due to concerns around virus transmission, shielding, self-isolation etc., and material shortages. A programme of 315 properties has been identified for boiler and/or system upgrade this financial year. To date, our gas contractor has completed 150 installs on the programme, with a further 32 boilers replaced due to early failure. We continue to monitor material/labour availability and upward financial pressures on the same; although thus far these have not manifest in a request for increased rates. We are also currently developing a small programme of air source heat pump upgrades where the existing solid fuel or electric only systems are beyond economical repair.	540,790	554,850	566,500
Health and Safety Improvement Programme	1,010,552	650,000	487,500	310,178	-177,322	650,000	103,905	0	The multiple lockdowns experienced during the past year as a result of Covid-19 severely impacted the ability of our major works contractors to complete the programme identified. The situation was further exacerbated by customer refusals due to concerns around virus transmission, shielding, self-isolation etc., and material shortages. A significant programme of work has been allocated to our major works contractor for completion this year including: 412 properties for survey; 179 bathrooms, 130 kitchens and 548 electrical surveys. Thus far, our contractor is on target to complete these works as programmed. Material availability and cost increases continue to pose a significant risk to delivery of the programme however, and we are currently in discussions with our major works contractor regarding a signficant uplift in rates to cover rising prices. We have also recently been notified of an increase to the lead time for each kitchen, taking the period to six weeks; and are seeing increasing issues securing some materials e.g. roof tiles where the increasing energy costs are impacting manufacturers operations. The forecast has been reduced due to the contractor not having the resources to deliver additional works.	946,662	601,350	613,980
Property Refurbishment Programme	5,013,864	5,013,864	3,760,398	2,299,738	-1,460,660	4,713,864	1,012,344	-300,000	The multiple lockdowns experienced during the past year as a result of Covid-19 severely impacted the ability of our major works contractors to complete the programme identified. The situation was further exacerbated by customer refusals due to concerns around virus transmission, shielding, self-isolation etc., and material shortages. A significant programme of work has been allocated to our major works contractor for completion this year including: 412 properties for survey; 179 bathrooms, 130 kitchens and 548 electrical surveys. Thus far, our contractor is on target to complete these works as programmed. Material availability and cost increases continue to pose a significant risk to delivery of the programme however, and we are currently in discussions with our major works contractor regarding a signficant uplift in rates to cover rising prices. We have also recently been notified of an increase to the lead time for each kitchen, taking the period to six weeks; and are seeing increasing issues securing some materials e.g. roof tiles where the increasing energy costs are impacting manufacturers operations. We are currently finalising tender documentation to issue to market for a major capital voids programme. It is anticipated this programme of works will commence will commence in Q4 2021/22. The forecast has been adjusted to relfect the increased lead in times and material availability as above and is requested to be carried forward into 2022/23, this is somewhat offset by a one-off price increase agreed with the	4,193,820	3,984,320	4,091,040

Appendix D : 2021/22 Selby District Council Capital Programme - To 30 November 2021

Property Investment Programme	1,381,030	1,381,030	1,035,773	442,698	-593,075	881,030	594,547	-500,000	The multiple lockdowns experienced during the past year as a result of Covid-19 severely impacted the ability of our major works contractors to complete the programme identified. The situation was further exacerbated by customer refusals due to concerns around virus transmission, shielding, self-isolation etc., and material shortages. A significant programme of work has been allocated to our major works contractor for completion this year including upgrades to carbon monoxide detection in 548 properties. Thus far, our contractor is on target to complete these works as programmed. Material availability and cost increases continue to pose a significant risk to delivery of the programme however, and we are currently in discussions with our major works contractor regarding a signficant uplift in rates to cover rising prices. We have also recently been notified of an increase to the lead time for each kitchen, taking the period to six weeks; and are seeing increasing issues securing some materials e.g. roof tiles where the increasing energy costs are impacting manufacturers operations. We have now let the contracts for works to upgrade fire safety measures in a number of our communal areas; which will also incorporate improvements (decoration etc.,) to those spaces. We will be looking to commence this work early in Q4. Due to the delays above we request the forecast be adjusted with the balance to be carried forward into 2022/23	956,070	467,930	477,750
	0		0	0	0		0	0				
Total HRA	**10,532,725**	**10,709,288**	**6,405,734**	**3,855,726**	**-2,550,008**	**7,800,978**	**3,919,751**	**-2,908,310**		**16,298,537**	**5,608,450**	**5,749,270**
Total Capital Programme	**16,693,629**	**12,429,357**	**7,600,683**	**4,365,499**	**-3,235,184**	**9,256,983**	**4,586,175**	**-3,172,374**		**18,774,513**	**6,625,865**	**6,520,251**

Appendix E : Programme for Growth 2021/22 Financial Year Project Updates
Multi Year schedule for the project lifespan

			Position @ 30 November 2021				Phasing of future spend		
Project	**Lead Officer**	**Multi-Year Project Budget**	**In Year Spend 21/22**	**Forecast**	**Project Budget Remaining**	**Update**	**Forecast 21/22**	**Forecast 22/23**	**Forecast 23/24**
Healthy Living Concepts Fund	Angela Crossland	53,281	(23,750)	53,281	77,031	Of the remaining £53,281 in this fund - £10k allocated to develop active travel sustainable travel packs in line with the visitor economy niche trails work, £30k allocated to development of project with Yorkshire Wildlife Trust for Barlow Common to develop project and funding bids as they arise (Barlow Common delayed due to Covid). Remaining £13k will support public health initiatives identified as part of covid recovery plans.	30,000	23,281	0
Visitor Economy (Tourism & Culture)	Angela Crossland	1,021,761	120,609	1,021,761	901,152	Delivery of the Visitor Economy Strategy and the Cultural Development Framework for the District. This is a multi-year programme which includes the cultural programme for the HSHAZ, visitor place-making and marketing, product development and sector support. Much of the investment is to be used as match funding against investment from external funding partners. Cultural Delivery Framework is in delivery. Key focus for the next quarter: Heritage Interpretation Masterplan, Public Art Plan, programme for Tadcaster, artist residencies Barlby Road, TCF & Tadcaster. Selby Stories delivery. Vistor Economy Strategy will be refreshed in next quarter. Key focus also on Food & Drink development. Some slippage from forecast due to longer development periods (e.g. procurement etc.). Continue to feel the impact of Covid.	300,670	486,145	234,946
Celebrating Selby 950	Angela Crossland	0	0	0	0	Final reports have been submitted to funders and final grant payments received. All delivery is complete.	0	0	
HAZ Selby Stories	Angela Crossland	60,000	(16,263)	60,000	76,263	Project total £150,950 over 3 years. £60,000 from P4G, £89,500 from Historic England grant. Payment schedule from HE: 21/22 £49,225, 22/23 £26850, 23/24 £13, 425. The programme completes 31 March 2024. Programme includes wide-ranging cultural activity in Selby town centre, including performance, exhibitions, artist residencies and testing of outside event spaces (e.g. amphitheatre). Year to date credit relates to grant income received in advance. Delivery underway with some slippage (agreed by Funder) due to impact of Covid on programme and procurement issues for some areas of delivery.	16,640	20,300	23,060
Low Carbon resources	Stuart Robinson	135,000	25,362	135,000	109,638	This funding is to recruit a Low Carbon Projects Officer. Officer recruited and commenced in April 2021. Officer is progressing the agreement and delivery of activity in the Low Carbon Action Plan.	45,000	45,000	45,000
Retail Experience - Tadcaster Linear Park	Angela Crossland	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	
Marketing Selby's USP	Stuart Robinson / Communications	152,912	0	152,912	152,912	Funding is used to support employment of an additional Communications & Marketing Officer - to support place related marketing - and the development of place branding marketing collateral. The Officer is in place. Whilst development of place branding case studies slowed in the second half of 2020/21 as we prioritised response to the pandemic and recruited a replacement Communications & Marketing Manager, the delivery of this project is now being re-energised following the successful recruitment to this post.	50,971	50,971	50,970
Tour De Yorkshire	Angela Crossland	0		0	0	SDC contribution to hosting the finish of the first stage of Tour de Yorkshire (TdY) in May 2019 in Selby Town. This has given the town a massive publicity boost in the year of the Abbey's 950 celebrations. The Leeds City Region Business Rates Pilot Pool has agreed to fund the £100k start fee for the Selby event in line with the funding provided for other starts and finishes across the LCR. This will go back into the P4G programme as contingency to fund other important P4G related work e.g. asset strategy. Project now complete.	0	0	
Retail Experience - STEP	Duncan Ferguson	63,781	3,000	63,781	60,781	This is a fixed budget to support events, street scene improvements identified by the STEP group.	15,000	48,781	
Legal Support	Julian Rudd	139,000	0	139,000	139,000	Legal Support for agreements and advice associated with the P4G programme / projects	47,000	92,000	0
Towns Masterplanning (Regeneration)	Duncan Ferguson	615,031	31,924		583,107	A contribution from this fund supported the commissioning in 2019/20 of the People and Places consultancy (Chris Wade) to develop town centre revitalisation plans. Funding of £50k has been previously used to support the MHCLG Reopening High Street Safely Fund (RHSSF) and the re-branded 21/22 Welcome Back Fund. A contribution from ths fund has also been used to support the Places and Movement Study , in partnership with NYCC Highways and YNY LEP. The next phase of the Places and Movemnent Study, taking on board recent consultation outcome, will be supported through this fund.	200,000	415,031	

Project	Lead Officer	Multi-Year Project Budget	In Year Spend 21/22	Forecast	Project Budget Remaining	Update	Forecast 21/22	Forecast 22/23	Forecast 23/24
Strategic Sites Masterplanning	Duncan Ferguson	275,418	1,200	275,418	274,218	Funded due diligence work for strategic sites masterplaning, including Selby Station Gateway. Future costs will include consultancy costs for development of feasibility/ viability assessments, Business Cases, surveys, design, legal and valuation fees. Brief agreed for One Public Estate (OPE) sites & east of Station Masterplan will utilise upto £95k from this budget during 2022/23. This work will also utilise £70k grant from OPE & £35k from York & North Yorkshire DODS.	50,000	225,418	0
Access to Employment	Richard Beason / Julian Rudd	19,282	0	19,282	19,282	Projects within this budget are targeted at supporting social mobility to give people in areas of higher deprivation in Selby District access to current and future employment opportunities e.g. connecting people to exisiting employment opportunities at Sherburn, Tadcaster and more rural sites as well as employment sites currently beng developed such as Konect 62 (former Kellingley site), Sherburn 2, Sherburn 42 and Core 62 (Former Eggborough power station). Future initiatives being reviewed against this budget include the opportunity to support future projects linking residential communities with employment hubs and opportunities related to electric bike programmes and other environmentally friendly transport initiatives.	4,282	15,000	
Growing Enterprise	Richard Beason / Julian Rudd	271,426	1,285	271,426	270,141	Budget to support one of the 10 priorities in Economic Development Framework (EDF) 2 year delivery programme as approved at the January 2019 Executive - The additional P4G budget is being used to support businesses displaced by the TCF land assembly to relocate within the district. There is still unpredictability on timing but the bulk of this spend is expected in 2022/23. A new post COVID Business Delivery Plan has been developed and is being delivered with the focus on providing a targetted Business programme through to march 2023 to include a widening of the skills support programme, addressing recruitment challenges and work to with Start-up businesses. Events and activities will be funded from this budget.	30,000	241,426	0
UCI Road World Championships	Angela Crossland	0		0	0	The Leeds City Region Business Rates Pilot Pool has agreed to fund the £25k start fee for the Tadcaster event in line with the funding provided for other starts and finishes across the LCR. This will go back into the P4G programme as contingency to fund other important P4G related work e.g. asset strategy. Project now complete.	0	0	
Selby TCF Revenue	Duncan Ferguson	56,542	0	56,542	56,542	This allocated Budget relates to the grant recovery for 2019/20 recovered from WYCA in 2020/21. The budget will be used for potential non recoverable revenue costs relating to TCF.	56,542		
HAZ	Caroline Skelly	19,556	1,297	19,556	18,259	The Project Fund is a match contribution to the Selby High Streets Heritage Action Zone (HSHAZ) project. The budget covers a programme of community engagement activities and local history events.	7,026	7,030	5,500
Places and Movement Study (Leveling up Bid Support)	Duncan Ferguson	2,000,000	0	2,000,000	2,000,000	10% match from Selby District Council to enable a future Levelling Up Fund bid. Levelling up Fund bids for Priority Two places such as Selby District will need to be "exceptionally high quality" and focus on tangible and visible place transformation including strong focus on arts, culture, and heritage for the 3 main town centres Selby, Sherburn and Tadcaster. By effectively combining the transformative aspirations set out in the District's Cultural Development Framework and Visitor Economy Strategy, Selby High Street Heritage Action Zone Project as well as the emerging Local Plan, we may be able to submit a bid for Levelling Up Funding that achieves the exceptionally high-quality criteria set for Priority Two locations.	0	2,000,000	0
Tadcaster Community Sport Trust	Angela Crossland	162,000	0	162,000	162,000	Funding provided for developments at Tadcaster Community Sport Trust. Project has commenced and funding will be released in phases subject to agreed milestones.	50,000	72,000	40,000
Community Legacy Fund	Angela Crossland	2,000,000	0	2,000,000	2,000,000	Investment in the Community Legacy Fund with Two Ridings to generate grants to be spent in the Selby District. The Fund was launched on 1st November 2021.	2,000,000		
TCF Site Acquisitions Property Running Costs Car Park (revenue implications)	Duncan Ferguson / Phil Hiscott	0	0	0	0	The Council is acquiring and managing sites around Selby station in order to deliver the land use changes and improvements that form the Selby Gatework TCF project. These costs will include business rates, limited maintenance / insurance / utilities ahead of the sites being cleared to deliver the TCF proposals from late 2022 to late 2023. There will be income from the car park at the Selby Business centre site which will help to cover the costs in the first year. This budget is to be allocated between the revenue implications for the Business Centre and Car Park.	0	0	

Project	Lead Officer	Multi-Year Project Budget	In Year Spend 21/22	Forecast	Project Budget Remaining	Update	Forecast 21/22	Forecast 22/23	Forecast 23/24
Empty Homes	Simon Parkinson	3,751	1,750	3,751	2,001	This budget supports the work of the private sector housing team and the empty homes officer to bring empty homes back into use. Overall the project is very successful and the Empty Homes Officer has directly helped bring 99 empty homes back into use during 2020/21. The majority of this success is achieved through offering advice and assistance to owners. At times, we need to utilise our enforcement powers to secure empty homes and to eradicate issues that are a statutory nuisance or prejudicial to health to neighbours. This budget specifically contributes to this area of enforcement work.	3,751	0	
Selby District Housing Trust	Phil Hiscott	138,850	5,299	138,850	133,551	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.	124,000	14,850	
Stepping Up' Housing Delivery	Phil Hiscott	4,938	16	4,938	4,922	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. As Government restrictions continue to ease we will be looking to recommence works to deliver the Council's Housing Development Programme. An Affordable Housing Strategy has been agreed by the Executive and is being pregressed.	4,938	0	
Olympia Park	Richard Beason / Julian Rudd	0	0	0	0		0	0	
Making our Assets work	Duncan Ferguson	52,551	15,845	52,551	36,706	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. This budget 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.	32,551	20,000	0
Housing development Feasibility Work	Phil Hiscott	289,368	10,106	289,368	279,262	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. It is expected that Burn will progress to planning in Q3 2021/22. The progression to tender stage for these sites will be reviewed due to the continuing pressures on material and labour costs. A proportion of the costs have been incurred as abortive fees against sites which will not be progressing.	139,368	100,000	50,000
Burn	Julian Rudd / Duncan Ferguson	500,000	28,568	500,000	471,432	Additional works associated with promoting Burn Airfield as a new settlement through the Local Plan. This includes flood modelling and mitigation; highways and transport design and assessments; legal advice on development options/collaboration; ecology and landscape; viability; urban design and planning; ground conditions; utilities and infrastructure; green infrastructure and ecology;	100,000	400,000	
Asset Strategy	Phil Hiscott	80,000	0	80,000	80,000	Work to review/agree the brief was completed pre LGR. Due to Local Government Review the development of the Strategy is on hold.	0	80,000	
Finance Support	Peter Williams	139,000	0	139,000	139,000	Business Case development & Financial monitoring / reporting	20,000	59,500	59,500
TCF Site Acquisitions Property Running Costs Business Centre (revenue implications)	Duncan Ferguson / Phil Hiscott	2,770	0	2,770	2,770	The Council is acquiring and managing sites around Selby station in order to deliver the land use changes and improvements that form the Selby Gatework TCF project. These costs will include business rates, limited maintenance / insurance / utilities ahead of the sites being cleared to deliver the TCF proposals from late 2022 to late 2023. There will be income from the business units the Selby Business centre site which will help to cover the costs in the first year. This budget is to be allocated between the revenue implications for the Business Centre and Car Park.	-20,040	6,810	16,000
High Street shop fronts	Caroline Skelly	100,000	41,629	100,000	58,371	The Project fund is a Match fund contribution to the Selby High Streets Heritage Action Zone (HSHAZ) project. Budget covers a building improvement grant programme - the P4G money is allocated for professional fees of the HSHAZ architectural team from Buttress architects	55,000	19,500	25,500
New lane - Public Realm	Caroline Skelly	200,000	0	200,000	200,000	The Project is a Match fund contribution to the Selby High Streets Heritage Action Zone (HSHAZ) project. The project is under development with other SDC and NYCC projects that relate to the redesign off New Lane, Selby.	25,000	100,000	75,000

Project	Lead Officer	Multi-Year Project Budget	In Year Spend 21/22	Forecast	Project Budget Remaining	Update	Forecast 21/22	Forecast 22/23	Forecast 23/24
Selby TCF Capital	Duncan Ferguson	8,221,570	110,900	8,221,570	8,110,670	This budget is the Selby match funding which will be used to acquire strategic development sites consistent with the Councils regeneration and commercial development opportunities and to match fund acquisitions as part of the Selby TCF bid submission. The current live project and spend to date relates to the purchase of James William House near Selby Station as part of the TCF to provide new access to platform 2 and additional car parking. It is forecast that SDC will purchase all sites required within the f/yr but this will be reimbursed through TCF grant claim and so not be paid from the Selby match which will be used towards the end of the project. The grant is paid in arrears, with between 2 and 3 quarters between claim and repayment. A significant amount of funding from this budget has been put forward as match funding within the Council's TCF proposals for Selby Station including contingency for the purchases of property. Exec have agreed to remove the restriction on the funding to be general match to the TCF and spent at the end of the project, so that the TCF funds can be spent first.	0	0	8,221,570
Low Carbon projects (Phase 1) CAPITAL	Gillian Bruce / Stuart Robinson	250,000	10,600	250,000	239,400	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. Low Carbon Officer recruited and in place beginnign 2021-22. The project spend will be determined through prioritisation of projects in the Low Carbon Strategy and the Low Carbon Action Plan. Early indications suggest a key project of tree planting will be considered towards the end of 21/22.	35,600	214,400	0
Town Regen Selby	Duncan Ferguson	1,000,000	0	1,000,000	1,000,000	Selby Market Place and Selby Park, Abbey Quarter initiative - Making space around the Abbey event ready, creating a more welcoming and asccessible area. Rejuvination of the park, enhancement of the link with the Abbey	0	1,000,000	0
Town Centre Tadcaster	Duncan Ferguson	500,000	20,672	500,000	479,328	A Forward Framework and Action Plan has been prepared to include A659 Gateway - Britannia Car Park/Bus station area - supporting car park improvement scheme and bus staition improvements for visitors.	50,000	450,000	0
Town Centre Sherburn	Duncan Ferguson	500,000	0	500,000	500,000	A Forward Framework and Action Plan has been prepared to include Low Street/Wolsey Croft, realignment of parking, improved public realm, improved surface materials, greenery, signage , and street furniture.	50,000	450,000	0
Sherburn Projects	Duncan Ferguson	1,150,000	0	1,150,000	1,150,000	Investment in Sherburn including Eversley Park improvments, converstion of flat green bowling pitch, tennis court improvements and a land assembly opportunity for a new car park.	150,000	1,000,000	0
Tadcaster Projects	Duncan Ferguson	500,000	0	500,000	500,000	New projects in Tadcaster.	0	500,000	0
New programme resources	Extended Leadership Team	261,000	0	261,000	261,000	Additional staffing resources: Planning Projects Officer, Regenerations Town Centre Co-ordinator. The start date for these appointments is anticipated to be February 2021, the forecast has been adjusted into 2023/24	87,000	87,000	87,000
Funding for the 15% parish council contribution for the new Bawtry roundabout - £35062	Caroline Skelly	0		0	0	Funding for the 15% parish council contribution for the new Bawtry roundabout, this was paid in Q4.			
Staffing costs		2,735,407	647,538	2,735,407	2,087,869	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.	1,163,190	1,173,520	398,697
Contingency		150,302	0	150,302	150,302	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.	150,302		
		23,824,497	**1,037,587**	**23,209,466**	**22,786,910**		**5,073,791**	**9,417,963**	**9,332,743**

Appendix F : Reserve Balances 2021 - 2025 (Including new bids)

Description	Estimated Balance 31 March 21 £	Use £	Transfers £	Contribs £	Estimated Balance 31 March 22 £	Use £	Contribs £	Estimated Balance 31 March 23 £	Use £	Contribs £	Estimated Balance 31 March 24 £	Use £	Contribs £	Estimated Balance 31 March 25 £	Comments
Revenue Reserves															
General Fund															
Reserves to fund future commitments:															
PFI Scheme	3,241,261	-177,303			3,063,958	-195,510		2,868,448	-204,980		2,663,468	-214,640		2,448,828	Reserve expected to be fully spent by 2035/36.
ICT	338,710	-350,660		263,000	251,050	-433,180	300,000	117,870	-204,000	300,000	213,870	-324,000	300,000	189,870	Aligns with Digital Strategy
Asset Management	1,214,518	-313,968		277,423	1,177,973	-823,573	200,000	554,400	-17,746	200,000	736,654	0	200,000	936,654	Subject to refreshed Asset Management Strategy
GF Carried Fwd Budgets	634,983	-634,983			0			0			0			0	
Covid-19 Grants	1,881,616	-1,881,616			0			0			0			0	Income received for Covid Business Grant Schemes not yet spent
Election	97,486			38,000	135,486		38,000	173,486	-153,000	38,000	58,486		38,000	96,486	
Total Reserves to fund future commitments	**7,408,574**	**-3,358,530**	**0**	**578,423**	**4,628,467**	**-1,452,263**	**538,000**	**3,714,204**	**-579,726**	**538,000**	**3,672,478**	**-538,640**	**538,000**	**3,671,837**	
Reserves to fund growth and improvement:															
Special Projects/Unallocated	8,506,860	0	-8,506,860		0	0		0			0			0	In 2021/22 £8.007m transferred to BRER to support the revenue budget/savings plan, £500k to contingency.
Programme for Growth	12,974,497	-5,073,791	8,000,000		15,900,706	-6,567,963		9,332,743	-9,332,743		0	0		0	
Discretionary Rate Relief Fund	240,003				240,003			240,003			240,003			240,003	
NYCC Collaboration	50,000				50,000			50,000			50,000			50,000	
Spend To Save (Business Development)	369,980	-67,600			302,380	-168,140		134,240	-40,000		94,240			94,240	Held to support upfront investment or transitional costs to deliver savings/efficiencies/income generation - spend subject to business case approval
Total Reserves to fund growth and improvement	**22,141,341**	**-5,141,391**	**-506,860**	**0**	**16,493,090**	**-6,736,103**	**0**	**9,756,987**	**-9,372,743**	**0**	**384,244**	**0**	**0**	**384,244**	
Reserves to mitigate financial risk:														0	
Pension Equalisation Reserve	0			96,810	96,810		185,060	281,870		185,060	466,930		185,060	651,990	Phased provision following 2019 valuation
Business Rates Equalisation	4,768,672	-2,142,068	6,860	9,172,000	11,805,464	-2,847,228	9,064,000	18,022,236	-3,506,353		14,515,883	-3,477,221		11,038,662	Funds held to support revenue budget - drawdown is subject to savings delivery
Local Plan	466,451	-427,950		50,000	88,501	-122,000	50,000	16,501	-60,000	50,000	6,501		50,000	56,501	Funding for new local plan
Contingency	729,491	-100,000	500,000		1,129,491	-100,000		1,029,491	-100,000		929,491	-100,000		829,491	
General Fund	1,503,222				1,503,222			1,503,222			1,503,222			1,503,222	Minimum working balance £1.5m
Total Reserves to mitigate financial risk	**7,467,836**	**-2,670,018**	**506,860**	**9,318,810**	**14,623,488**	**-3,069,228**	**9,299,060**	**20,853,320**	**-3,666,353**	**235,060**	**17,422,027**	**-3,577,221**	**235,060**	**14,079,866**	
Total GF Revenue reserves	**37,017,752**	**- 11,169,939**	**-**	**9,897,233**	**35,745,046**	**- 11,257,594**	**9,837,060**	**34,324,512**	**- 13,618,822**	**773,060**	**21,478,750**	**- 4,115,861**	**773,060**	**18,135,948**	
HRA															
HRA Unallocated Balance	1,500,000				1,500,000			1,500,000			1,500,000			1,500,000	Minimum working balance £1.5m.
C/fwd Budgets (HRA)	95,887	- 95,887			-			-			-			-	
Major Repairs Reserve - Capital Programme	8,927,228	- 7,180,978		3,589,110	5,335,360	- 6,823,604	4,309,550	2,821,306	- 5,608,460	4,648,880	1,861,726	- 5,749,280	4,955,990	1,068,436	Updated for Bus Plan refresh
Total HRA Reserves	**10,523,115**	**- 7,276,865**	**-**	**3,589,110**	**6,835,360**	**- 6,823,604**	**4,309,550**	**4,321,306**	**- 5,608,460**	**4,648,880**	**3,361,726**	**- 5,749,280**	**4,955,990**	**2,568,436**	
Total Revenue Reserves	**47,540,867**	**- 18,446,804**	**-**	**13,486,343**	**42,580,406**	**- 18,081,198**	**14,146,610**	**38,645,818**	**- 19,227,282**	**5,421,940**	**24,840,476**	**- 9,865,141**	**5,729,050**	**20,704,383**	
Capital Reserves															
Total GF Capital Receipts	**6,323,914**	**- 382,517**		**500,000**	**6,441,397**	**- 5,582,138**	**500,000**	**1,359,259**	**- 330,669**	**500,000**	**1,528,590**	**-**	**500,000**	**2,028,590**	
Restricted Reserves															
S106 Affordable Housing Commuted Sums	7,996,390	-499,000			7,497,390	-7,497,018		372			372			372	Funds ring-fenced and spend subject to progress on housing developments
Other s106 contributions	135,019				135,019			135,019			135,019			135,019	
Community Infrastructure Levy	2,337,206				2,337,206			2,337,206			2,337,206			2,337,206	
Total Restricted Reserves	**10,468,615**	**-499,000**		**0**	**9,969,615**	**-7,497,018**	**0**	**2,472,597**	**0**	**0**	**2,472,597**	**0**	**0**	**2,472,597**	

Appendix G : 22-23 Budget Consultation Feedback

	Do you agree with the way the Council has allocated its budget? If not, what else would you prioritise and - to ensure we balance the books and deliver services - what savings would you make?	**SDC Response**
1	Don't want to make cuts	Unfortunately in the longer term the funds the Council receives are not sufficient to cover the costs and therefore savings will be required as reserves reduce. The Council's plans for future savings relate to efficiency and income generation rather than cuts to services but as we implement a single council for the whole of North Yorkshire future opportunities for efficiencies and savings will be a matter for the new council.
2	Yes	
3	would not make savings	Unfortunately in the longer term the funds the Council receives are not sufficient to cover the costs and therefore savings will be required as reserves reduce. The Council's plans for future savings relate to efficiency and income generation rather than cuts to services but as we implement a single council for the whole of North Yorkshire future opportunities for efficiencies and savings will be a matter for the new council.
4	I would like to see some improvements on the properties at Holly tree Walk. The wooden cladding on the front of the properties cannot be heat efficient. The property I live in still has the old pantry with air vents the kitchen is the coldest room in the property. Also there is still asbestos under the facia boards.	In 2019, the Council agreed a new Business Plan for the Housing Revenue Account which outlined significant increases in the investment made in our housing portfolio from 2020/21. Since the investment was agreed, the Council has been engaged in undertaking a programme of stock condition surveys to inform investment priorities and in 2021/22 commissioned the first tranche of works which included replacement of 179 bathrooms, 130 kitchens and electrical testing and upgrade works to 548 properties. This initial programme is due for completion at the end of January 2022 and a further 60 properties have been issued to our contractor partners for kitchen and/or bathroom replacements by the end of March 2022. The information obtained from the stock condition surveys is being utilised to develop the capital investment programme for 2022/23 and beyond as we seek to transition our management arrangements from a 'run to failure' approach to a cyclical replacement model. Adoption of the latter provides greater clarity for residents as to when they can expect key elements of their homes to be replaced, whilst also enabling the Council to forward plan its investment requirements.
5	Agree with the general views of the council, and commend the view to balance the books with a CT freeze, which isn't an insignificant task. SDC has a commercial portfolio, which I believe could be managed more robustly to deliver a reasonable return to the local tax payer. Can I request that SDC review how it lets its commercial properties to a standard they offer reasonable value for money.	The Council aims to achieve value for money across all of it's operations and is currently developing a programme of investment to improve the offer of its small industrial and commercial property portfolio.
6	Yes. There should be no additional costs on the move to the unwanted larger council, only savings, unless of course those politicians who supported it were lying to us.	The case for reorganisation identified one-off implementation costs would be required to achieve a single unitary Council in North Yorkshire but recurring savings would be achieved through joining up services across the existing 8 councils.
7	No. It seems Selby is benefiting from all the funding it has made by building in surrounding villages while they significantly lack the investment that was intended for the villages.	The Council's Programme for Growth is seeing investment across the district not just in Selby. The new Local Plan is also planning for growth in the most sustainable locations with key infrastructure requirements identified in the Infrastructure Delivery Plan.
8	We are extremely concerned about air pollution in our area. We would like the council to educate themselves and in turn their residents to the dangers of residential wood burning and the effect it has on their neighbours and themselves. We are surrounded by people who burn constantly throughout winter and often in summer too. Not because they have to but because they choose to. All houses in our immediate area have alternate and clean heating. Whilst our son had Covid we were unable to take government advise to air our house because the air outside was thick with smoke. We were unable to meet family outside when it was allowed due to the pollution. Believing we were paranoid we have installed exterior and interior pm2.5 monitors and our local pollution often rates as the worst in the country. I understand that until National limits are made according to WHO rates (who say that any pm2.5 is not healthy) and until that point all we can do is register our immediate neighbours as causing a statutory nuisance. Again considering how many people are doing it this is unattainable. A recent study in Athens has stated the link between wood smoke and cancer with it being far worse than tobacco smoke. As a registered asthmatic I can also say that it is taking a toll on my health having to go back onto medication after 20 years of managing without. Some local authorities have requested that people think twice about lighting a log burner or open fire when they have alternatives I would like Selby to educate themselves on the subject and to follow suit. When you understand the problem and to what extent it damages the health, mental health and residential amenity of residents it will be hard to ignore. This is the simplest way of improving air quality in the area far easier than replacing diesel cars. Thank you.	Selby DC fulfils its statutory duties when responding to complaints or reports of alleged air pollution. Budget specifically allocated to "air pollution monitoring" allows the Council to also pro-actively monitor air pollution in the district and those findings and additional information is reported to the Department for Environment Food and Rural Affairs (Defra) on a yearly basis in the form of an Annual Status Report. The report will demonstrate the progress the Council has made with measures to address air quality in Selby District.
9	It's as always a very sensible and modest budget. I think keeping council tax frozen is a good move and the capital investment into the town centre will long term return on the investment.	The budget seeks to strike a balance between investing in local services and communities whilst supporting a smooth transition to the new unitary council. Selby's plan to invest to achieve long term economic growth is a clear priority in our Council Plan.
10	Agree	
11	Proposal of a Council Tax freeze is great news for everyone as we continue to experience spiralling costs of living.	The Council is mindful of the pressure on communities and whilst in overall terms the freeze in Selby DC's Council Tax is relatively small it demonstrates our commitment to supporting taxpayers in these very challenging times.
12	I wonder if it makes more sense to spend the budget as if you "save" some of the allocated budget from the central Government do they then think they "give" too much so cut back the saved amount?	Government funding is based on a variety of factors which broadly seek to equalise local government costs across the country whilst taking into account local factors. There are historic pressures in the funding of public sector services, in part from the financial crisis back in 2008 and more recently as a result of the Covid pandemic.

13	I agree but as a new resident to Selby I do wonder about the roads. There are a lot of new houses being built in already busy areas e.g. next to Tesco but I cannot see any provision to improve the roads or access. Portholme road is a nightmare at peak times. How can adding all those extra houses be done without adding in extra access?	North Yorkshire County Council are the Highways Authority responsible for the maintenance of the local highway network. The Highways Authority set out the improvements to the highway network needed to support new housing developments. An Infrastructure Delivery Plan is currently being prepared by the Council as part of the new Local Plan which will identify a range of improvements to local infrastructure including roads to support future growth. The new development of Portholme Road was subject to a detailed planning application which included a full Traffic Impact Assessment to ensure the scheme could be accommodated on the road network. Significant investment in walking, cycling and sustainable transport is also planned including as part of the £20m+ Transforming Cities Fund scheme at Selby Railway Station.
14	Yes, I agree with the decisions on how the money will be allocated in 2022/23; it is clear that priorities have been set and these will be the focus throughout the next financial year. I believe that one of the biggest challenges faced by SDC is getting the local people to understand what percentage of the council tax is actually allocated to SDC - Only about 10% of what you pay actually comes to Selby District Council. There needs to be more transparency around this on social media etc. so that there is a better understanding of what funds are available, the priorities set and how much this will cost. Many people do not understand that not all local services are provided by SDC.	We do highlight the proportion of Council Tax that relates to the district council as part of our budget consultation and there is a detailed breakdown on the Council Tax bill. We also provide information on the Council's website but will consider further opportunities to raise this through other channels including social media.
15	All about spend and no mention whatsoever what we as tax payers will get a return on any spend - quantifiable or not Why spend money on ICT projects when systems will get harmonised over time under the new body seems like a waste of my money Growth investment - what's the cost benefit analysis on this - does it outweigh giving council tax payers a reduction of £13m and that they will spend that money locally and therefore drive even more growth Not sure all options have been considered	The budget supports delivery of the Council's strategic plan which sets out the priorities agreed by the Council as a whole. All investment decisions are the subject of cost/benefit analysis as part of the formal decisions to progress individual schemes. Investment in ICT relates to critical upgrades which are required to ensure the Council's systems remain compliant as we move through the transition to the new unitary council and potentially beyond, should the use of some legacy systems continue post April 2023. The Council's approach to investment of non-recurring funds to support local growth aims to drive more sustainable income which ultimately supports vital front line public services.
16	Reduce the council tax bill you do not have to balance the budget you could choose not to spend any savings people could spend locally e.g. give everyone a £20 spend locally voucher and grow and support local businesses	It is a legal requirement for councils to set a balanced budget.
17	Yes. Freezing Council Tax will help at a time when most other bills are rising. If only NYCC and the others involved would do the same...	Council Tax levels for individual organisations are a matter for those organisations and reflect the issues and priorities for those organisations.
18	Yes - really happy to see the council tax freeze and also the investment which is going to be made in improving council owned play areas and the skate park.	Plans are in place to deliver play are improvements and skate park improvements are currently being planned
19	I agree, and would love to see the skatepark at Selby improved , the skatepark is to small for the amount of people who use it , which means it is unsafe with many people using it at once, if you extended the park and use the area next to it this would be great, I'm not sure that part of the 2.5m is enough though.	Consultation with users will be a key aspect of improving the skate park within approved funding.
20	Why don't you update some of these council houses some people are having to live in? I need new bathroom, kitchen, doors and windows, you've done nothing to this house, disgusting really, you claim there's nothing wrong with my bathroom or kitchen but yet it's all falling apart. Complete joke of a council are Selby council. Should be ashamed of yourselves!	In 2019, the Council agreed a new Business Plan for the Housing Revenue Account which outlined significant increases in the investment made in our housing portfolio from 2020/21. Since the investment was agreed, the Council has been engaged in undertaking a programme of stock condition surveys to inform investment priorities and in 2021/22 commissioned the first tranche of works which included replacement of 179 bathrooms, 130 kitchens and electrical testing and upgrade works to 548 properties. This initial programme is due for completion at the end of January 2022 and a further 60 properties have been issued to our contractor partners for kitchen and/or bathroom replacements by the end of March 2022. The information obtained from the stock condition surveys is being utilised to develop the capital investment programme for 2022/23 and beyond as we seek to transition our management arrangements from a 'run to failure' approach to a cyclical replacement model. Adoption of the latter provides greater clarity for residents as to when they can expect key elements of their homes to be replaced, whilst also enabling the Council to forward plan its investment requirements.

Appendix H

Minutes

Policy Review Committee

Venue:	Microsoft Teams - Remote
Date:	Tuesday, 11 January 2022
Time:	5.00 pm
Present:	Councillors C Pearson (Chair), M Topping (Vice-Chair), M Jordan, K Arthur, J Chilvers, R Packham, J Shaw-Wright and M McCartney
Officers present:	Karen Iveson, Chief Finance Officer, Suzan Harrington, Director of Corporate Services and Commissioning, Stuart Robinson, Head of Business Development and Improvement, Peter Williams, Head of Finance, Drew Fussey, Operational Service Manager, Tammy Fox, Revenues and Benefits Manager, Aimi Brookes, Contracts Team Leader, Hannah McCoubrey, Housing Strategy Officer, Catherine Hickford, Low Carbon Officer, Victoria Foreman, Democratic Services Officer

27 DRAFT REVENUE BUDGET AND CAPITAL PROGRAMME 2022-23 AND MEDIUM-TERM FINANCIAL PLAN (PR/21/7)

The Committee received the report of the Chief Finance Officer which had been brought before Members to provide comments on the Draft Revenue Budget, Capital Programme and Medium-Term Financial Plan 2022-2023.

Officers presented the report which set out the draft revenue budget; capital programmes and the Programme for Growth for 2022/23. As a result of local government re-organisation in North Yorkshire from April 2023, this would be Selby District Council's last budget. The report also presented indicative budgets and planned programmes for 2023/24 and 2024/25, to enable the impact of recurring proposals to be viewed over the medium term and to support a smooth transition to the new unitary council in North Yorkshire. This approach provided the new council with an understanding of the pressures and opportunities facing Selby District, and investments planned by Members.

Members noted that subject to the confirmation of the Local Government

Finance Settlement and Council Tax level, the 2022/23 budget was expected to require £4.25m of funds earmarked in the Business Rates Equalisation Reserve (BRER) for revenue support.

The Committee were also informed that for the purpose of the draft budget, a Council Tax freeze for 2022/23 was proposed. This was a departure from the approved Medium-Term Financial Strategy (MTFS) and added £119k p.a. to the forecasted deficits. A CPI+1% increase was assumed for housing rents.

Officers went on to report that in 2021/22 the £9.2m of renewable energy business rates were transferred to the Business Rates Equalisation Reserve, and then subsequently applied to the Programme for Growth as part of the MTFS approved by Council in July 2021. For 2022/23 no assumptions had been made at this stage, pending the Local Government Finance Settlement. Current policy would be to allocate such receipts from 2023/24.

Members acknowledged that the Medium-Term Financial Plan (3-year draft budget) showed there was an underlying gap between spending (with spending reflecting the budget risk highlighted in the MTFS) and current assumed core funding, as a result of New Homes Bonus being phased out and the renewable energy business rates windfalls ceasing. The Council continued to await the outcome of the Government's Fair Funding Review, and reform of the Business Rates Retention System, to confirm the level of future savings.

Officers reported that there was capacity in reserves to smooth the impact of funding reductions, and that the draft budget confirmed the deferral savings until 2024/25. However, the ongoing use of reserves to support the revenue budget was not a long-term sustainable solution, and therefore achievement of efficiency savings and additional income generation remained crucial. The budget proposals also included a number of discretionary growth bids, along with contingencies to support the LGR transition and ongoing Covid impacts.

The draft budget was subject to public consultation before the Executive finalised their proposals in February 2022.

Members asked a number of questions of Officers on the budget. Some Committee Members were pleased that a freeze on Council Tax had been proposed due to the rise in the cost of living; it was important to keep tax levels down.

The number of consultation responses was queried, as was the impact of the rise in interest rates, the 2% rise in Council employee salaries and the increase in National Insurance.

Officers explained that there had, so far, been around twenty responses to the budget consultation. The impact of the rise in interest rates for the Council was relatively minor, with no immediate impact on the cost of borrowing. The 2% rise in salaries had been awarded to the Council for 2022-23. The government's finance settlement included a great deal, but nearly all was covered by the Council. The National Insurance increase would be paid by the Council but had been factored into the local government finance settlement.

Some Members stated that whilst they could see why there were reasons to freeze Council Tax levels which were feasible at present, they may not be appropriate in the long term.

Members felt that the situation with the Council's reserves was very important; a clear understanding by Members was essential.

The Committee asked further questions on receipt of renewable energy business rates, the differences between the expected and awarded financial settlement, public sector pay restraint, if IT projects and the replacement of systems were truly necessary ahead of LGR, the spending of funds within the Programme for Growth, the increase in housing rents by 4% and levels of business rate relief.

Some Members felt strongly that housing rent decisions should not be taken by the Executive but by full Council; the 4% rise was unfair and unreasonable, and would be detrimental to tenants.

Officers explained that there was likely to be a review of business rates retention and as such the Council was likely to have more of an idea in the future. Despite the rates gradually being received, it would not be possible to spend them until the next financial year. The Council was not precluded from spending them, but it was LGR dependent as well as there being protocols to adhere to.

There had been £1m more than expected allocated to the Council as part of the local government financial settlement via the New Homes Bonus, which was a welcome boost. Members noted that a £750k one-off increase in staffing capacity and related support for the implementation of LGR had also been received, allowing the Council to play a full role in the transition.

It was clarified for the Committee that the IT projects covered a range of replacement and new systems, hardware and infrastructure, funding for which was from the ICT Replacement Reserve. The IT projects included were those that the Council had to fulfil in order to remain legally compliant with various systems.

Officers acknowledged that spending on Programme for Growth projects had been slow, with only £13m having been spent in the last few years, and that there was a huge amount to do if the remaining £17m was to be utilised.

Officers referred to business rate relief and clarified that it was not expected that these would increase. Members asked if the rates would be increased in the when the move to the new unitary authority had been completed, as the rates I the district seemed to be some of the lowest in the area. Officers explained that the thresholds for referendums on rate levels were determined by the government. What rates were to come would be for the new authority to decide it would be looked at as part of the forthcoming transitional arrangements.

The Committee recognised that the recurring deficit was unlikely to recover and as such, it was likely that the new authority would have to tackle the matter early on. There would be challenges ahead and savings would need to be identified at some point in the future.

It was proposed, seconded and agreed that the proposed budget was accepted by the Committee without amendment.

RESOLVED:

The Policy Review Committee endorsed the Executive's draft budget proposals for 2022-23, including the proposed freeze in Council Tax.

Council Tax - Supporting Information

PURPOSE

1. The purpose of this Appendix and other Appendices and Schedules is to enable the Council to calculate and set the Council Tax for 2022/23.

BACKGROUND

2. The Localism Act 2011 has made significant changes to the Local Government Finance Act 1992, and now requires the billing authority to calculate a Council Tax requirement for the year, not its budget requirement as previously.

3. The precept levels of other precepting bodies have been received. These are detailed below:

Town & Parish Councils

4. The Town and Parish Council Precepts for 2022/23 are detailed in Appendix K and total **£1,971,802.53.** The decrease in the average Band D Council Tax for Town and Parish Councils is **8%** and results in an average Band D Council Tax figure of **£60.17**

North Yorkshire County Council

5. North Yorkshire County Council will meet on **16th February 2022** to set the precept which is proposed at **£42,559,733.76.** This would result in a provisional band D Council Tax of **£1,298.82**

5a. In addition the County Council are also proposing to set a precept relating to Adult Social Care of **£5,522,391.04.** This results in a provisional additional Band D charge of **£168.53**

North Yorkshire Police, Fire and Crime Commissioner, Police

6. The North Yorkshire Police, Fire and Crime Commissioner set the Police precept on **7th February 2022** at **£9,209,774.00** This results in a band D Council Tax of **£281.06**

North Yorkshire Police, Fire and Crime Commissioner, Fire & Rescue Authority

7. North Yorkshire Police, Fire and Crime Commissioner set the Fire and Rescue Authority precept on **7th February 2022** at **£2,477,588.48** This results in a band D Council Tax of **£75.61**

Conclusions

8. The recommendations are set out in the formal Council Tax Resolution in Appendix I

9. If the formal Council Tax Resolution at Appendix I is approved, the total Band D Council Tax will be as follows:

	2021/22 £	2022/23 £	Increase %
Selby District Council	183.22	183.22	0.00
North Yorkshire County Council	1,270.74	1,298.82	*1.99
North Yorkshire County Council - Adult Social Care	140.31	168.53	*2.00
North Yorkshire Police, Fire and Crime Commissioner, Police	271.06	281.06	3.69
North Yorkshire Police, Fire and Crime Commissioner, Fire & Rescue Authority	74.14	75.61	1.98
Sub Total	**1,939.47**	**2,007.24**	3.49
Town & Parish Councils (Average)	65.54	60.17	-8.19
Total	**2,005.01**	**2,067.41**	3.11

* NYCC Precept increases have been calculated on the total combined precept of £1,467.35

APPENDIX J

The Council is recommended to resolve as follows:

1. It be noted that the Council has calculated the Council Tax Base 2022/23

   (a) for the whole Council area as 32,768.00 [Item T in the formula in Section 31B of the Local Government Finance Act 1992, as amended (the "Act")]; and

   (b) for dwellings in those parts of its area to which a Parish Precept relates as in the attached Appendix L

2. Calculate that the Council Tax requirement for the Council's own purpose for 2022/23 (excluding Parish Precepts) is **£6,003,753**

3. That the following amounts be calculated for the year 2022/23 in accordance with Sections 31 to 36 of the Act:

a)	**£66,267,484**	being the aggregate of the amounts which the Council estimates for the items set out in Section 31A(2) of the Act taking into account all precepts issued to it by Parish Councils.
b)	**£58,291,928**	being the aggregate of the amounts which the Council estimates for the items set out in Section 31A(3) of the Act.
c)	**£7,975,555**	being the amount by which the aggregate at 3(a) above exceeds the aggregate at 3(b) above, calculated by the Council, in accordance with Section 31A(4) of the Act, as its Council Tax requirement for the year. (Item R in the formula in 31B of the Act).
d)	**£243.39**	being the amount at 3(c) above (Item R), all divided by Item T (1(a) above), calculated by the Council, in accordance with Section 31B of the Act, as the basic amount of its Council Tax for the year (including Parish Precepts).
e)	**£1,971,803**	being the aggregate amount of all special items (Parish Precepts) referred to in Section 34(1) of the Act (as per the attached Appendix C).
f)	**£183.22**	being the amount at 3(d) above less the result given by dividing the amount at 3(e) above by Item T (19a) above), calculated by the Council, in accordance with Section 34(2) of the Act, as the basic amount of its Council Tax for the year for dwellings in those parts of its area to which no Parish Precept relates.

4. To note that the County Council, the Police Commissioner and the Fire & Rescue Authority have issued precepts to the Council in accordance with Section 40 of the Local Government Finance Act 1992 for each category of dwellings in the Council's area as indicated in the table below.

5. That the Council, in accordance with Sections 30 and 36 of the Local Government Finance Act 1992, hereby sets the aggregate amounts shown in the tables below as the amounts of Council Tax for 2022/23 for each part of its area and for each of the categories of dwellings.

The Council is recommended to resolve as follows:

North Yorkshire Precepts

Valuation Band	SDC £ p	NYCC £ p	NYCC ASC £ p	NY Fire Authority £ p	NYPCC £ p	Aggregate £ p
A-	101.79	721.57	93.63	42.01	156.14	1,115.14
A	122.15	865.88	112.35	50.41	187.37	1,338.16
B	142.50	1,010.19	131.08	58.81	218.60	1,561.18
C	162.86	1,154.51	149.80	67.21	249.83	1,784.21
D	183.22	1,298.82	168.53	75.61	281.06	2,007.24
E	223.94	1,587.45	205.98	92.41	343.52	2,453.30
F	264.65	1,876.07	243.43	109.21	405.98	2,899.34
G	305.37	2,164.70	280.88	126.02	468.43	3,345.40
H	366.44	2,597.64	337.06	151.22	562.12	4,014.48

6. **In accordance with principles approved under Section 52ZB Localism Act 2011, the Council determines it's relevant basic amount of Council Tax for the year 2022/23 is not excessive.**

	2021/22		2022/23
Council Tax Requirement	£7,976,418		£7,975,555
less:-			
Parish Precepts	-£2,101,533		-£1,971,803
	£5,874,885		£6,003,753
Council Tax Base	32064.65		32768.00
Relevant Basic Amount*	£183.22		£183.22
Percentage Increase			0.00%

2022/23		BANDS							
		A £ p	B £ p	C £ p	D £ p	E £ p	F £ p	G £ p	H £ p
Selby District Council		122.15	142.50	162.86	183.22	223.94	264.65	305.37	366.44
North Yorkshire County Council		865.88	1010.19	1154.51	1298.82	1587.45	1876.07	2164.70	2597.64
North Yorkshire County Council - ASC		112.35	131.08	149.80	168.53	205.98	243.43	280.88	337.06
N Yorkshire Police & Crime Commissioner		187.37	218.60	249.83	281.06	343.52	405.98	468.43	562.12
North Yorkshire Fire & Rescue Authority		50.41	58.81	67.21	75.61	92.41	109.21	126.02	151.22
Town/Parish only	(a)								
Parish/Town & District	(b)								
Total including County, Police & Fire	(c)								
Appleton Roebuck & Acaster Selby	(a)	20.15	23.50	26.86	30.22	36.94	43.65	50.37	60.44
	(b)	142.30	166.00	189.72	213.44	260.88	308.30	355.74	426.88
	(c)	1358.31	1584.68	1811.07	2037.46	2490.24	2942.99	3395.77	4074.92
Balne	(a)	24.99	29.15	33.32	37.48	45.81	54.14	62.47	74.96
	(b)	147.14	171.65	196.18	220.70	269.75	318.79	367.84	441.40
	(c)	1363.15	1590.33	1817.53	2044.72	2499.11	2953.48	3407.87	4089.44
Barkston Ash	(a)	24.21	28.25	32.28	36.32	44.39	52.46	60.53	72.64
	(b)	146.36	170.75	195.14	219.54	268.33	317.11	365.90	439.08
	(c)	1362.37	1589.43	1816.49	2043.56	2497.69	2951.80	3405.93	4087.12
Barlby	(a)	65.51	76.42	87.34	98.26	120.10	141.93	163.77	196.52
	(b)	187.66	218.92	250.20	281.48	344.04	406.58	469.14	562.96
	(c)	1403.67	1637.60	1871.55	2105.50	2573.40	3041.27	3509.17	4211.00
Barlow	(a)	43.47	50.71	57.96	65.20	79.69	94.18	108.67	130.40
	(b)	165.62	193.21	220.82	248.42	303.63	358.83	414.04	496.84
	(c)	1381.63	1611.89	1842.17	2072.44	2532.99	2993.52	3454.07	4144.88
Beal	(a)	48.53	56.61	64.70	72.79	88.97	105.14	121.32	145.58
	(b)	170.68	199.11	227.56	256.01	312.91	369.79	426.69	512.02
	(c)	1386.69	1617.79	1848.91	2080.03	2542.27	3004.48	3466.72	4160.06
Biggin	(a)	14.22	16.59	18.96	21.33	26.07	30.81	35.55	42.66
	(b)	136.37	159.09	181.82	204.55	250.01	295.46	340.92	409.10
	(c)	1352.38	1577.77	1803.17	2028.57	2479.37	2930.15	3380.95	4057.14

COUNCIL TAX SCHEDULE BY TOWN & PARISH AREAS **APPENDIX K**

2022/23		BANDS							
		A	B	C	D	E	F	G	H
		£ p	£ p	£ p	£ p	£ p	£ p	£ p	£ p
Bilbrough	(a)	20.78	24.24	27.71	31.17	38.10	45.02	51.95	62.34
	(b)	142.93	166.74	190.57	214.39	262.04	309.67	357.32	428.78
	(c)	1358.94	1585.42	1811.92	2038.41	2491.40	2944.36	3397.35	4076.82
Birkin	(a)	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
	(b)	122.15	142.50	162.86	183.22	223.94	264.65	305.37	366.44
	(c)	1338.16	1561.18	1784.21	2007.24	2453.30	2899.34	3345.40	4014.48
Bolton Percy, Colton & Steeton	(a)	16.81	19.61	22.41	25.21	30.81	36.41	42.02	50.42
	(b)	138.96	162.11	185.27	208.43	254.75	301.06	347.39	416.86
	(c)	1354.97	1580.79	1806.62	2032.45	2484.11	2935.75	3387.42	4064.90
Brayton	(a)	24.83	28.96	33.10	37.24	45.52	53.79	62.07	74.48
	(b)	146.98	171.46	195.96	220.46	269.46	318.44	367.44	440.92
	(c)	1362.99	1590.14	1817.31	2044.48	2498.82	2953.13	3407.47	4088.96
Brotherton	(a)	41.77	48.74	55.70	62.66	76.58	90.51	104.43	125.32
	(b)	163.92	191.24	218.56	245.88	300.52	355.16	409.80	491.76
	(c)	1379.93	1609.92	1839.91	2069.90	2529.88	2989.85	3449.83	4139.80
Burn	(a)	50.87	59.35	67.83	76.31	93.27	110.23	127.18	152.62
	(b)	173.02	201.85	230.69	259.53	317.21	374.88	432.55	519.06
	(c)	1389.03	1620.53	1852.04	2083.55	2546.57	3009.57	3472.58	4167.10
Burton Salmon	(a)	36.38	42.44	48.51	54.57	66.70	78.82	90.95	109.14
	(b)	158.53	184.94	211.37	237.79	290.64	343.47	396.32	475.58
	(c)	1374.54	1603.62	1832.72	2061.81	2520.00	2978.16	3436.35	4123.62
Byram cum Sutton	(a)	31.52	36.77	42.03	47.28	57.79	68.29	78.80	94.56
	(b)	153.67	179.27	204.89	230.50	281.73	332.94	384.17	461.00
	(c)	1369.68	1597.95	1826.24	2054.52	2511.09	2967.63	3424.20	4109.04
Camblesforth	(a)	28.94	33.76	38.59	43.41	53.06	62.70	72.35	86.82
	(b)	151.09	176.26	201.45	226.63	277.00	327.35	377.72	453.26
	(c)	1367.10	1594.94	1822.80	2050.65	2506.36	2962.04	3417.75	4101.30
Carlton	(a)	26.43	30.84	35.24	39.65	48.46	57.27	66.08	79.30
	(b)	148.58	173.34	198.10	222.87	272.40	321.92	371.45	445.74
	(c)	1364.59	1592.02	1819.45	2046.89	2501.76	2956.61	3411.48	4093.78

2022/23		A	B	C	D	E	F	G	H
		£ p	£ p	£ p	£ p	£ p	£ p	£ p	£ p
Cawood	(a)	34.57	40.33	46.09	51.85	63.37	74.89	86.42	103.70
	(b)	156.72	182.83	208.95	235.07	287.31	339.54	391.79	470.14
	(c)	1372.73	1601.51	1830.30	2059.09	2516.67	2974.23	3431.82	4118.18
Chapel Haddlesey	(a)	38.45	44.86	51.27	57.68	70.50	83.32	96.13	115.36
	(b)	160.60	187.36	214.13	240.90	294.44	347.97	401.50	481.80
	(c)	1376.61	1606.04	1835.48	2064.92	2523.80	2982.66	3441.53	4129.84
Church Fenton	(a)	30.55	35.64	40.73	45.82	56.00	66.18	76.37	91.64
	(b)	152.70	178.14	203.59	229.04	279.94	330.83	381.74	458.08
	(c)	1368.71	1596.82	1824.94	2053.06	2509.30	2965.52	3421.77	4106.12
Cliffe	(a)	30.11	35.13	40.15	45.17	55.21	65.25	75.28	90.34
	(b)	152.26	177.63	203.01	228.39	279.15	329.90	380.65	456.78
	(c)	1368.27	1596.31	1824.36	2052.41	2508.51	2964.59	3420.68	4104.82
Cridling Stubbs	(a)	45.58	53.18	60.77	68.37	83.56	98.76	113.95	136.74
	(b)	167.73	195.68	223.63	251.59	307.50	363.41	419.32	503.18
	(c)	1383.74	1614.36	1844.98	2075.61	2536.86	2998.10	3459.35	4151.22
Drax	(a)	36.65	42.75	48.86	54.97	67.19	79.40	91.62	109.94
	(b)	158.80	185.25	211.72	238.19	291.13	344.05	396.99	476.38
	(c)	1374.81	1603.93	1833.07	2062.21	2520.49	2978.74	3437.02	4124.42
Eggborough	(a)	22.15	25.84	29.53	33.22	40.60	47.98	55.37	66.44
	(b)	144.30	168.34	192.39	216.44	264.54	312.63	360.74	432.88
	(c)	1360.31	1587.02	1813.74	2040.46	2493.90	2947.32	3400.77	4080.92
Escrick	(a)	28.76	33.55	38.35	43.14	52.73	62.31	71.90	86.28
	(b)	150.91	176.05	201.21	226.36	276.67	326.96	377.27	452.72
	(c)	1366.92	1594.73	1822.56	2050.38	2506.03	2961.65	3417.30	4100.76
Fairburn	(a)	27.37	31.93	36.49	41.05	50.17	59.29	68.42	82.10
	(b)	149.52	174.43	199.35	224.27	274.11	323.94	373.79	448.54
	(c)	1365.53	1593.11	1820.70	2048.29	2503.47	2958.63	3413.82	4096.58
Gateforth	(a)	33.54	39.13	44.72	50.31	61.49	72.67	83.85	100.62
	(b)	155.69	181.63	207.58	233.53	285.43	337.32	389.22	467.06
	(c)	1371.70	1600.31	1828.93	2057.55	2514.79	2972.01	3429.25	4115.10

COUNCIL TAX SCHEDULE BY TOWN & PARISH AREAS **APPENDIX K**

2022/23		BANDS							
		A	B	C	D	E	F	G	H
		£ p	£ p	£ p	£ p	£ p	£ p	£ p	£ p
Hambleton	(a)	28.22	32.92	37.63	42.33	51.74	61.14	70.55	84.66
	(b)	150.37	175.42	200.49	225.55	275.68	325.79	375.92	451.10
	(c)	1366.38	1594.10	1821.84	2049.57	2505.04	2960.48	3415.95	4099.14
Healaugh & Catterton	(a)	3.32	3.87	4.43	4.98	6.09	7.19	8.30	9.96
	(b)	125.47	146.37	167.29	188.20	230.03	271.84	313.67	376.40
	(c)	1341.48	1565.05	1788.64	2012.22	2459.39	2906.53	3353.70	4024.44
Heck	(a)	41.37	48.26	55.16	62.05	75.84	89.63	103.42	124.10
	(b)	163.52	190.76	218.02	245.27	299.78	354.28	408.79	490.54
	(c)	1379.53	1609.44	1839.37	2069.29	2529.14	2988.97	3448.82	4138.58
Hemingbrough	(a)	21.10	24.62	28.13	31.65	38.68	45.72	52.75	63.30
	(b)	143.25	167.12	190.99	214.87	262.62	310.37	358.12	429.74
	(c)	1359.26	1585.80	1812.34	2038.89	2491.98	2945.06	3398.15	4077.78
Hensall	(a)	34.20	39.90	45.60	51.30	62.70	74.10	85.50	102.60
	(b)	156.35	182.40	208.46	234.52	286.64	338.75	390.87	469.04
	(c)	1372.36	1601.08	1829.81	2058.54	2516.00	2973.44	3430.90	4117.08
Hillam	(a)	44.46	51.87	59.28	66.69	81.51	96.33	111.15	133.38
	(b)	166.61	194.37	222.14	249.91	305.45	360.98	416.52	499.82
	(c)	1382.62	1613.05	1843.49	2073.93	2534.81	2995.67	3456.55	4147.86
Hirst Courtney	(a)	59.17	69.03	78.89	88.75	108.47	128.19	147.92	177.50
	(b)	181.32	211.53	241.75	271.97	332.41	392.84	453.29	543.94
	(c)	1397.33	1630.21	1863.10	2095.99	2561.77	3027.53	3493.32	4191.98
Huddleston with Newthorpe	(a)	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
	(b)	122.15	142.50	162.86	183.22	223.94	264.65	305.37	366.44
	(c)	1338.16	1561.18	1784.21	2007.24	2453.30	2899.34	3345.40	4014.48
Kelfield	(a)	23.36	27.25	31.15	35.04	42.83	50.61	58.40	70.08
	(b)	145.51	169.75	194.01	218.26	266.77	315.26	363.77	436.52
	(c)	1361.52	1588.43	1815.36	2042.28	2496.13	2949.95	3403.80	4084.56
Kellington	(a)	36.89	43.04	49.19	55.34	67.64	79.94	92.23	110.68
	(b)	159.04	185.54	212.05	238.56	291.58	344.59	397.60	477.12
	(c)	1375.05	1604.22	1833.40	2062.58	2520.94	2979.28	3437.63	4125.16

2022/23		BANDS							
		A	B	C	D	E	F	G	H
		£ p	£ p	£ p	£ p	£ p	£ p	£ p	£ p
Kirk Smeaton	(a)	27.09	31.60	36.12	40.63	49.66	58.69	67.72	81.26
	(b)	149.24	174.10	198.98	223.85	273.60	323.34	373.09	447.70
	(c)	1365.25	1592.78	1820.33	2047.87	2502.96	2958.03	3413.12	4095.74
Little Fenton	(a)	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
	(b)	122.15	142.50	162.86	183.22	223.94	264.65	305.37	366.44
	(c)	1338.16	1561.18	1784.21	2007.24	2453.30	2899.34	3345.40	4014.48
Little Smeaton	(a)	26.13	30.48	34.84	39.19	47.90	56.61	65.32	78.38
	(b)	148.28	172.98	197.70	222.41	271.84	321.26	370.69	444.82
	(c)	1364.29	1591.66	1819.05	2046.43	2501.20	2955.95	3410.72	4092.86
Long Drax	(a)	19.48	22.73	25.97	29.22	35.71	42.21	48.70	58.44
	(b)	141.63	165.23	188.83	212.44	259.65	306.86	354.07	424.88
	(c)	1357.64	1583.91	1810.18	2036.46	2489.01	2941.55	3394.10	4072.92
Monk Fryston	(a)	31.17	36.36	41.56	46.75	57.14	67.53	77.92	93.50
	(b)	153.32	178.86	204.42	229.97	281.08	332.18	383.29	459.94
	(c)	1369.33	1597.54	1825.77	2053.99	2510.44	2966.87	3423.32	4107.98
Newland	(a)	19.73	23.02	26.31	29.60	36.18	42.76	49.33	59.20
	(b)	141.88	165.52	189.17	212.82	260.12	307.41	354.70	425.64
	(c)	1357.89	1584.20	1810.52	2036.84	2489.48	2942.10	3394.73	4073.68
Newton Kyme cum Toulston	(a)	22.65	26.42	30.20	33.97	41.52	49.07	56.62	67.94
	(b)	144.80	168.92	193.06	217.19	265.46	313.72	361.99	434.38
	(c)	1360.81	1587.60	1814.41	2041.21	2494.82	2948.41	3402.02	4082.42
North Duffield	(a)	22.04	25.71	29.39	33.06	40.41	47.75	55.10	66.12
	(b)	144.19	168.21	192.25	216.28	264.35	312.40	360.47	432.56
	(c)	1360.20	1586.89	1813.60	2040.30	2493.71	2947.09	3400.50	4080.60
Oxton	(a)	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
	(b)	122.15	142.50	162.86	183.22	223.94	264.65	305.37	366.44
	(c)	1338.16	1561.18	1784.21	2007.24	2453.30	2899.34	3345.40	4014.48
Riccall	(a)	71.47	83.38	95.29	107.20	131.02	154.84	178.67	214.40
	(b)	193.62	225.88	258.15	290.42	354.96	419.49	484.04	580.84
	(c)	1409.63	1644.56	1879.50	2114.44	2584.32	3054.18	3524.07	4228.88

2022/23		BANDS							
		A £ p	B £ p	C £ p	D £ p	E £ p	F £ p	G £ p	H £ p
Ryther cum Ossendyke	(a)	33.14	38.66	44.19	49.71	60.76	71.80	82.85	99.42
	(b)	155.29	181.16	207.05	232.93	284.70	336.45	388.22	465.86
	(c)	1371.30	1599.84	1828.40	2056.95	2514.06	2971.14	3428.25	4113.90
Saxton cum Scarthingwell & Lead	(a)	65.53	76.45	87.37	98.29	120.13	141.97	163.82	196.58
	(b)	187.68	218.95	250.23	281.51	344.07	406.62	469.19	563.02
	(c)	1403.69	1637.63	1871.58	2105.53	2573.43	3041.31	3509.22	4211.06
Selby	(a)	70.95	82.78	94.60	106.43	130.08	153.73	177.38	212.86
	(b)	193.10	225.28	257.46	289.65	354.02	418.38	482.75	579.30
	(c)	1409.11	1643.96	1878.81	2113.67	2583.38	3053.07	3522.78	4227.34
Sherburn in Elmet	(a)	42.42	49.49	56.56	63.63	77.77	91.91	106.05	127.26
	(b)	164.57	191.99	219.42	246.85	301.71	356.56	411.42	493.70
	(c)	1380.58	1610.67	1840.77	2070.87	2531.07	2991.25	3451.45	4141.74
Skipwith	(a)	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
	(b)	122.15	142.50	162.86	183.22	223.94	264.65	305.37	366.44
	(c)	1338.16	1561.18	1784.21	2007.24	2453.30	2899.34	3345.40	4014.48
South Milford	(a)	15.45	18.03	20.60	23.18	28.33	33.48	38.63	46.36
	(b)	137.60	160.53	183.46	206.40	252.27	298.13	344.00	412.80
	(c)	1353.61	1579.21	1804.81	2030.42	2481.63	2932.82	3384.03	4060.84
Stapleton	(a)	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
	(b)	122.15	142.50	162.86	183.22	223.94	264.65	305.37	366.44
	(c)	1338.16	1561.18	1784.21	2007.24	2453.30	2899.34	3345.40	4014.48
Stillingfleet	(a)	16.97	19.79	22.62	25.45	31.11	36.76	42.42	50.90
	(b)	139.12	162.29	185.48	208.67	255.05	301.41	347.79	417.34
	(c)	1355.13	1580.97	1806.83	2032.69	2484.41	2936.10	3387.82	4065.38
Stubbs Walden	(a)	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
	(b)	122.15	142.50	162.86	183.22	223.94	264.65	305.37	366.44
	(c)	1338.16	1561.18	1784.21	2007.24	2453.30	2899.34	3345.40	4014.48
Stutton with Hazlewood	(a)	17.56	20.49	23.41	26.34	32.19	38.05	43.90	52.68
	(b)	139.71	162.99	186.27	209.56	256.13	302.70	349.27	419.12
	(c)	1355.72	1581.67	1807.62	2033.58	2485.49	2937.39	3389.30	4067.16

COUNCIL TAX SCHEDULE BY TOWN & PARISH AREAS **APPENDIX K**

2022/23		BANDS							
		A £ p	B £ p	C £ p	D £ p	E £ p	F £ p	G £ p	H £ p
Tadcaster	(a)	42.36	49.42	56.48	63.54	77.66	91.78	105.90	127.08
	(b)	164.51	191.92	219.34	246.76	301.60	356.43	411.27	493.52
	(c)	1380.52	1610.60	1840.69	2070.78	2530.96	2991.12	3451.30	4141.56
Temple Hirst	(a)	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
	(b)	122.15	142.50	162.86	183.22	223.94	264.65	305.37	366.44
	(c)	1338.16	1561.18	1784.21	2007.24	2453.30	2899.34	3345.40	4014.48
Thorganby	(a)	39.14	45.66	52.19	58.71	71.76	84.80	97.85	117.42
	(b)	161.29	188.16	215.05	241.93	295.70	349.45	403.22	483.86
	(c)	1377.30	1606.84	1836.40	2065.95	2525.06	2984.14	3443.25	4131.90
Thorpe Willoughby	(a)	33.97	39.63	45.29	50.95	62.27	73.59	84.92	101.90
	(b)	156.12	182.13	208.15	234.17	286.21	338.24	390.29	468.34
	(c)	1372.13	1600.81	1829.50	2058.19	2515.57	2972.93	3430.32	4116.38
Towton (with Grimston, Kirby	(a)	26.31	30.70	35.08	39.47	48.24	57.01	65.78	78.94
Wharfe & North Milford)	(b)	148.46	173.20	197.94	222.69	272.18	321.66	371.15	445.38
	(c)	1364.47	1591.88	1819.29	2046.71	2501.54	2956.35	3411.18	4093.42
Ulleskelf	(a)	38.30	44.68	51.07	57.45	70.22	82.98	95.75	114.90
	(b)	160.45	187.18	213.93	240.67	294.16	347.63	401.12	481.34
	(c)	1376.46	1605.86	1835.28	2064.69	2523.52	2982.32	3441.15	4129.38
West Haddlesey	(a)	26.75	31.20	35.66	40.12	49.04	57.95	66.87	80.24
	(b)	148.90	173.70	198.52	223.34	272.98	322.60	372.24	446.68
	(c)	1364.91	1592.38	1819.87	2047.36	2502.34	2957.29	3412.27	4094.72
Whitley	(a)	14.70	17.15	19.60	22.05	26.95	31.85	36.75	44.10
	(b)	136.85	159.65	182.46	205.27	250.89	296.50	342.12	410.54
	(c)	1352.86	1578.33	1803.81	2029.29	2480.25	2931.19	3382.15	4058.58
Wistow	(a)	21.73	25.35	28.97	32.59	39.83	47.07	54.32	65.18
	(b)	143.88	167.85	191.83	215.81	263.77	311.72	359.69	431.62
	(c)	1359.89	1586.53	1813.18	2039.83	2493.13	2946.41	3399.72	4079.66
Womersley	(a)	89.18	104.04	118.91	133.77	163.50	193.22	222.95	267.54
	(b)	211.33	246.54	281.77	316.99	387.44	457.87	528.32	633.98
	(c)	1427.34	1665.22	1903.12	2141.01	2616.80	3092.56	3568.35	4282.02

TOWN & PARISH COUNCIL PRECEPTS **APPENDIX L**

Town / Parish Council	2021/22 Tax Base	2021/22 Precept £	2021/22 Council Tax Band D (£)	2022/23 Tax Base	2022/23 Precept £	2022/23 Council Tax Band D (£)	Council Tax Increase %
Appleton Roebuck & Acaster Selby	396.32	12,000.00	30.28	397.10	12,000.00	30.22	-0.20
Balne	93.01	3,175.24	34.14	93.38	3,500.00	37.48	9.79
Barkston Ash	173.17	6,180.00	35.69	170.72	6,200.00	36.32	1.76
Barlby	1,754.01	172,354.00	98.26	1,783.76	175,277.32	98.26	0.00
Barlow	286.57	19,108.19	66.68	293.08	19,108.19	65.20	-2.22
Beal	256.94	19,105.09	74.36	262.46	19,105.09	72.79	-2.10
Biggin	67.97	1,450.00	21.33	68.31	1,457.25	21.33	0.00
Bilbrough	179.31	5,581.88	31.13	179.06	5,581.88	31.17	0.14
Birkin	55.06	0.00	0.00	56.23	0.00	0.00	0.00
Bolton Percy, Colton & Steeton	243.97	5,510.00	22.58	248.34	6,260.00	25.21	11.61
Brayton	2,025.25	75,413.07	37.24	2,053.94	76,481.38	37.24	0.00
Brotherton	231.27	14,361.46	62.10	231.41	14,500.00	62.66	0.90
Burn	181.97	13,613.84	74.81	192.21	14,667.53	76.31	2.00
Burton Salmon	185.02	9,012.12	48.71	188.56	10,288.83	54.57	12.02
Byram cum Sutton	446.44	20,918.16	46.86	442.44	20,918.16	47.28	0.90
Camblesforth	518.13	22,906.00	44.21	527.72	22,906.00	43.41	-1.82
Carlton	706.24	26,412.21	37.40	747.77	29,646.50	39.65	6.01
Cawood	626.04	32,460.00	51.85	643.45	33,362.70	51.85	0.00
Chapel Haddlesey	85.31	4,920.28	57.68	87.29	5,034.48	57.68	0.00
Church Fenton	521.35	23,887.41	45.82	533.12	24,426.69	45.82	0.00
Cliffe	511.57	23,107.50	45.17	525.23	23,724.52	45.17	0.00
Cridling Stubbs	72.56	4,977.40	68.60	72.80	4,977.40	68.37	-0.33
Drax	158.86	8,500.00	53.51	163.72	9,000.00	54.97	2.74
Eggborough	791.76	26,304.54	33.22	788.31	26,189.92	33.22	0.00
Escrick	460.96	20,000.00	43.39	463.56	20,000.00	43.14	-0.56
Fairburn	328.43	13,556.47	41.28	338.88	13,912.02	41.05	-0.54
Gateforth	113.76	5,800.00	50.98	115.29	5,800.00	50.31	-1.33
Hambleton	805.37	34,088.87	42.33	877.22	37,130.06	42.33	0.00
Healaugh & Catterton	105.95	507.75	4.79	110.42	550.00	4.98	3.94
Heck	91.87	5,700.00	62.04	95.64	5,934.00	62.05	0.00
Hemingbrough	706.12	22,346.96	31.65	711.65	22,521.97	31.65	0.00
Hensall	308.85	15,500.00	50.19	311.89	16,000.00	51.30	2.22
Hillam	336.29	22,427.18	66.69	343.46	22,905.35	66.69	0.00
Hirst Courtney	109.51	9,121.71	83.30	112.68	10,000.00	88.75	6.54
Huddleston with Newthorpe	37.77	0.00	0.00	37.61	0.00	0.00	0.00
Kelfield	168.24	5,500.00	32.69	171.24	6,000.00	35.04	7.18
Kellington	293.00	16,213.36	55.34	294.32	16,286.40	55.34	0.00

TOWN & PARISH COUNCIL PRECEPTS **APPENDIX L**

Town / Parish Council	2021/22 Tax Base	2021/22 Precept £	2021/22 Council Tax Band D (£)	2022/23 Tax Base	2022/23 Precept £	2022/23 Council Tax Band D (£)	Council Tax Increase %
Kirk Smeaton	200.37	7,913.14	39.49	202.14	8,213.38	40.63	2.89
Little Fenton	49.00	0.00	0.00	50.07	0.00	0.00	0.00
Little Smeaton	140.47	4,229.94	30.11	140.33	5,498.92	39.19	30.13
Long Drax	42.10	1,200.00	28.50	41.92	1,225.00	29.22	2.52
Monk Fryston	440.93	20,604.00	46.73	440.71	20,604.00	46.75	0.05
Newland	83.73	2,000.00	23.89	84.45	2,500.00	29.60	23.93
Newton Kyme & Toulston	263.00	9,848.34	37.45	264.91	9,000.00	33.97	-9.27
North Duffield	514.17	17,000.00	33.06	527.41	17,437.75	33.06	0.00
Oxton	10.27	0.00	0.00	10.36	0.00	0.00	0.00
Riccall	926.72	97,398.27	105.10	934.06	100,133.10	107.20	2.00
Ryther	107.00	5,000.00	46.73	110.64	5,500.00	49.71	6.38
Saxton & Lead	282.65	26,265.00	92.92	285.91	28,103.00	98.29	5.78
Selby	4,747.17	505,241.00	106.43	4,850.07	516,201.00	106.43	0.00
Sherburn in Elmet	2,782.27	371,457.00	133.51	2,970.11	189,000.00	63.63	-52.34
Skipwith	138.78	0.00	0.00	153.21	0.00	0.00	0.00
South Milford	1,053.76	24,425.88	23.18	1,068.68	24,771.72	23.18	0.00
Stapleton	31.07	0.00	0.00	30.88	0.00	0.00	0.00
Stillingfleet	197.68	4,000.00	20.23	196.43	5,000.00	25.45	25.80
Stubbs Walden	34.23	0.00	0.00	34.01	0.00	0.00	0.00
Stutton with Hazlewood	357.21	9,226.00	25.83	363.44	9,574.65	26.34	2.00
Tadcaster	2,053.72	125,482.29	61.10	2,048.47	130,159.78	63.54	3.99
Temple Hirst	41.46	0.00	0.00	41.02	0.00	0.00	0.00
Thorganby	165.94	8,856.22	53.37	165.95	9,742.43	58.71	10.00
Thorpe Willoughby	1,180.16	60,132.56	50.95	1,220.77	62,201.76	50.95	0.00
Towton (Grimston, Kirkby Wharfe & Towton)	180.88	2,300.00	12.72	177.37	7,000.00	39.47	210.37
Ulleskelf	424.85	24,407.63	57.45	424.43	24,383.50	57.45	0.00
West Haddlesey	99.20	4,000.00	40.32	99.71	4,000.00	40.12	-0.51
Whitley	398.34	9,000.00	22.59	408.24	9,000.00	22.05	-2.43
Wistow	502.02	15,275.43	30.43	505.45	16,475.00	32.59	7.12
Womersley	181.28	24,250.00	133.77	182.58	24,423.90	133.77	0.00
Total / Average	**32,064.65**	**2,101,533.39**	**65.54**	**32,768.00**	**1,971,802.53**	**60.17**	**-8.19**

SELBY DISTRICT COUNCIL

TO ACT FOR OTHERS

Report Reference Number: C/21/13

To:	Council
Date:	24 February 2022
Ward(s) Affected:	All
Author:	Christopher Chapman, Accountant
Lead Executive Member:	Councillor Lunn, Lead Executive Member for Finance and Resources
Lead Officer:	Karen Iveson, Chief Finance Officer

Title: **Treasury Management – Treasury Management Strategy Statement 2022/23, Minimum Revenue Provision Policy Statement 2022/23, Annual Investment Strategy 2022/23, Prudential Indicators 2022/23 and Capital Strategy 2022/23.**

Summary:

This report presents for approval the proposed Treasury Management Strategy together with the Minimum Revenue Provision Policy Statement, Annual Investment Strategy for 2022/23, Capital Strategy 2022/23 and Prudential Indicators 2022/23 as required by the Department for Levelling Up, Housing and Communities (DLUHC) and CIPFA. Whilst 2022/23 will be Selby's final year before Local Government Re-Organisation the strategy includes forecasts for the three years to 2024/25 to enable transition to the new unitary authority.

The capital expenditure plans for the next three years, along with re-profiled budgets carried forward from 2021/22 total £44.75m, which includes Housing Delivery projects and programme for growth. Given the anticipated level of expenditure, whilst there are no immediate plans to externally borrow, authorised borrowing limits are set at £78m to enable prudent assessment of the Council's borrowing needs over the year.

Cash balances are expected to remain relatively high initially over the three year period, before decreasing as the Programme for Growth projects accelerate. The Council will continue to adopt the NYCC investment strategy for cash balances, along with consideration of other alternative investment opportunities, where considered prudent and operating within CIPFA's investment guidance.

Recommendations:

i) **The Operational Borrowing Limit for 2022/23 is set at £73m**

ii) **The Authorised Borrowing Limit for 2022/23 is set at £78m**

iii) **Councillors delegate authority to the Chief Finance Officer to effect movement within the agreed authorised boundary limits for long-term borrowing for 2022/23.**

iv) **Councillors delegate authority to the Chief Finance Officer to effect movement within the agreed operational boundary limits for long-term borrowing for 2022/23 onwards.**

v) **The treasury management strategy statement 2022/23 be approved.**

vi) **The minimum revenue provision policy statement for 2022/23 be approved.**

vii) **The treasury management investment strategy for 2022/23 be approved.**

viii) **The prudential indicators for 2022/23 which reflect the capital expenditure plans which are affordable, prudent and sustainable be approved.**

ix) **The Capital Strategy for 2022/23 be approved.**

Reasons for recommendation:

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

1. Introduction and background

1.1 The Council is required to operate a balanced budget, which broadly means that cash raised during the year will meet cash expenditure. Part of the treasury management operation is to ensure that this cash flow is adequately planned, with cash being available when it is needed. Surplus monies are invested to maximise returns within a policy which prioritises security of capital and liquidity of funds.

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

1.3 The Council's Treasury Management Strategy is attached at Appendix A. The strategy sets out the limits to borrowing and investments that officers will apply over the coming year in order to ensure the Council's capital investments plans are affordable, prudent and sustainable.

1.4 The strategy incorporates Statutory MRP guidance including disclosures relating to Voluntary Revenue Provision payments, (VRP). The HRA Business Plan shows that the cost of planned improvement works will exceed the funds available in the major repairs reserve and consequently VRP previously set-aside to repay the self-financing debt will be needed to support the capital programme. This will mean that debt repayment will have to be deferred beyond the 30 years originally planned, with the intention being to reprofile HRA VRP over the remaining life of the existing debt.

1.5 The strategy also takes into account rules that prevent Public Works Loans Board borrowing primarily for yield. The Council has no plans to invest primarily for yield.

1.6 Whilst 2022/23 will be Selby's final year before Local Government Re-Organisation the strategy includes forecasts for the three years to 2024/25 to enable transition to the new unitary authority.

2. The Report

2.1 Treasury Management Strategy

- The Council's 'Authorised Limit for External Debt' is £78m for 2022/23, which is the maximum that can be borrowed in the year.

- The 'Operational Boundary' (the maximum amount that is expected to be borrowed) is £73m in 2022/23, which includes £15m headroom for any unusual cashflow purposes or debt rescheduling, should this be required.

- The borrowing limits reflect capital spending plans arising from capital programmes and the Programme for Growth (P4G)**.**

- Within its Treasury Management Strategy, the Council will contain its exposure to the possibility of loss that might arise as a result of having to seek early repayment or redemption of principal sums, by setting limits for the amounts that can be invested from 1 up to 5 years (ranging from £20m down to £5m respectively).

- The Council operates 2 borrowing pools – one for the General Fund and one for the HRA.

- The Council has a range of loans with differing maturity limits in order to smooth out the repayment profile – the value of loans at 31/12/21 was £52.8m at an average rate of 3.63%. The next loan repayment is scheduled for 2034/35.

- Total treasury deposits are around £79.6m at an average rate of 0.20%, along with investments in Property Funds of £5.06m (as at end of December 2021), achieving a net rate of return of around 3.41% (as at Q3).

- Investment rates available remain at low levels as a result of the continuing low Bank Rate. Though the December 2021 Monetary Policy Committee voted to increase the Bank Rate to 0.25%, the first rise since the Pandemic began, this increase will take time to filter through to council investments, as existing investments mature and are replaced.

- The Council continues to experience exceptional annual receipts as a result of Renewable Energy Business Rates. Plans for a number of projects are in progress, and as Programme for Growth projects accelerate over the coming three years, cash balances are expected to decrease in line with the financing of these projects.

2.2 Minimum Revenue Provision (MRP) Policy

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

- MRP for new borrowing will be based on the asset life;

- Total MRP for 2022/23 is £0.517m, all relating the General Fund Internal Borrowing;

- VRP for 2022/23 is £1.214m, in relation to HRA external borrowing.

2.3 Annual Investment Strategy

- The Council's day to day investments are now managed as part of an overall investment pool operated by North Yorkshire County Council (NYCC).

- In order to facilitate the pooling of investments with NYCC, the Council's Annual Investment Strategy and Lending List has been aligned to that of NYCC.

- While it is recognised that there is value in pooling investments, responsibility for risk management lies wholly with the Council and officers of the Council and NYCC are explicitly required to follow Treasury Management policies and procedures.

- The priorities for investing the Council's cash reserves remain the security of capital and liquidity of funds.

- Cash balances for investment are expected to range between £52m and £31m over the coming year dependent upon cashflows.

- A prudent average rate of return of 0.25% has been estimated for 2022/23, though loans to Selby District Housing Trust and the revenue returns from the council's investment in property funds will help to increase overall returns. Increases in Bank of England Base rate over the course of the year will serve to increase the rate of return achieved on the funds invested via the pooling arrangements with NYCC, which currently sit at 0.20%. Any increase in base rate will take time to filter though however as existing investments mature and are replaced.

- NYCC have included a range of alternative options, including Certificates of Deposit, Bonds and UK Government Gilts within its Investment Strategy in order to improve returns over the coming year.

- In addition to the types of investment set out in Schedules 1 and 2 of the Council's Treasury Strategy (attached), Treasury Management staff continue to investigate alternative options, in order to assess whether they meet the Councils investment priorities and criteria list.

- As part of the monitoring and review of investment options, Property Funds were identified as an instrument for investment following discussions with the County Councils Treasury Management consultants. £5m was placed during 2018/19. Given current market uncertainty no further investments are planned at this time and existing investments will be kept under review.

2.4 Prudential Indicators

- The Council plans to spend £24.4m on capital projects in 2022/23;

- This expenditure will be funded from the HRA major repairs reserve, earmarked revenue reserves, capital receipts & grants or revenue resources.

- Principle (Minimum Revenue Provision or MRP) and interest repayments on current and proposed borrowing, less interest on investments, equate to 2.12% of the General Fund Budget and 23.83% of the HRA net budget in 2022/23.

- Taking into account all capital spending plans during 2022/23 there are no additional borrowing requirements anticipated for either the General Fund or the HRA, with the Capital programme for the year anticipated to be funded from existing reserve balances.

2.5 Capital Strategy

- In December 2017, CIPFA issued a revised Treasury Management Code of Practice and Prudential Code. The revised Codes require all local authorities to produce a Capital Strategy. The Capital Strategy provides a high level overview of how capital expenditure, capital financing and treasury management contribute to the provision of Corporate and service objectives and takes account of stewardship, value for money, prudence, sustainability and affordability. As a result, a Capital Strategy is included as **Appendix F** to this report.

- The current economic environment as a result of the Covid-19 pandemic is resulting in ongoing low returns on traditional treasury management investments. As a result, the Council has explored an alternative strategic approach to managing cash resources through non-core investments, which includes the existing loans to Selby and District Housing Trust in support of the Council's Affordable Housing Delivery Programme. The current Trust loan balance as at 31.12.21 stands at £2.8m. Alternative investments are currently earmarked as capital expenditure and as such are included in the Capital Programme. Whilst no further loans are anticipated, the decision to undertake such investments are driven by the Council's corporate objectives as set out in the Council Plan.

- The Capital Strategy provides a projection of how capital expenditure plans, including alternative investment plans, impact on capital borrowing and repayment plans. The Prudential Code requires the Chief Financial Officer to report explicitly on the affordability and risk associated with the Capital Strategy.

- The Council's capital expenditure plans include property acquisitions in support of the Council's Transforming Cities project. In accordance with CIPFA's Commercial Property Investment guidance, issued in autumn 2019, the Council does not plan to externally borrow to finance commercial investments and has no plans for investment primarily for yield.

3. Implications

3.1 Legal Implications

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

3.2 Financial Implications

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

4. Conclusion

4.1 The Council has a statutory duty to produce its annual treasury management and investment strategies. The underpinning purpose is to ensure the Council considers the key financial risks associated with managing cash flows, prudent investment decisions, financing of capital spending plans, and to ensure that capital investment is prudent, affordable and sustainable in the long term. The strategies and prudential indicators are also designed to demonstrate proportionality and balance of risk. Whilst 2022/23 will be Selby's final year before Local Government Re-Organisation the strategy includes forecasts for the three years to 2024/25 to enable transition to the new unitary authority.

5. Background Documents

None

6. Appendices

Appendix A – Treasury Management Strategy 2022/23
Appendix B – Minimum Revenue Provision Policy 2022/23
Appendix C – Capital Prudential Indicators 2022/23
Appendix D – Borrowing Strategy 2022/23
Appendix E – Annual Investment Strategy 2022/23
Appendix F – Capital Strategy 2022/23
Schedule 1 – Specified and Non-Specified Investments 2022/23
Schedule 2 – Approved Lending List 2022/23
Schedule 3 – Approved Countries for Investment

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TREASURY MANAGEMENT STRATEGY STATEMENT 2022/23

1.1 Introduction

2022/23 will be Selby's final year before Local Government Re-Organisation and the transition to a single unitary council in North Yorkshire. To enable a smooth transition, the strategy includes forecasts for the three years to 2024/25.

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

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

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

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

CIPFA defines treasury management as:

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

1.2 Reporting requirements

1.2.1 Capital Strategy

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

- a high-level long term overview of how capital expenditure, capital financing and treasury management activity contribute to the provision of

services
- an overview of how the associated risk is managed
- the implications for future financial sustainability

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

1.2.2 **Treasury Management Reporting**

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

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

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

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

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

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

1.3 The suggested Treasury Management Strategy for 2022/23 covers the two main areas:

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

Treasury management issues
- the current treasury position;
- treasury indicators which limit the treasury risk and activities of the Council;
- prospects for interest rates;
- the borrowing strategy;
- policy on borrowing in advance of need;

- debt rescheduling;
- the investment strategy;
- creditworthiness policy; and
- policy on use of external service providers.

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

1.4 Training

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

1.5 Treasury Management Consultants

The Council uses Link Group as its external treasury management advisors.

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

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

MINIMUM REVENUE PROVISION POLICY STATEMENT 2022/23

1. Introduction

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

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

2. Minimum Revenue Provision Policy

2.1 The Council's MRP policy is based on the Governments Statutory Guidance and following a review no further changes are considered necessary and the policy for 2022/23 is therefore as follows:

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

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

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

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

There is no requirement on the HRA to make a minimum revenue provision but there is a requirement for a charge for depreciation to be made

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

Total General Fund MRP for 2022/23 is estimated at £0.517m (£0.517m internal borrowing, with nothing outstanding for leases).

2.2 **MRP Overpayments -** A change introduced by the revised DLUHC MRP Guidance was the allowance that any charges made over the statutory minimum revenue provision (MRP), voluntary revenue provision or overpayments (VRP), can, if needed, be reclaimed in later years if deemed necessary or prudent. In order for these sums to be reclaimed for use in the budget, this policy must disclose the cumulative overpayment made each year. Up until the 31 March

2022 the total VRP overpayments are **£12.17m**. This is comprised of two elements, the bulk relating to VRP charged for the repayment of HRA self-financing debt, and a smaller voluntary contribution towards the Housing Development Programme, beginning in 2021/22.

The recent update of the HRA Business Plan has shown that the cost of planned improvement works will exceed the funds available in the major repairs reserve and consequently resources previously set-aside to repay the self-financing debt will be needed to support the capital programme. This will mean that debt repayment will have to be deferred beyond the 30 years originally planned, with the intention being to reprofile HRA VRP over the remaining life of the existing debt.

APPENDIX C

THE CAPITAL PRUDENTIAL INDICATORS 2022/23 – 2024/25

1. Introduction

1.1 The ‘Prudential Code’ provides Council’s with a regime of self-regulation for borrowing money for capital purposes. A local authority can borrow as much as it wishes as long as it can afford the repayments. The Code outlines four key objectives relating to the capital investment plans and treasury management procedures of local authorities. To demonstrate that these objectives are being fulfilled the Prudential Code sets out the indicators that must be used, and the factors that must be taken into account.

1.2 The Code prescribes how the issue of affordability is measured using a set of prudential indicators. The four key objectives of the Code are to ensure that capital investment plans of local authorities are affordable, prudent and sustainable, and to ensure that treasury management decisions are taken in accordance with good professional practice. The indicators are mandatory but the figures used in the calculations are a matter for each local authority.

1.3 The prudential indicators required by the Code are designed to support and record local decision-making. They are not designed to be comparative performance indicators and the use of them in this way would be likely to be misleading and counter-productive.

1.4 The Council’s capital expenditure plans are the key driver of treasury management activity. The output of the capital expenditure plans is reflected in prudential indicators, which are designed to assist members’ overview and confirm capital expenditure plans. Acknowledging the requirements for the transition to a unitary council but ensuring continuity of services, the following indicators are based upon the Council’s spending plans for 2022/23 and current planned expenditure for 2023/24 and 24/25. Beyond 2022/23, spending plans and the associated prudential indicators will be subject to review but in order to assist with planning for the new council, indicators for 2023/24 and beyond provide a useful benchmark.

2. Capital Expenditure:

2.1 The Council’s capital expenditure plans are a key driver of treasury management activity. The output of the capital expenditure plans are reflected in the prudential indicators, which are designed to assist Members by highlighting the overall impact of capital investment decisions within the context of the Council’s financing requirements.

2.2 This Indicator is a summary of the Council’s capital expenditure plans, both those agreed previously, and those forming part of this budget cycle. The table below summarises the capital expenditure plans and how these plans are being financed.

Table 1: Capital Expenditure

Capital Expenditure	2020/21 Actual £'000	2021/22 Estimate £'000	2022/23 Estimate £'000	2023/24 Estimate £'000	2024/25 Estimate £'000
General Fund	4,601	1,456	2,298	987	369
HRA	4,260	7,801	15,992	5,263	5,390
P4G	468	2,466	6,134	8,222	0
Non Financial Investments	0	0	0	0	0
Total	**9,329**	**11,723**	**24,423**	**14,572**	**5,759**

* Non-financial investments relate to areas such as capital expenditure on investment properties, loans to third parties etc. Previous years contained the figures for the loans to Selby District Housing Trust, and P4G Commercial Property Acquisitions. At present no further loans to the trust are anticipated, and P4G Commercial Property Acquisitions are funded from external sources (WYCA contributions).

2.3 Other long term liabilities. The above financing need excludes other long term liabilities, such as leasing arrangements which already include borrowing instruments (this includes the leases the councils contractors have for vehicles and equipment within the Street Scene Contract). Table 2 below includes these costs.

2.4 As part of our aspirations for Selby District the Council has approved a 'Programme for Growth' which includes a number of revenue and capital initiatives aimed at stimulating activity associated with jobs, housing, infrastructure, retail and leisure. While these strategic initiatives have been included in the capital expenditure plans shown in Table 1, any changes may require the Council to reconsider its borrowing requirements, depending on the external resources it is able to lever towards the programme.

2.5 The Housing Delivery Programme is currently in progress. Existing spend on the programme has seen the Council adopt a hybrid approach, whereby council resources have been spent directly on the programme, as well as indirectly by way of loans to Selby District Housing Trust. Whilst no further loans to the Trust are now anticipated, Table 1 below contains the forecast capital spend to be incurred by the Council.

<u>Table 2: Financing of Capital Expenditure</u>

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

Capital Expenditure	**2020/21 Act. £'000**	**2021/22 Est. £'000**	**2022/23 Est. £'000**	**2023/24 Est. £'000**	**2024/25 Est. £'000**
General Fund	4,601	1,456	2,298	987	369
HRA	4,260	7,801	15,992	5,263	5,390
P4G	468	2,465	6,134	8,322	0
Commercial Activities / Non-financial Investments	0	0	0	0	0
Total	**9,329**	**11,723**	**24,423**	**14,572**	**5,759**
Financed By:					
Revenue & Reserves	-4,724	-10,678	-21,141	-13,691	-5,629
Capital Receipts	-81	-337	-2,732	-331	0
Grants	-532	-517	-550	-550	-130
Repaid Loans	-72	-82	-85	-89	-93
Net Financing Need	**3,920**	**109**	**-85**	**-89**	**-93**

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

2.7 A key aspect of the regulatory and professional guidance is that elected Members are aware of the size and scope of any commercial activity in relation to the authority's overall financial position. The net financing need for commercial activities / non-financial investments included in the above table against expenditure is shown below:

Commercial activities / non-financial investments £m	2020/21 Act. £'000	2021/22 Est. £'000	2022/23 Est. £'000	2023/24 Est. £'000	2024/25 Est. £'000
Capital Expenditure	0	0	0	0	0
Financing costs	0	0	0	0	0
Net financing need for the year	**0**	**0**	**0**	**0**	**0**
Percentage of total net financing need %	**0%**	**0%**	**0%**	**0%**	**0%**

Commercial / Non-financial investments relate to affordable housing loans to Selby District Housing Trust to support the transforming cities project. At present, no further loans to the Trust are Anticipated.

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

3.1 The second prudential indicator is the Council's Capital Financing Requirement (CFR). The CFR is simply the total historic outstanding capital expenditure which has not yet been paid for from either revenue or capital resources. It is essentially a measure of the Council's underlying borrowing need. Any capital expenditure above, which has not immediately been paid for, will increase the CFR. This is summarised in Table 4.

3.2 The CFR does not increase indefinitely, as the minimum revenue provision (MRP) is a statutory annual revenue charge which broadly reduces the borrowing need in line with each asset's life. The Council is asked to approve the CFR projections below:

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

Table 4: Capital Financing Requirement

	2020/21 Actual £000	2021/22 F'cast £000	2022/23 F'cast £000	2023/24 F'cast £000	2024/25 F'cast £000
CFR General Fund	8,318	7,208	6,606	6,002	5,394
CFR GF Leases	0	0	0	0	0
Total CFR General Fund	**8,318**	**7,208**	**6,606**	**6,002**	**5,394**
CFR HRA	48,074	46,741	45,527	44,312	43,098
Total CFR	**56,392**	**53,949**	**52,133**	**50,314**	**48,492**
Movement in CFR	2,368	-2,443	1,816	-1,819	-1,822
Movement in CFR represented by:-					
Net Financing need for the year	3,920	223	-85	-89	-93
Less MRP & Other Financing movements	-1,549	-2,666	-1,731	-1,730	-1,729
Movement in CFR	**2,371**	**-2,443**	**1,816**	**-1,819**	**-1,822**

4. Affordability Prudential Indicators

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

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

Table 5: Ratio of Financing Costs to Net Revenue Stream

	2020/21 Actual %	2021/22 Est. %	2022/23 Est. %	2023/24 Est. %	2024/25 Est. %
General Fund	-1.00	4.91	2.12	2.44	2.05
Housing Revenue Account	25.60	25.45	23.83	23.06	22.29

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

1.0 BORROWING STRATEGY 2022/23

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

Table 1: Current Treasury Portfolio at 31/12/21

		Principal		**Ave. rate**
		£m	£m	%
Fixed rate funding	PWLB	52.8		
	Market	0	52.8	3.63
Variable Rate Funding	PWLB	0		
	Market	0	0	0
Other long term liabilities	Leases	0.0	0.0	0
TOTAL DEBT			**52.8**	**3.63**
TOTAL INVESTMENTS			**79.6**	**0.20**

1.2 The Council's treasury portfolio position as at 31 December 2021 is shown in Table 1 and the forecasted position at 31 March 2022, with forward projections summarised in Table 2. The table shows the actual external borrowing (the treasury management operations), against the capital borrowing need (the Capital Financing Requirement - CFR), highlighting any over or under borrowing.

Table 2: Forecasted Portfolio Position

	2020/21 Actual £000	**2021/22 F'cast £000**	**2022/23 F'cast £000**	**2023/24 F'cast £000**	**2024/25 F'cast £000**
External Borrowing					
Borrowing at 1 April	59,333	52,833	52,833	52,833	52,833
Expected Change in Borrowing	(6,500)	0	0	0	0
Leases	0	0	0	0	0
Actual Borrowing at 31 March	**52,833**	**52,833**	**52,833**	**52,833**	**52,833**
CFR - the borrowing need	56,392	53,949	52,133	50,314	48,492
Under / (over) borrowing	3,559	1,116	-700	-2,519	-4,341
Investments					
Total Investments	66,018	54,485	33,858	27,069	26,867
Investment Change	8,128	-11,533	-20,627	-6,789	-202
Net Borrowing	-9,626	-536	18,275	23,245	21,624

2. Treasury Limits for 2022/23 to 2024/25

2.1 Selby District Council has, at any point in time, a number of cash flows both positive and negative, and manages its treasury position in terms of its borrowings and investments in accordance with its approved treasury management strategy and practices. In day-to-day cash management, no distinction can be made between revenue and capital cash. External borrowing arises as a consequence of all the financial transactions of the authority and not simply those arising from capital spending.

2.2 CIPFA's Prudential code for Capital Finance in Local Authorities' includes the following key indicator of prudence;
"*In order to ensure that over the medium term net borrowing will only be for a capital purpose, the local authority should ensure that net external borrowing does not, except in the short term, exceed the total of capital financing requirement in the preceding year plus the estimates of any additional capital financing requirement for the current and the next two financial years."*

2.3 The Chief Finance Officer reports that the authority (General Fund) had no difficulty meeting this requirement in 2020/21, nor are any difficulties envisaged for the current (2021/22) or future years (2022/23 – 2024/25). This view takes into account current commitments, existing plans and the proposals in the budget.

2.4 It is a statutory duty under Section 3 of the Local Government Act 2003 and supporting regulations, for the Council to determine and keep under review how much it can afford to borrow. The amount so determined is termed the "Affordable Borrowing Limit". In England and Wales the authorised limit represents the legislative limit specified in the Act.

2.5 The Council must have regard to the Prudential Code when setting the Authorised Limit, which essentially requires it to ensure that total capital investment remains within sustainable limits and, in particular, that the impact upon its future council tax and council rent levels is 'acceptable'. It reflects the level of external borrowing which, while not desired, could be afforded in the short term, but is not sustainable in the longer term.

2.6 Whilst termed an "Affordable Borrowing Limit", it incorporates the capital plans to be considered for inclusion in corporate financing by both external borrowing and other forms of liability, such as credit arrangements.

2.7 The Authorised Limit for external borrowing is a key prudential indicator and represents a control on the maximum level of borrowing. It is a limit beyond which external borrowing is prohibited, and this limit needs to be set or revised by the full Council on a rolling basis, for the forthcoming financial year and two successive financial years. This information is shown in table 3.

Table 3: Authorised Borrowing Limit

Authorised Limit for External Debt	**2020/21 £'000**	**2021/22 £'000**	**2022/23 £'000**	**2023/24 £'000**	**2024/25 £'000**
Borrowing	89,000	77,000	77,000	77,000	77,000
Other Long Term Liabilities	1,000	1,000	1,000	1,000	1,000
Total	**90,000**	**78,000**	**78,000**	**78,000**	**78,000**

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

Table 4: Operational Borrowing Limit

Operational Boundary	**2020/21 £'000**	**2021/22 £'000**	**2022/23 £'000**	**2023/24 £'000**	**2024/25 £'000**
Borrowing	84,000	72,000	72,000	72,000	72,000
Other Long Term Liabilities	1,000	1,000	1,000	1,000	1,000
Operational Boundary Total	**85,000**	**73,000**	**73,000**	**73,000**	**73,000**

2.9 In respect of its external debt, table 3 details the proposed authorised limits for the Council's total external debt gross of investments for the next three financial years which councillors are recommended to approve. These limits separately identify borrowing from other long-term liabilities such as finance leases. The 2020/21 and 2021/22 figures shown above are for comparative purposes. It is also recommended that members continue to delegate authority to the Chief Finance Officer, within the total limit for any individual year, to effect movement between the separately agreed limits for borrowing and other long term liabilities. Any such changes made will be reported to the Executive at its next meeting following the change.

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

3. Prospects for Interest Rates

3.1 The Council appointed Link Group as a treasury adviser to the Council and part of their service is to assist the Council to formulate a view on interest rates. Table 5 gives the Link central view.

Table 5: Link View interest rate forecast

Link Group Interest Rate View 20.12.21	Dec-21	Mar-22	Jun-22	Sep-22	Dec-22	Mar-23	Jun-23	Sep-23	Dec-23	Mar-24	Jun-24	Sep-24	Dec-24	Mar-25
BANK RATE	0.25	0.25	0.50	0.50	0.50	0.75	0.75	0.75	0.75	1.00	1.00	1.00	1.00	1.25
3 month ave earnings	0.20	0.30	0.50	0.50	0.60	0.70	0.80	0.90	0.90	1.00	1.00	1.00	1.00	1.00
6 month ave earnings	0.40	0.50	0.60	0.60	0.70	0.80	0.90	1.00	1.00	1.10	1.10	1.10	1.10	1.10
12 month ave earnings	0.70	0.70	0.70	0.70	0.80	0.90	1.00	1.10	1.10	1.20	1.20	1.20	1.20	1.20
5 yr PWLB	1.40	1.50	1.50	1.60	1.60	1.70	1.80	1.80	1.80	1.90	1.90	1.90	2.00	2.00
10 yr PWLB	1.60	1.70	1.80	1.80	1.90	1.90	2.00	2.00	2.00	2.10	2.10	2.10	2.20	2.30
25 yr PWLB	1.80	1.90	2.00	2.10	2.10	2.20	2.20	2.20	2.30	2.30	2.40	2.40	2.50	2.50
50 yr PWLB	1.50	1.70	1.80	1.90	1.90	2.00	2.00	2.00	2.10	2.10	2.20	2.20	2.30	2.30

4 Borrowing Requirement

4.1 The Council is currently forecasting an under-borrowed position in 2021/22. This means that the Council's capital borrowing is lower than the underlying need to borrow. As a result of the capital expenditure plans set out in **Appendix C, Table 1** the Council is expected to maintain an under-borrowed position in 2021/22, before moving to an overborrowed position from 2022/23 onwards, as shown in **Table 6** below. This has been driven by the prudent approach taken to Voluntary Revenue Position on the HRA, where the council has set aside funds each year to repay future debt. The Council's borrowing position is kept under regular review.

Table 6 – Borrowing Requirement

Under / (Over) Borrowing	2020/21 £000	2021/22 £000	2022/23 £000	2023/24 £000	2024/25 £000
General Fund	6,718	5,608	5,006	4,402	3,794
HRA	-3,159	-4,492	-5,706	-6,921	-8,135
Overall Position	3,559	1,116	-700	-2,519	-4,341

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

4.2 Against this background and the risks within the economic forecast, caution will be adopted with the 2022/23 treasury operations. The Chief Finance Officer will monitor interest rates in financial markets and adopt a pragmatic approach to changing circumstances.

4.3 If it was felt that there was a significant risk of a sharp fall in long and short term rates, e.g. due to a marked increase of risks around relapse into recession or of risks of deflation, then long term borrowings will be postponed, and potential rescheduling from fixed rate funding into short term borrowing will be considered.

4.4 If it was felt that there was a significant risk of a much sharper rise in long and short term rates than that currently forecast, perhaps arising from an acceleration in the rate of increase in central rates in the USA and UK, an increase in world economic activity, or a sudden increase in inflation risks, then the portfolio position will be re-appraised with the likely action that fixed rate funding will be drawn whilst interest rates are still at acceptable levels.

4.5 Any decisions will be reported to the Executive at the next available opportunity.

4.6 The current capital programme funding forecasts for 2022/23 to 2024/25 shows that there is a borrowing requirement for both the General Fund and HRA. The borrowing needs for future years will be reviewed as the capital programmes are confirmed.

4.7 Maturity structure of borrowing. These gross limits are set to reduce the Council's exposure to large fixed rate sums falling due for refinancing, and are required for upper and lower limits.

Table 7 : Maturity Structure Fixed Rate Borrowing 2022/23

Maturity Structure New Borrowing 2021/22	Upper Limit	Lower Limit
Under 12 Months	20%	0%
12 Months and within 2 Years	20%	0%
2 Years and within 5 Years	50%	0%
5 Years and within 10 Years	50%	0%
10 Years and within 15 Years	50%	0%
15 Years and over	90%	20%

4.8 The Council has a policy of borrowing from the Public Works Loans Board in the first instance (over periods up to 50 years) or the money markets (over periods up to 50 years) which ever reflects the best possible value for the Council at the time. Individual loans are taken out over varying periods depending on the relative value of interest rates at the time of borrowing need and to avoid wherever possible a distorted repayment profile.

4.9 The Council's current debt portfolio as shown in Table 1 is entirely made up of £52.8m of PWLB debt. However, the portfolio will be kept under review for debt rescheduling options, although opportunities for rescheduling have been limited.

4.10 As short term borrowing rates will be considerably cheaper than longer term fixed interest rates, there may be potential opportunities to generate savings by switching from long term debt to short term debt. However, these savings will need to be considered in the light of the current treasury position and the size of the cost of debt repayment (premiums incurred).

4.11 The reasons for any rescheduling to take place will include:

- the generation of cash savings at minimum risk;
- help fulfil the strategy outlined above; and
- enhance the balance of the portfolio (amend the maturity profile and/or the balance of volatility).

Consideration will also be given to identify if there is any potential for making savings by running down investment balances to repay debt prematurely as short term rates on investments are likely to be lower than rates paid on current debt

4.12 Any rescheduling of debt will be reported to Executive at the meeting following its action.

4.13 The Council will not borrow more than or in advance of its needs purely in order to profit from the investment of the extra sums borrowed. This is a key message within the CIPFA Prudential Property Investment Guidance, issued in Autumn 2019. Furthermore the Council has no plans to buy commercial assets primarily for yield – acquisitions planned are to facilitate the Council's wider re-generation plans. Within the context of Commercial activities undertaken by this Council, commercial property and property funds have been cash backed by applying reserve funding. The Loans to Selby and District Housing Trust are funded through internal borrowing. Any decision to borrow in advance will be within forward approved Capital Financing Requirement estimates, and will be considered carefully to ensure that value for money can be demonstrated and that the Council can ensure the security of such funds.

4.14 Risks associated with any borrowing in advance activity will be subject to prior appraisal and subsequent reporting through the mid-year or annual reporting mechanism.

APPENDIX E

ANNUAL INVESTMENT STRATEGY STATEMENT 2022/23

1. Introduction

1.1 Under the Local Government Act 2003 the Council is required to have regard to Government Guidance in respect of the investment of its cash funds. This Guidance was revised with effect from 1 April 2010. The Guidance leaves local authorities free to make their own investment decisions, subject to the fundamental requirement of an Annual Investment Strategy being approved by the Council before the start of the financial year.

1.2 This Annual Investment Strategy must define the investments the Council has approved for prudent management of its cash balances during the financial year under the headings of **specified investments** and **non-specified investments**.

1.3 The Council's day to day investments are managed as part of the overall investment pool operated by North Yorkshire County Council (NYCC). In order to enable investments to be managed through the investment pool the Council is required to adopt an Annual Investment Strategy and Approved Lending List in line with that of NYCC.

2. Revisions to the Annual Investment Strategy

2.1 In addition to this **Investment Strategy**, which requires approval before the start of the financial year, a revised Strategy will be submitted to Council for consideration and approval under the following circumstances:

(a) significant changes in the risk assessment of a significant proportion of the Council's investments;

(b) any other significant development(s) that might impact on the Council's investments and existing strategy for managing those investments during 2022/23.

3. Investment Policy

3.1 The parameters of the Policy are as follows:

(a) the Council will have regard to the Government's Guidance on Local Government Investments "the guidance", and the 2017 revised CIPFA Treasury Management in Public Services Code of Practice and Cross Sectorial Guidance Notes, "the code";

(b) the Council's investment policy has two fundamental objectives;

- the security of capital (protecting the capital sum from loss); and then
- the liquidity of its investments (keeping the money readily available for expenditure when needed)

(c) the Council will also aim to seek the highest return (yield) on its investments provided that proper levels of security and liquidity are achieved. The risk appetite of the Council is low in order to give priority to the security of its investments;

(d) the borrowing of monies purely to invest or lend and make a return is unlawful and the Council will not engage in such activity;

(e) investment instruments for use in the financial year listed under **specified** and **non-specified investment** categories (see **paragraph 5.1**);

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

4.1 (a) the Council's general investment powers under this Annual Treasury Management and Investment Strategy come from the Local Government Act 2003 (Section 12). Under this Act a local authority has the power to invest for any purpose relevant to its functions or for the purpose of the prudent management of its financial affairs

(b) in addition to investment, the Council has the power to provide loans and financial assistance to organisations under the Localisation Act 2011 (and also formally under the general power of wellbeing in the Local Government Act 2000) which introduced a general power of competence for authorities (to be exercised in accordance with their general public law duties)

(c) any such loans by the Council, will therefore be made under these powers. They will not however be classed as investments made by the Council and will not impact on this Investment Strategy. Instead they will be classed as capital expenditure by the Council under the Local Authorities (Capital Finance and Accounting) Regulations 2003, and will be approved, financed and accounted for accordingly

(d) at present the Council has made several loans to the Selby District Housing Trust. The loan position to the Housing Trust is monitored and reviewed regularly.

5. Specified and non-specified Investments

5.1 Based on Government Guidance as updated from 2018.

(a) investment Instruments identified for use in the forthcoming financial year are listed in the Schedules attached to this report, under the **specified** and **non-specified** Investment categories;

(b) all **specified** Investments (see **Schedule 1**) are defined by the Government as options with "relatively high security and high liquidity" requiring minimal reference in investment strategies. In this context, the Council has defined Specified Investments as being sterling denominated, with maturities up to a maximum of 1 year meeting the minimum high credit quality;

(c) **Non-specified** investments (see **Schedule 1**) attract a greater potential of risk. As a result, a maximum local limit of 20% of "core cash" funds available for investment has been set which can be held in aggregate in such investments;

(d) for both specified and non-specified investments, Schedule 1 indicates for each type of investment:-

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

Non-Specified Only

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

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

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

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

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

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

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

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

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

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

(b) All credit ratings will be monitored daily. The Council is alerted to changes to ratings of all three agencies through its use of the Link Group's creditworthiness service

(c) If a downgrade results in the counterparty / investment scheme no longer meeting the Council's minimum criteria, its further use as a new investment will be withdrawn immediately

(d) In addition to the use of credit ratings the Council will be advised of information in movements in Credit Default Swap spreads against the iTraxx European Financials benchmark and other market data on a daily basis via its Passport website, provided exclusively to it by Link Group. Extreme market movements may result in downgrade of an institution or removal from the Council's lending list

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

(f) Sole reliance will not be placed on the use of this external service. In addition, the Council will also use market data and market information, as well as information on any external support for banks to help support its decision making process.

6.2 UK banks – ring fencing

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

b) Ring-fencing is a regulatory initiative created in response to the global financial crisis. It mandates the separation of retail and SME deposits from investment banking, in order to improve the resilience and resolvability of banks by changing their structure. In general, simpler activities offered from within a ring-fenced bank, (RFB), will be focused on lower risk, day-to-day core transactions, whilst more complex and "riskier" activities are required to be housed in a separate entity, a non-ring-fenced bank, (NRFB). This is intended to ensure that an entity's core activities are not adversely affected by the acts or omissions of other members of its group.

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

6.3 Country limits

a) Due care will be taken to consider the exposure of the Council's total investment portfolio to non-specified investments, countries, groups and sectors.

b) **Non-specified investment limit.** The Council has determined that it will limit the maximum total exposure to non-specified investments as being 20% of the total investment portfolio.

c) **Country limit.** The Council has determined that it will only use approved counterparties from the UK and from countries with a minimum sovereign credit rating of *AA-* from Fitch. The list of countries that qualify using these credit criteria as at the date of this report are shown in **Schedule 3, attached to this report**. This list will be added to, or deducted from, by officers should ratings change in accordance with this policy.

7. <u>Investment Strategy</u>

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

(a) the Council's investments are managed as part of the overall investment pool operated by NYCC;

(b) on-going discussions are held with the Council's Treasury Management Advisor on whether to consider the appointment of an external fund manager(s) – any decision to appoint an external fund manager will be subject to Member approval;

(c) the Council's cash balances consist of two basic elements. The first element is cash flow derived (debtors/creditors/timing of income compared to expenditure profile). The second, core element, relates to specific funds (reserves, provisions, balances, capital receipts etc.);

(d) having given due consideration to the Council's estimated level of funds and balances over the next three financial years, the need for liquidity and day to day cash flow requirements it is forecast that a maximum of £40m of the Council's overall balances can be prudently committed to longer term investments (e.g. between 1 and 5 years);

(e) investments will accordingly be made with reference to this core element and the Council's on-going cash flow requirements (which may change over time) and the outlook for short term interest rates (i.e. rates for investments up to 12 months);

(f) the Council currently has no non-specified investments over 365 days, though the Council does maintain direct investment in two property funds.

(g) Current forecasts from the Council's Treasury Advisors anticipate a first increase in Bank Rate in December 2021. This increase, to 0.25%, was subsequently announced in December's meeting of the Monetary Policy Committee.

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

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

8. Investment Report to Members

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

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

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

9. Treasury Management Training

9.1 The training needs of the Council's staff and those of NYCC involved in investment management are monitored, reviewed and addressed on an on-going basis and are discussed as part of the staff appraisal process. In practice most training needs are addressed through attendance at courses and seminars provided by CIPFA, the LGA and others on a regular on-going basis.

9.2 The CIPFA Code also requires that Members with responsibility for treasury management receive adequate training in treasury management. This especially applies to Members responsible for scrutiny (i.e. the Executive). An in-house training course for Members was previously provided by Link Group. Further training will be arranged as required.

10. Policy on the Use of External Service Providers

10.1 The Council uses Link Group as its external treasury management adviser. Link provide a source of contemporary information, advice and assistance over a wide range of Treasury Management areas but particularly in relation to investments and debt administration.

10.2 Whilst the Council recognises that there is value in employing external providers of treasury management services in order to acquire access to specialist skills and resources, it fully accepts that responsibility for Treasury Management decisions remains with the authority at all times and will ensure that undue reliance is not placed upon the advice of external service providers.

10.3 The contract for the Council's existing Treasury Management consultant, Link Group, was extended in June 2021. The reappointment is for an initial three years, with the option for a further two year extension. The value and quality of services being provided are monitored and reviewed on an ongoing basis.

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

11.1 The Government's Investment Guidance (**paragraph 1.1**) requires that a local authority includes details of the Treasury Management schemes of delegation and the role of the Section 151 officer (Chief Finance Officer) in the Annual Treasury Management/Investment Strategy.

11.2 The key elements of delegation in relation to Treasury Management are set out in the following Financial Procedure Rules (FPR):-

(a) This Council has adopted CIPFA's Treasury Management Code of Practice 2017 and will adopt any amendments/additions to that Code.

(b) A Treasury Management Policy Statement shall be adopted by the Council and thereafter its implementation and monitoring shall be delegated to the Chief Finance Officer.

(c) (i) All money in the hands of the Council shall be under the control of the Chief Finance Officer – the officer designated for the purposes of Section 151 of the Local Government Act 1972,and referred to in the Code.

(ii) The Chief Finance Officer shall report to the Executive not less than twice in each financial year on the activities of the treasury management operation and on the exercise of delegated treasury management powers. One such report shall comprise an annual report on treasury management for presentation by 30 September of the succeeding financial year.

(d) At or before the start of the financial year the Chief Finance Officer shall report to the Executive on the strategy for treasury management it is proposed to adopt for the coming financial year with recommendations to Council for approval.

(e) All Executive decisions on borrowing, investment or financing shall be delegated to the Chief Finance Officer who shall be required to act in accordance with CIPFA's Treasury

11.3 In terms of the Treasury Management role of the Section 151 officer (Chief Finance Officer), the key areas of delegated responsibility are as follows

- recommending clauses, treasury management policies and practices for approval, reviewing the same regularly, and monitoring compliance;

- submitting regular treasury management policy reports to Members;
- submitting budgets and budget variations to Members;
- receiving and reviewing management information reports;
- reviewing the performance of the treasury management function;
- ensuring the adequacy of treasury management resources and skills, and the effective division of responsibilities within the treasury management function;
- ensuring the adequacy of internal audit, and liaising with external audit;
- recommending the appointment of external service providers:
- preparation of a capital strategy to include capital expenditure, capital financing, non-financial investments and treasury management;
- ensuring that the capital strategy is prudent, sustainable, affordable and prudent in the long term and provides value for money;
- ensuring that due diligence has been carried out on all treasury and non-financial investments and is in accordance with the risk appetite of the authority;
- ensure that the authority has appropriate legal powers to undertake expenditure on non-financial assets and their financing;
- ensuring the proportionality of all investments so that the authority does not undertake a level of investing which exposes the authority to an excessive level of risk compared to its financial resources;

12. <u>Arrangements for Monitoring/Reporting to Members</u>

12.1 Taking into account the matters referred to in this Strategy, the monitoring and reporting arrangements in place relating to Treasury Management activities are now as follows:

(a) an annual report to Executive and Council as part of the Budget process that sets out the Council's Treasury Management Strategy and Policy for the forthcoming financial year;

(b) an annual outturn report to the Executive for Treasury Management setting out full details of activities and performance during the preceding financial year.

(c) a quarterly report on Treasury Matters to Executive as part of the Quarterly Performance and Budget Monitoring report;

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APPENDIX F - CAPITAL STRATEGY 2022/23

1.0 BACKGROUND

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

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

(a) Capital expenditure (Section 2)

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

(b) Capital financing and borrowing (Section 3)

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

(d) Alternative investments (Section 4)

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

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

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

2.0 CAPITAL EXPENDITURE

Capitalisation Policy

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

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

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

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

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

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

- **General Limit:** £10,000

Governance

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

2.5 The Council's Financial and Contract Procedure Rules, along with the Asset Management Strategy provide a framework for the preparation and appraisal of schemes proposed for inclusion in the Capital Programme, appropriate authorisations for individual schemes to proceed and facilitate the overall management of the Capital Programme within defined resource parameters.

Capital Expenditure and Funding Plans

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

2.7 When expenditure is classified as capital expenditure for capital financing purposes, this means that the Council is able to finance that expenditure from any of the following sources:

(a) **Capital grants and contributions** - amounts awarded to the Council in return for past or future compliance with certain stipulations.

(b) **Capital receipts** – amounts generated from the sale of assets and from the repayment of capital loans, grants or other financial assistance.

(c) **Revenue contributions** – amounts set aside from the revenue budget in the Reserve for Future Capital Funding.

(d) **Borrowing** - amounts that the Council does not need to fund immediately from cash resources, but instead charges to the revenue budget over a number of years into the future.

2.8 The implications of financing capital expenditure from ‘borrowing’ are explained in section 3 below.

3.0 CAPITAL FINANCING REQUIREMENT AND BORROWING

Context

3.1 The Council is required to comply with the CIPFA Prudential Code for Capital Finance in Local Authorities (referred to as the ‘Prudential Code’) when assessing the affordability, prudence and sustainability of its capital investment plans.

3.2 Fundamental to the prudential framework is a requirement to set a series of prudential indicators. These indicators are intended to collectively build a picture that demonstrates the impact over time of the Council’s capital expenditure plans upon the revenue budget and upon borrowing and investment levels, and explain the overall controls that will ensure that the activity remains affordable, prudent and sustainable.

3.3 A summary of the actual prudential indicators for 2020/21, and the estimates for 2021/22 through to 2024/25 are provided in Appendix C.

Capital Financing Requirement

3.4 When capital expenditure is funded from borrowing, this does not result in expenditure being funded immediately from cash resources, but is instead charged to the revenue budget over a number of years. It does this in accordance with its policy for the repayment of debt, which is set out in Appendix B.

3.5 The forward projections of the CFR reflect:

- Additional capital expenditure from borrowing or further credit arrangements resulting in an increase to the CFR and

- Revenue budget provision being made for the repayment of debt, which results in a reduction to the CFR).

3.6 The actual CFR for 2020/21 and forward projections for the current and forthcoming years are as follows:

	Actual £000 2020/21	F'cast £000 2021/22	F'cast £000 2022/23	F'cast £000 2023/24	F'cast £000 2024/25
CFR General GF	8,318	7,208	6,606	6,002	5,394
CFR Leases GF	0	0	0	0	0
CFR General HRA	48,074	46,741	45,527	44,312	43,098
Total	**56,392**	**53,949**	**52,133**	**50,314**	**48,492**

3.7 The forecast decrease in the CFR is as a result of a reduction within the current capital programme of capital expenditure that it is intended to be financed from borrowing up to 2024/25, combined with a prudent MRP strategy, which serves to set aside cash resources each year from the revenue budget to repay existing borrowing. A decreasing CFR represents the amount of capital expenditure financed from borrowing that the council has yet to fund from cash resources.

3.8 The forecast decrease in CFR has been driven by a shift in the source of funding for the Housing Delivery Programme within the wider Capital Programme. Future schemes within the Housing Delivery Programme are currently forecast to be funded from existing Council reserve balances, as opposed to future loans to the Selby District Housing Trust, loans that previously served to increase the CFR balance. As investment plans continue to be developed and approved the Capital Programme will be updated and due consideration given to the impact on the CFR to ensure plans are sustainable in the long term and proportionate in terms of a balanced risk approach. CIPFA Prudential Property Investment guidance, issued in Autumn 2019 sets out fundamental considerations Council's should consider prior to undertaking such activities, highlighting key points from existing CIPFA guidance used to formulate the Council's Treasury, Capital and associated strategies. Points relate to understanding the Legal powers the Council is using to invest, borrowing to invest and appropriate MRP policy. The Council's approach to these matters are disclosed in the appropriate sections of the annual strategies. In accordance with new PWLB lending terms introduced in November 2020, the Council will not have access to PWLB borrowing for commercial assets primarily for yield. Other borrowing is permitted but the Council has no plans to invest primarily for yield

External borrowing limits

3.9 The Council is only permitted to borrow externally (including via credit arrangements) up to the level implied by its Capital Financing Requirement (CFR). To ensure that external borrowing does not exceed the CFR, other than in the short term, limits are established for external debt, as follows:

- **Authorised limit** – this defines the maximum amount of external debt permitted by the Council, and represents the statutory limit determined under section 3 (1) of the Local Government Act 2003.

- **Operational boundary** – this is an estimate of the probable level of the Council's external debt, and provides the means by which external debt is managed to ensure that the 'authorised limit' is not breached.

3.10 The proposed limits, which are set out in Appendix D, make separate provision for external borrowing and other long-term liabilities, and are based upon an estimate of the most likely but not worst case scenarios. They allow sufficient headroom for fluctuations in the level of cash balances and in the level of the CFR.

3.11 Alternative investment activities included in the plan are to be classed as capital expenditure. The Alternative Investments Strategy is still evolving though and, in the event that major initiatives are proposed, in excess of those already in the Capital Programme, it may be necessary to review the current borrowing limits.

3.12 The agreed **Operational Boundary** and **Authorised Limits** for external debt are as follows:

Operational Boundary	**2020/21** **£'000**	**2021/22** **£'000**	**2022/23** **£'000**	**2023/24** **£'000**	**2024/25** **£'000**
Borrowing	84,000	72,000	72,000	72,000	72,000
Other Long Term Liabilities	1,000	1,000	1,000	1,000	1,000
Operational Boundary Total	**85,000**	**73,000**	**73,000**	**73,000**	**73,000**

Authorised Limit for External Debt	**2020/21** **£'000**	**2021/22** **£'000**	**2022/23** **£'000**	**2023/24** **£'000**	**2024/25** **£'000**
Borrowing	89,000	77,000	77,000	77,000	77,000
Other Long Term Liabilities	1,000	1,000	1,000	1,000	1,000
Total	**90,000**	**78,000**	**78,000**	**78,000**	**78,000**

Borrowing strategy

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

3.14 The Council's capital borrowing is slightly lower than the underlying need to borrow. As a result of the capital expenditure plans the Council is expected to be in an under-borrowed position at the end of 2021/22 before moving to an overborrowed position from 2022/23 onwards. This position will be carefully monitored as the Capital Programme is further developed and refined.

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

- Rising cash balances as a result of MRP set aside mean available cash for the medium to longer term;
- It has enabled the Council to avoid significant external borrowing costs; and

- It has mitigated significantly the risks associated with investing cash in what has often been a volatile and challenging market.

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

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

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

Minimum Revenue Provision

3.19 The Council sets cash resources aside from the Revenue Budget each year to repay the borrowing. This practice is referred to as the minimum revenue provision (MRP) for the repayment of debt.

3.20 The Capital Financing Requirement (CFR) provides a measure of the amount of capital expenditure which has been financed from borrowing that the Council yet to fund from cash resources.

3.21 Statutory guidance requires MRP to be provided annually on a prudent basis. In accordance with the requirement to make a prudent 'revenue provision for the repayment of debt', the Council ensures that debt is repaid over a period that is commensurate with the period over which the capital expenditure provides benefit. This is achieved by applying the methodology set out in Appendix B. The revenue budget provision for MRP charges in 2022/23 has been compiled on a basis consistent with this policy

3.22 The HRA Business Plan shows that the cost of planned improvement works will exceed the funds available in the major repairs reserve and consequently Voluntary Revenue Provisions previously set-aside to repay the self-financing debt will be needed to support the capital programme. This will mean that debt repayment will have to be deferred beyond the 30 years originally planned, with the intention being to reprofile HRA VRP over the remaining life of the existing debt.

3.23 The DLUHC has recently commenced a consultation on amending MRP rules, with proposed changes to be in place for the financial year beginning 1 April 2023. It is not the government's intention that changes to MRP rules are applied retrospectively and any changes will therefore be reflected in the 2023/24 Treasury Management Strategy.

4.0. Alternative Investments

Introduction

4.1 The prolonged low interest rate environment has resulted in reduced returns on treasury management investments. Moreover, the introduction of the general power of competence has given local authorities far more flexibility in the types of activity they can engage in. These changes in the economic and regulatory landscape, combined with significant financial challenges, have led many authorities to consider different and more innovative types of investment.

4.2 CIPFA recently issued an update to its Treasury Management in the Public Services: Code of Practice and Cross Sectoral Guidance Notes (the Treasury Management Code). One of the main changes introduced by the new Code is to require authorities to incorporate all of the financial and non-financial assets held for financial return in authorities' annual capital strategies.

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

4.4 More recently, CIPFA published updated Treasury Management and Prudential Codes on 20 December 2021 – these updated Codes will need to be reflected in local authority Treasury Management and Capital Strategies from 2023/24. The new CIPFA Codes further tighten regulations around financing capital expenditure on investments in commercial projects for yield. This corresponds with further proposals from DLUHC to tighten up regulations in this area, having already closed access to all PWLB borrowing if such schemes are included in an authority's capital programme. This does not mean however, that local authorities may not currently have the legal powers to undertake such capital expenditure despite such guidance and regulation.

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

Alternative Investment Objectives

4.6 The primary objectives of the commercial investment activities are:

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

4.7 The generation of **yield** is distinct from these prudential objectives. However, once proper levels of security and liquidity are determined, it is then reasonable to consider what yield can be obtained consistent with these priorities.

4.8 Non-core activities and investments are primarily undertaken by the Council in order to generate income to support the delivery of a balanced budget. Such investments are only entered following a full assessment of the risks and having secured expert external advice (i.e. where it is relevant to do so)

4.9 To ensure that alternative investment plans are financially sustainable, the Council has carefully considered the internal funds available for investment. Since 2014/15 the Council has received substantial payments in relation to Renewable Energy Business Rates, allowing the Council to earmark specific reserves for investment in growth initiatives, known as the Programme for Growth. This has enabled funds to be created for investment in Property funds and Commercial Property.

4.10 In relation to loans to third parties, cash balances have been consistently high and are forecast to remain healthy, which has enabled balances to be earmarked for lending to support our affordable homes agenda. No further loans are anticipated in this regard.

Investment Properties

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

4.12 Investment properties will be measured at their fair value annually (which will ensure the valuation reflects the market conditions at the end of each reporting period). The fair value measurement will enable the Council to assess whether the underlying assets provide security for capital investment. Where the fair value of the underlying assets is no longer sufficient to provide security against loss, mitigating actions will be considered, to ensure that appropriate action is taken to protect the capital sum invested.

Loans to Third Parties

4.13 Loans to third parties currently relate to the Council's affordable homes programme, with loans to Selby and District Housing Trust. Currently this loan balance stands at £2.8m. At present no further loans to the trust are anticipated, with existing loans currently being repaid over the agreed contract terms of the individual loans. The loan repayments serve to contribute to the Council's reducing CFR position outlined above in section 3.6.

4.14 Any future loans to Third Parties will only be considered once all of the following criteria are satisfied:

- The loan is given towards expenditure which would, if incurred by the Council, be capital expenditure;
- The purpose for which the loan is given is consistent with the Council's corporate / strategic objectives and priorities;
- Due diligence is carried out that confirms the Council's legal powers to make the loan, and that assesses the risk of loss over the loan term;
- A formal loan agreement is put in place which stipulates the loan period repayment terms and loan rate (which will be set at a level that seeks to mitigate any perceived risks of a loss being charged to the General Fund, and takes appropriate account of any state aid rules) and any other terms that will protect the Council from loss;

Property Funds

4.15 During 2018/19 approval was granted to earmark funds from the Special Projects reserve for investment in Property funds. It was identified as an opportunity to diversify the Council's investment portfolio, whilst meeting the objectives set out in 4.6 and 4.7 above.

4.16 The Council undertook an interview and selection process along with the County Council and employed the specialist services of Link Group to act as advisor and guide both Councils through the due diligence and application process.

4.17 At present the Council has a £5.06m holding split between two funds, units were bought on the secondary market in October 2018. Estimated returns on property funds are split between two elements, share of income generated within the fund and the capital value of units held.

4.18 The Council recognises that due to the nature of fluctuating capital value, returns can go down as well as up throughout the life of the investment and as such an earmarked reserve will be established to mitigate against potential losses.

5.0 SECTION 151 OFFICER STATEMENT

5.1 The Prudential Code for Capital Finance in Local Authorities (the Prudential Code) plays a key role in capital finance in local authorities. Local authorities determine their own programmes for investment that are central to the delivery of quality public services. The Prudential Code was developed by CIPFA as a professional code of practice to support local authorities in taking their decisions. Local authorities are required by regulation to have regard to the Prudential Code when carrying out their duties under Part 1 of the Local Government Act 2003.

5.2 In financing capital expenditure, local authorities are governed by legislative frameworks, including the requirement to have regard to CIPFA's Treasury Management in the Public Services: Code of Practice and Cross-Sectoral Guidance Notes.

5.3 In order to demonstrate that capital expenditure and investment decisions are taken in line with service objectives and properly take account of stewardship, value for money, prudence, sustainability and affordability, the Prudential Code requires authorities to have in place a Capital Strategy that sets out the long term context in which capital expenditure and investment decisions are made, and gives due consideration to both risk and reward and impact on the achievement of priority outcomes.

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

- recommending clauses, treasury management policy/practices for approval, reviewing regularly, and monitoring compliance;
- submitting quarterly treasury management reports;
- submitting quarterly capital budget update reports;
- reviewing the performance of the treasury management function;
- ensuring the adequacy of treasury management resources and skills, and the effective division of responsibilities within the treasury management function;
- ensuring the adequacy of internal audit, and liaising with external audit;
- recommending the appointment of external service providers.
- preparation of a capital strategy to include capital expenditure, capital financing, non-financial investments and treasury management
- ensuring that the capital strategy is prudent, sustainable, affordable and prudent in the long term and provides value for money
- ensuring that due diligence has been carried out on all treasury and non-financial investments and is in accordance with the risk appetite of the authority

- ensure that the authority has appropriate legal powers to undertake expenditure on non-financial assets and their financing

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

- ensuring that an adequate governance process is in place for the approval, monitoring and ongoing risk management of all non-financial investments and long term liabilities

- provision to members of a schedule of all non-treasury investments including material investments in subsidiaries, joint ventures, loans and financial guarantees

- ensuring that members are adequately informed and understand the risk exposures taken on by an authority

- ensuring that the authority has adequate expertise, either in house or externally provided

- creation of Treasury Management Practices which specifically deal with how non treasury investments will be carried out and managed

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

SCHEDULE 1

SELBY DISTRICT COUNCIL ANNUAL INVESTMENT STRATEGY 2022/23 – SPECIFIED INVESTMENTS

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

SELBY DISTRICT COUNCIL ANNUAL INVESTMENT STRATEGY 2022/23 – NON-SPECIFIED INVESTMENTS

Investment	Security / Minimum Credit Rating	Circumstances of Use	Max % of total investments	Maximum investment with any one counterparty	Max. maturity period
Term Deposit with credit rated deposit takers (Banks & Building Societies), UK Government and other Local Authorities with maturities greater than 1 year	Organisations assessed as having "high credit quality" under the Credit Worthiness Policy	In-house	100% of agreed maximum proportion of Core Cash funds (£40m)	£5m	5 years
Certificate of Deposit with credit rated deposit takers (Banks & Building Societies) with maturities greater than 1 year Custodial arrangements prior to purchase	Organisations assessed as having "high credit quality" under the Credit Worthiness Policy	Fund Manager or In-house "buy & hold" after consultation with Treasury Management Advisor	100% of agreed maximum proportion of Core Cash funds (£40m)	£5m	5 years
Callable Deposits with credit rated deposit takers (Banks & Building Societies) with maturities greater than 1 year	Organisations assessed as having "high credit quality" under the Credit Worthiness Policy	In-house	50% of agreed maximum proportion of Core Cash funds (£20m)	£5m	5 years
Term Deposits with Housing Associations with maturities greater than 1 year	Organisations assessed as having "high credit quality" under the Credit Worthiness Policy	In-house	25% of agreed maximum proportion of Core Cash funds (£10m)	£5m	5 years
Forward Deposits with a credit rated Bank or Building Society > 1 year (i.e. negotiated deal period plus period of deposit)	Organisations assessed as having "high credit quality" under the Credit Worthiness Policy	In-house	25% of agreed maximum proportion of Core Cash funds (£10m)	£5m	5 years

Investment	Security / Minimum Credit Rating	Circumstances of Use	Max % of total investments	Maximum investment with any one counterparty	Max. maturity period
Bonds issued by a financial institution that is guaranteed by the UK Government (as defined in SI2004 No534) with maturities in excess of 1 year Custodial arrangements required prior to purchase	AA or Government backed	Fund Manager or In-house "buy & hold" after consultation with Treasury Management Advisor	25% of agreed maximum proportion of Core Cash funds (£10m)	n/a	5 years
Bonds issued by Multilateral development banks (as defined in SI2004 No534) with maturities in excess of 1 year Custodial arrangements required prior to purchase	AA or Government backed	Fund Manager or In-house "buy & hold" after consultation with Treasury Management Advisor	25% of agreed maximum proportion of Core Cash funds (£10m)	£5m	5 years
UK Government Gilts with maturities in excess of 1 year Custodial arrangements required prior to purchase	Government backed	Fund Manager	25% of agreed maximum proportion of Core Cash funds (£10m)	n/a	5 years
Collateralised Deposit	UK Sovereign Rating	In-house	25% of agreed maximum proportion of Core Cash funds (£10m)	n/a	5 years
Property Funds	Organisations assessed as having "high credit quality"	In-house after consultation with Treasury Management Advisor	100% of agreed maximum proportion of Core Cash funds (£40m)	£5m	10 years

SCHEDULE 2

APPROVED LENDING LIST 2022/23

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

	Country	Specified Investments (up to 1 year)		Non-Specified Investments (> 1 year £40m	
		Total Exposure £m	Time Limit *	Total Exposure £m	Time Limit *
UK "Nationalised" banks / UK banks with UK Central Government involvement					
Royal Bank of Scotland PLC (RFB)	GBR	75.0	365 days	-	-
National Westminster Bank PLC (RFB)	GBR				
UK "Clearing Banks", other UK based banks and Building Societies					
Santander UK PLC (includes Cater Allen)	GBR	60.0	6 months	-	-
Barclays Bank PLC (NRFB)	GBR	75.0	6 months	-	-
Barclays Bank UK PLC (RFB)	GBR				
Bank of Scotland PLC (RFB)	GBR	60.0	365 days	-	-
Lloyds Bank PLC (RFB)	GBR				
Lloyds Bank Corporate Markets PLC (NRFB)	GBR		6 months		
HSBC Bank PLC (NRFB)	GBR	30.0	365 days	-	-
HSBC UK Bank PLC (RFB	GBR				
Goldman Sachs International Bank	GBR	60.0	6 months	-	-
Sumitomo Mitsui	GBR	30.0	6 months	-	-
Standard Chartered Bank	GBR	60.0	6 months	-	-
Handlesbanken	GBR	40.0	365 days	-	-
Nationwide Building Society	GBR	40.0	6 months	-	-
Leeds Building Society	GBR	20.0	3 months	-	-
High Quality Foreign Banks					
National Australia Bank	AUS	30.0	365 days	-	-
Commonwealth Bank of Australia	AUS	30.0	365 days		
Australia and New Zealand Bankng Group	AUS	30.0	365 days	-	-
Toronto-Dominion Bank	CAN	30.0	365 days	-	-
Credit Industriel et Commercial	FRA	30.0	6 months	-	-
Landesbank Hessen-Thueringen Girozentrale (Helaba)	GER	30.0	6 months	-	-
DBS (Singapore)	SING	30.0	365 days	-	-
Local Authorities					
County / Unitary / Metropolitan / District Councils		20.0	365 days	5.0	5 years
Police / Fire Authorities		20.0	365 days	5.0	5 years
National Park Authorities		20.0	365 days	5.0	5 years
Other Deposit Takers					
Money Market Funds		20.0	365 days	5.0	5 years
Property Funds		5.0	365 days	5.0	10 years
UK Debt Management Account		100.0	365 days	5.0	5 years

Based on data as 31 December 2021

SCHEDULE 3

APPROVED COUNTRIES FOR INVESTMENTS

This list is based on those countries which have sovereign ratings of AA- or higher, (we show the lowest rating from Fitch, Moody's and S&P) and also, (except - at the time of writing - for Hong Kong, Norway and Luxembourg), have banks operating in sterling markets which have credit ratings of green or above in the Link credit worthiness service.

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

SELBY DISTRICT COUNCIL

Report Reference Number: C/21/14

To:	**Council**
Date:	**24 February 2022**
Author:	**Stuart Robinson, Head of Business Development & Improvement**
Lead Officer:	**Janet Waggott, Chief Executive**
Executive Member:	**Councillor M Crane, Leader of the Council**

Title: Pay Policy Statement 2022/23

Summary:

The purpose of this report is to seek approval of the Council's Pay Policy Statement 2022/23 in accordance with section 38 of the Localism Act 2011.

Recommendation(s):

i. **That Council approve the Pay Policy Statement for 2022/23 (Appendix A)**

Reasons for recommendation

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

1. Introduction and background

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

2. The Report

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

2.2 Section 40 of the Act requires authorities in developing their Pay Policy Statement to have regard to any guidance published by the Secretary of State. This includes the Local Government Transparency Code 2015 and ‘Openness and accountability in local pay. Guidance under section 40 the Localism Act 2012’.

2.3 A table detailing the Terms and Conditions relating to pay can be found within the Pay Policy Statement.

3. Legal/Financial Controls and other Policy matters

3.1 Legal Issues

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

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

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

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

3.2 **Financial Issues**

At the time of writing, local government national pay negotiations for 2021/22 are ongoing for the majority of the workforce.

The JNC for Chief Officers has agreed the 2021 pay deal at 1.5%. Similarly, the JNC for Chief Executives has also agreed 1.5%. The pay data in this statement reflects the 1.5% increase for both Chief Executive and Chief Officers.

However, for the majority of the main local government NJC workforce, no agreement has been reached on the Employers ‘final offer’ of a 2.75% increase to SCP 1 and 1.75% increase to all other SCP’s. Due to the lengthy delay, a local agreement has been reached between SDC and Unison for SDC to pay the increase in the February payroll on the assumption that any agreed rise over and above these amounts will subsequently be paid and backdated once agreed. The pay data in this Pay Policy Statement reflects this increase.

Pay negotiations for 2022/23 are yet to commence. As a Council we have budgeted for a 2% pay increase.

4. Conclusion

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

5. Background Documents

None

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

Appendices:

Appendix A - Statement of Pay Policy

APPENDIX A

Selby District Council

Statement of Pay Policy for the Period 1 April 2022 to 31 March 2023

Date of Production: 9 February 2022

Introduction

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

This policy to be considered and approved by Full Council at the Council budget meeting on 24 February 2022.

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

Definition of officers covered by the Policy Statement

This policy statement covers the following posts:

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

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

Policy on remunerating Chief Officers

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

Policy on remunerating the lowest paid in the workforce

The Authority applies terms and conditions of employment that have been negotiated and agreed through appropriate collective bargaining mechanisms (national or local) or as a consequence of Authority decisions, these are then incorporated into contracts of employment. The lowest pay point in this Authority relates to spinal column point 1, currently £18,333 per annum, thus becoming an hourly rate of pay of £9.50 per hour. This pay point is determined by the Authority as part of the pay salary bands for employees employed on Local Government Services Terms and Conditions. The pay rate is increased in accordance with any pay settlements which are reached through the NJC for Local Government Services. The final pay award for the 2021/22 financial year is still to be determined for most staff (NJC Chief Executive and Chief Officers pay increase *has* been agreed). However, in agreement with Unison, the Council has recently implemented the Employers 'final offer' (made in July 2021) whilst negotiations are ongoing.

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

The highest paid salary in this Authority is £114,478 per annum, which is paid to the Chief Executive. The average median salary is £24,920. The ratio between the two salaries (the 'pay multiple') is 4.6:1.

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

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

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

Policy on other aspects of Chief Officer remuneration

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

Approval of Salary Packages in excess of £100k

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

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

Flexibility to address recruitment issues for vacant posts

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

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

Amendments to the policy

It is anticipated that this Policy may need to be amended during the period it covers (1 April 2022 to 31 March 2023). This will be specifically in relation to the final pay award for the financial year 2021/22 being agreed – should it be different to the amounts reflected herein. If required, a revised draft Policy will be presented to Full Council for consideration.

Policy for future years

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

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

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

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

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

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

For the above, remuneration is to include:

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

For the above, pension contributions to include:

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

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

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

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

- Officers
    - Economy and Infrastructure Manager
    - Regeneration Manager
    - Solicitor (Planning)
    - Strategic Asset Management and Property Services Manager

Annex 2

Schedule of remuneration for Chief Officers

Post:	**Chief Executive**
Base Salary:	£114,478 – as part of the Better Together collaborative agreement between Selby District Council (SDC) and North Yorkshire County Council (NYCC), there is a joint role of Chief Executive (SDC) and Assistant Chief Executive (NYCC). SDC's contribution is £91,583 and NYCC's contribution is £22,895 per annum.
Essential Car User (Lump Sum):	Up to £963 per annum is payable for this (dependent on the vehicle's cubic capacity).
Expenses:	Travel and other expenses are reimbursed through normal Authority procedures.
Bonuses:	The terms of the contract of employment do not provide for the payment of bonuses.
PRP:	N/A
Earn-back:	The terms of the contract of employment do not provide for an element of base salary to be held back related to performance.
Honoraria:	Honoraria payments for any increased duties and responsibilities are reimbursed through normal Authority procedures.
Ex-gratia Payments:	There are no plans for the post holder to receive any ex-gratia payments.
Election Fees:	Election duty fees are paid to the post holder when due.
Joint Authority Duties:	There are no payments related to joint Authority duties.
Severance Arrangements:	The Authority's normal policies regarding redundancy and early retirement apply to the post holder. No payments were made in the last year, and none are anticipated for 2022/23.

Post:	**Director of Economic Regeneration and Place**
Base Salary:	£81,300 plus supplement of £5,000
Essential Car User (Lump Sum):	Up to £963 per annum is payable for this (dependent on the vehicle's cubic capacity).
Expenses:	Travel and other expenses are reimbursed through normal Authority procedures.
Bonuses:	The terms of the contract of employment do not provide for the payment of bonuses.
PRP:	N/A
Earn-back:	The terms of the contract of employment do not provide for an element of base salary to be held back related to performance.
Honoraria:	Honoraria payments for any increased duties and responsibilities are reimbursed through normal Authority procedures.
Ex-gratia Payments:	There are no plans for the post holder to receive any ex-gratia payments.
Election Fees:	Election duty fees are paid to the post holder when due.
Joint Authority Duties:	There are no payments related to joint Authority duties.
Severance Arrangements:	The Authority's normal policies regarding redundancy and early retirement apply to the post holder. No payments were made in the last year, and none are anticipated for 2022/23.

Post:	**Director of Corporate Services and Commissioning**
Base Salary:	£81,300 plus supplement of £5,000
Essential Car User (Lump Sum):	Up to £963 per annum is payable for this (dependent on the vehicle's cubic capacity).
Expenses:	Travel and other expenses are reimbursed through normal Authority procedures.
Bonuses:	The terms of the contract of employment do not provide for the payment of bonuses.
PRP:	N/A
Earn-back:	The terms of the contract of employment do not provide for an element of base salary to be held back related to performance.
Honoraria:	Honoraria payments for any increased duties and responsibilities are reimbursed through normal Authority procedures.
Ex-gratia Payments:	There are no plans for the post holder to receive any ex-gratia payments.
Election Fees:	Election duty fees are paid to the post holder when due.
Joint Authority Duties:	There are no payments related to joint Authority duties.
Severance Arrangements:	The Authority's normal policies regarding redundancy and early retirement apply to the post holder. No payments were made in the last year, and none are anticipated for 2022/23.

Post:	**Solicitor to the Council (Monitoring Officer and Deputy Returning Officer)**
Base Salary:	£63,609 plus supplement of £2,727 for Monitoring Officer duties.
Essential Car User (Lump Sum):	Up to £963 per annum is payable for this (dependent on the vehicle's cubic capacity).
Expenses:	Travel and other expenses are reimbursed through normal Authority procedures.
Bonuses:	The terms of the contract of employment do not provide for the payment of bonuses.
PRP:	N/A
Earn-back:	The terms of the contract of employment do not provide for an element of base salary to be held back related to performance.
Honoraria:	Honoraria payments for any increased duties and responsibilities are reimbursed through normal Authority procedures.
Ex-gratia Payments:	There are no plans for the post holder to receive any ex-gratia payments.
Election Fees:	Election duty fees are paid to the post holder when due.
Joint Authority Duties:	There are no payments related to joint Authority duties.
Severance Arrangements:	The Authority's normal policies regarding redundancy and early retirement apply to the post holder. No payments were made in the last year, and none are anticipated for 2022/23.

Aspects of Chief Officer Remuneration and the Authority's Policy

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

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

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

Performance Related Pay
The Authority does not operate a performance related pay system.

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

Bonuses
The Authority does not pay bonus payments to senior officers.

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

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

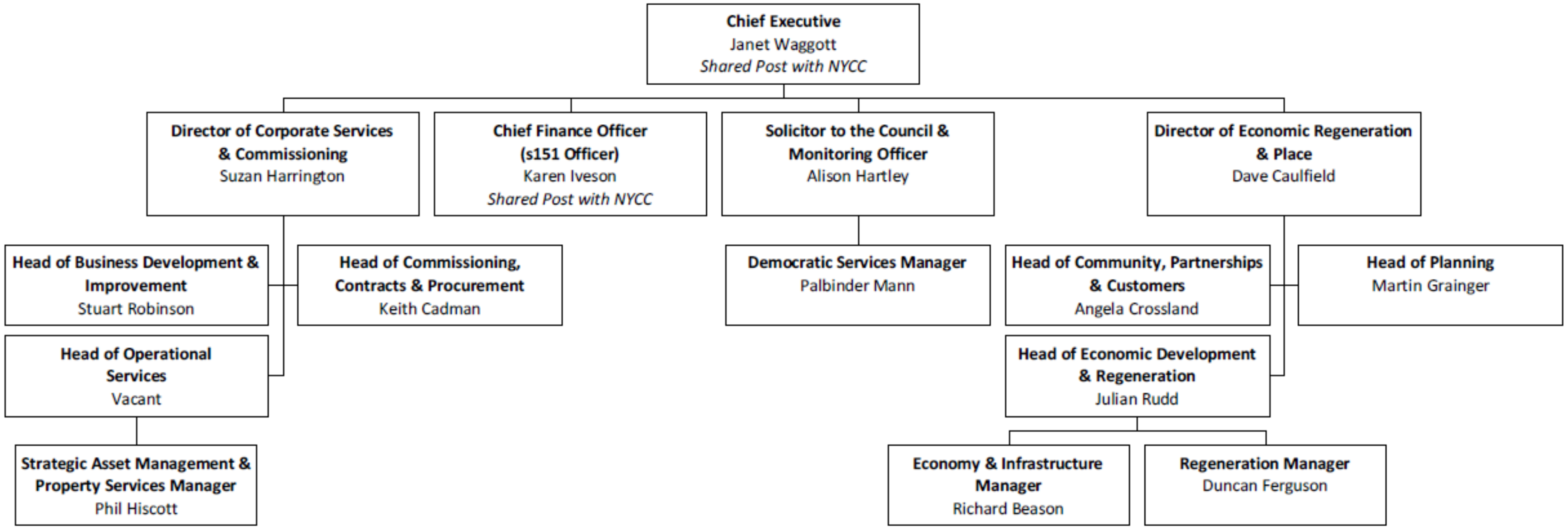
Re-employment of Staff in receipt of an LGPS Pension or a Redundancy/Severance Payment

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

Annex 3

Senior Management Structure

Extended Leadership Team



Structure as at 9 February 2022

Posts are permanent unless otherwise stated.

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SELBY DISTRICT COUNCIL

Report Reference Number: C/21/15

To:	**Council**
Date:	**24 February 2022**
Ward(s) Affected:	**All**
Author:	**Karen Iveson, Chief Finance Officer**
Lead Executive Member:	**Councillor C Lunn, Lead Executive Member for Finance and Resources**
Lead Officer:	**Karen Iveson, Chief Finance Officer**

Title: Procurement of External Audit for the period 2023/24 to 2027/28

Summary:

This report sets out proposals for appointing the external auditor to the Council for the accounts for the five-year period from 2023/24. The report is presented in the context of local government re-organisation and with the support of the s151 officer of all 8 councils in North Yorkshire.

In the context of LGR, Public Sector Auditor Appointments (PSAA) has advised that existing councils should, if they choose to do so, opt-in to the arrangements in case there is a delay to LGR. In addition, it should be noted that the County Council's 'continuing authority' status means that the new unitary will not need to opt-in again.

Recommendations:

It is recommended that Council accepts Public Sector Audit Appointments' invitation to opt into the sector-led option for the appointment of external auditors to principal local government and police bodies for five financial years from 1 April 2023.

Reasons for recommendation

To ensure an external auditor appointment should LGR be delayed for any reason.

1. Introduction and background

1.1 The current auditor appointment arrangements cover the period up to and including the audit of the 2022/23 accounts. The Council opted into the 'appointing person' national auditor appointment arrangements established by Public Sector Audit Appointments (PSAA) for the period covering the accounts for 2018/19 to 2022/23.

1.2 PSAA is now undertaking a procurement for the next appointing period, covering audits for 2023/24 to 2027/28. During Autumn 2021 all local government bodies need to make important decisions about their external audit arrangements from 2023/24. They have options to arrange their own procurement and make the appointment themselves or in conjunction with other bodies, or they can join and take advantage of the national collective scheme administered by PSAA.

1.3 Given our transition to a new unitary council from 1 April 2023, and with agreement of the section 151 Officers of all 8 councils in North Yorkshire this report concludes that the sector-wide procurement conducted by PSAA will, on balance, produce better outcomes and will be less burdensome for the Council than a procurement undertaken locally because:

- collective procurement reduces costs for the sector and for individual authorities compared to a multiplicity of smaller local procurements;
- if it does not use the national appointment arrangements, the Council will need to establish its own auditor panel with an independent chair and independent members to oversee a local auditor procurement and ongoing management of an audit contract;
- it is the best opportunity to secure the appointment of a qualified, registered auditor - there are only nine accredited local audit firms, and a local procurement would be drawing from the same limited supply of auditor resources as PSAA's national procurement; and
- supporting the sector-led body offers the best way of to ensuring there is a continuing and sustainable public audit market into the medium and long term.

1.4 If the Council wishes to take advantage of the national auditor appointment arrangements, it is required under the local audit regulations to make the decision at full Council. The opt-in period starts on 22 September 2021 and closes on 11 March 2022. To opt into the national scheme from 2023/24, the Council needs to return completed opt-in documents to PSAA by 11 March 2022.

1.5 The Audit and Governance Committee has been consulted and supports the recommendation.

2. Procurement of External Audit for the period 2023/24 to 2027/28

2.1 Under the Local Government Audit & Accountability Act 2014 ("the Act"), the Council is required to appoint an auditor to audit its accounts for each financial year. The Council has three options;

- To appoint its own auditor, which requires it to follow the procedure set out in the Act.
- To act jointly with other authorities to procure an auditor following the procedures in the Act.
- To opt into the national auditor appointment scheme administered by a body designated by the Secretary of State as the 'appointing person'. The body currently designated for this role is Public Sector Audit Appointments Limited (PSAA).

2.2 In order to opt into the national scheme, a council must make a decision at a meeting of the Full Council.

The Appointed Auditor

2.3 The auditor appointed at the end of the procurement process will undertake the statutory audit of accounts and Best Value assessment of the Council in each financial year, in accordance with all relevant codes of practice and guidance. The appointed auditor is also responsible for investigating questions raised by electors and has powers and responsibilities in relation to Public Interest Reports and statutory recommendations.

2.4 The auditor must act independently of the Council and the main purpose of the procurement legislation is to ensure that the appointed auditor is sufficiently qualified and independent.

2.5 The auditor must be registered to undertake local audits by the Financial Reporting Council (FRC) employ authorised Key Audit Partners to oversee the work. As the report below sets out there is a currently a shortage of registered firms and Key Audit Partners.

2.6 Auditors are regulated by the FRC, which will be replaced by a new body with wider powers, the Audit, Reporting and Governance Authority (ARGA) during the course of the next audit contract.

2.7 Councils therefore have very limited influence over the nature of the audit services they are procuring, the nature and quality of which are determined or overseen by third parties.

Appointment by the Council itself or jointly

2.8 The Council may elect to appoint its own external auditor under the Act, which would require the Council to;

- Establish an independent auditor panel to make a stand-alone appointment. The auditor panel would need to be set up by the Council itself, and the members of the panel must be wholly or a majority of independent members as defined by the Act. Independent members for this purpose are independent appointees, excluding current and former elected members (or officers) and their close families and friends. This means that elected members will not have a majority input to assessing bids and choosing to which audit firm to award a contract for the Council's external audit.

- Manage the contract for its duration, overseen by the Auditor Panel.

2.9 Alternatively, the Act enables the Council to join with other authorities to establish a joint auditor panel. Again, this will need to be constituted of wholly or a majority of independent appointees. Further legal advice would be required on the exact constitution of such a panel having regard to the obligations of each Council under the Act and the Council would need to liaise with other local authorities to assess the appetite for such an arrangement.

The national auditor appointment scheme

2.10 PSAA is specified as the 'appointing person' for principal local government under the provisions of the Act and the Local Audit (Appointing Person) Regulations 2015. PSAA let five-year audit services contracts in 2017 for the first appointing period, covering audits of the accounts from 2018/19 to 2022/23. It is now undertaking the work needed to invite eligible bodies to opt in for the next appointing period, from the 2023/24 audit onwards, and to complete a procurement for audit services. PSAA is a not-for-profit organisation whose costs are around 4% of the scheme with any surplus distributed back to scheme members.

2.11 In summary the national opt-in scheme provides the following:

- the appointment of a suitably qualified audit firm to conduct audits for each of the five financial years commencing 1 April 2023;
- appointing the same auditor to other opted-in bodies that are involved in formal collaboration or joint working initiatives to the extent this is possible with other constraints;
- managing the procurement process to ensure both quality and price criteria are satisfied. PSAA has sought views from the sector to help inform its detailed procurement strategy;
- ensuring suitable independence of the auditors from the bodies they audit and managing any potential conflicts as they arise during the appointment period;
- minimising the scheme management costs and returning any surpluses to scheme members;
- consulting with authorities on auditor appointments, giving the Council the opportunity to influence which auditor is appointed;
- consulting with authorities on the scale of audit fees and ensuring these reflect scale, complexity, and audit risk; and
- ongoing contract and performance management of the contracts once these have been let.

Pressures in the current local audit market and delays in issuing opinions

2.12 Much has changed in the local audit market since audit contracts were last awarded in 2017. At that time the audit market was relatively stable, there had been few changes in audit requirements, and local audit fees had been reducing over a long period. 98% of those bodies eligible opted into the national scheme and attracted very competitive bids from audit firms. The resulting audit contracts took effect from 1 April 2018.

2.13 During 2018 a series of financial crises and failures in the private sector year led to questioning about the role of auditors and the focus and value of their work. Four independent reviews were commissioned by Government: Sir John Kingman's review of the Financial Reporting Council (FRC), the audit regulator; the Competition and Markets Authority review of the audit market; Sir Donald Brydon's review of the quality and effectiveness of audit; and Sir Tony Redmond's review of local authority financial reporting and external audit. The recommendations are now under consideration by Government, with the clear implication that significant reforms will follow. A new audit regulator (ARGA) is to be established, and arrangements for system leadership in local audit are to be introduced. Further change will follow as other recommendations are implemented.

2.14 The Kingman review has led to an urgent drive for the FRC to deliver rapid, measurable improvements in audit quality. This has created a major pressure for audit firms to ensure full compliance with regulatory requirements and expectations in every audit they undertake. By the time firms were conducting 2018/19 local audits during 2019, the measures they were putting in place to respond to a more focused regulator were clearly visible. To deliver the necessary improvements in audit quality, firms were requiring their audit teams to undertake additional work to gain deeper levels of assurance. However, additional work requires more time, posing a threat to the firms' ability to complete all their audits by the target date for publication of audited accounts. Delayed opinions are not the only consequence of the FRC's drive to improve audit quality. Additional audit work must also be paid for. As a result, many more fee variation claims have been needed than in prior years.

2.15 This situation has been accentuated by growing auditor recruitment and retention challenges, the complexity of local government financial statements and increasing levels of technical challenges as bodies explore innovative ways of developing new or enhanced income streams to help fund services for local people. These challenges have increased in subsequent audit years, with Covid-19 creating further significant pressure for finance and audit teams.

2.16 None of these problems is unique to local government audit. Similar challenges have played out in other sectors, where increased fees and disappointing responses to tender invitations have been experienced during the past two years.

The invitation

2.17 PSAA is now inviting the Council to opt in for the second appointing period, for 2023/24 to 2027/28, along with all other eligible authorities. Based on the level of opt-ins it will enter into contracts with appropriately qualified audit firms and appoint a suitable firm to be the Council's/Authority's auditor. Details relating to PSAA's invitation are provided in **Appendix A** to this report.

The next audit procurement

2.18 The prices submitted by bidders through the procurement will be the key determinant of the value of audit fees paid by opted-in bodies. PSAA will:

- seek to encourage realistic fee levels and to benefit from the economies of scale associated with procuring on behalf of a significant number of bodies;
- continue to pool scheme costs and charge fees to opted-in bodies in accordance with the published fee scale as amended following consultations with scheme members and other interested parties (pooling means that everyone within the scheme will benefit from the prices secured via a competitive procurement process – a key tenet of the national collective scheme);
- continue to minimise its own costs, around 4% of scheme costs, and as a not-for-profit company will return any surplus funds to scheme members. In 2019 it returned a total £3.5million to relevant bodies and in 2021 a further £5.6million was returned.

2.19 PSAA will seek to encourage market sustainability in its procurement. Firms will be able to bid for a variety of differently sized contracts so that they can match their available resources and risk appetite to the contract for which they bid. They will be required to meet appropriate quality standards and to reflect realistic market prices in their tenders, informed by the scale fees and the supporting information provided about each audit. Where regulatory changes are in train which affect the amount of audit work suppliers must undertake, firms will be informed as to which developments should be priced into their bids.

2.20 The scope of a local audit is fixed. It is determined by the Code of Audit Practice (currently published by the National Audit Office)[1], the format of the financial statements (specified by CIPFA/LASAAC) and the application of auditing standards regulated by the FRC. These factors apply to all local audits irrespective of whether an eligible body decides to opt into PSAA's national scheme or chooses to make its own separate arrangements. The requirements are mandatory; they shape the work auditors undertake and have a bearing on the actual fees required.

2.21 There are currently nine audit providers eligible to audit local authorities and other relevant bodies under local audit legislation. This means that a local procurement exercise would seek tenders from the same firms as the national procurement exercise, subject to the need to manage any local independence issues. Local firms cannot be invited to bid. Local procurements must deliver the same audit scope and requirements as a national procurement, reflecting the auditor's statutory responsibilities.

Assessment of options and officer recommendation

2.22 If the Council did not opt in there would be a need to establish an independent auditor panel to make a stand-alone appointment. The auditor panel would need to be set up by the Council itself, and the members of the panel must be wholly or a majority of independent members as defined by the Act. Independent members for this purpose are independent appointees, excluding current and former elected members (or officers) and their close families and friends. This means that elected members will not have a majority input to assessing bids and choosing to which audit firm to award a contract for the Council's external audit.

2.23 Alternatively, the Act enables the Council to join with other authorities to establish a joint auditor panel. Again, this will need to be constituted of wholly or a majority of independent appointees. Further legal advice would be required on the exact constitution of such a panel having regard to the obligations of each Council under the Act and the Council would need to liaise with other local authorities to assess the appetite for such an arrangement.

2.24 These would be more resource-intensive processes to implement for the Council, and without the bulk buying power of the sector-led procurement would be likely to result in a more costly service. It would also be more difficult to manage quality and independence requirements through a local appointment process. The Council is unable to influence the scope of the audit and the regulatory regime inhibits the Council's ability to affect quality.

[1] MHCLG's Spring statement proposes that overarching responsibility for Code will in due course transfer to the system leader, namely ARGA, the new regulator being established to replace the FRC.

2.25 The Council and its auditor panel would need to maintain ongoing oversight of the contract. Local contract management cannot, however, influence the scope or delivery of an audit.

2.26 The national offer provides the appointment of an independent auditor with limited administrative cost to the Council. By joining the scheme, the Council would be acting with other councils to optimise the opportunity to influence the market that a national procurement provides.

2.27 The recommended approach is therefore to opt into the national auditor appointment scheme.

3. Alternative Options Considered

3.1.1 The alternative options are set out in paragraphs 2.22 – 2.25 of the report.

4. Implications

4.1 Legal Implications

4.1.1 Section 7 of the Local Audit and Accountability Act 2014 requires a relevant Council to appoint a local auditor to audit its accounts for a financial year not later than 31 December in the preceding year.

4.1.2 Section 8 governs the procedure for appointment including that the Council must consult and take account of the advice of its auditor panel on the selection and appointment of a local auditor. Section 8 provides that where a relevant Council is a local Council operating executive arrangements, the function of appointing a local auditor to audit its accounts is not the responsibility of an executive of the Council under those arrangements.

4.1.3 Section 12 makes provision for the failure to appoint a local auditor. The Council must immediately inform the Secretary of State, who may direct the Council to appoint the auditor named in the direction or appoint a local auditor on behalf of the Council.

4.1.4 Section 17 gives the Secretary of State the power to make regulations in relation to an 'appointing person' specified by the Secretary of State. This power has been exercised in the Local Audit (Appointing Person) Regulations 2015 (SI 192) and this gives the Secretary of State the ability to enable a sector-led body to become the appointing person. In July 2016 the Secretary of State specified PSAA as the appointing person.

4.2 Financial Implications

4.2.1 The Council's current audit fees for the year 2021/22 are £34,425 excluding additional charges for supplementary work agreed via PSAA.

4.2.2 There is a risk that current external audit fee levels could increase when the current contracts end. It is clear that the scope of audit has increased, requiring more audit work. There are also concerns about capacity and sustainability in the local audit market.

4.2.3 Opting into a national scheme provides maximum opportunity to ensure fees are as realistic as possible, while ensuring the quality of audit is maintained, by entering into a large-scale collective procurement arrangement.

4.2.4 If the national scheme is not used some additional resource may be needed to establish an auditor panel and conduct a local procurement. Until a procurement exercise is completed it is not possible to state what, if any, additional resource may be required for audit fees from 2023/24.

4.3 Policy and Risk Implications

4.3.1 The principal risks are that the Council:

- fails to appoint an auditor in accordance with the requirements and timing specified in local audit legislation; or
- does not achieve value for money in the appointment process.

4.3.2 These risks are considered best mitigated by opting into the sector-led approach through PSAA although as we have experienced over the last two years there are challenges within the audit sector which are impacting on timely delivery.

4.4 Corporate Plan Implications

Opting into the national process is considered to provide best value for the Council.

4.5 Resource Implications

There are no additional resource requirements arising from the recommended approach.

4.6 Other Implications

There are no other implications arising from this report.

4.7 Equalities Impact Assessment

There are no equality impacts arising from this report.

5. Conclusion

5.1 Regulation 19 of the Local Audit (Appointing Person) Regulations 2015 requires that a decision to opt in must be made by a meeting of the Council (meeting as a whole), except where the authority is a corporation sole.

5.2 The Council then needs to respond formally to PSAA's invitation in the form specified by PSAA by the close of the opt-in period (11 March 2022).

5.3 PSAA will commence the formal procurement process in early February 2022. It expects to award contracts in August 2022 and will then consult with authorities on the appointment of auditors so that it can make appointments by the statutory deadline of 31 December 2022.

6. Background Documents

None

7. Appendices

Appendix A – The opt-in invitation information issued by PSAA

Contact Officer:

Karen Iveson
Chief Finance Officer
kiveson@selby.gov.uk
01757 292056

APPENDIX A

Public Sector Audit Appointments

22 September 2021

To: Ms Waggott, Chief Executive
Selby District Council

Copied to: Ms Iveson, S151 Officer
Councillor Arthur, Chair of Audit Committee or equivilent

Dear Ms Waggott,

Invitation to opt into the national scheme for auditor appointments from April 2023

I want to ensure that you are aware the external auditor for the audit of your accounts for 2023/24 has to be appointed before the end of December 2022. That may seem a long way away but, as your organisation has a choice about how to make that appointment, your decision-making process needs to begin soon.

We are pleased that the Secretary of State has confirmed PSAA in the role of the appointing person for eligible principal bodies for the period commencing April 2023. Joining PSAA's national scheme for auditor appointments is one of the choices available to your organisation.

In June 2021 we issued a draft prospectus and invited your views and comments on our early thinking on the development of the national scheme for the next period. Feedback from the sector has been extremely helpful and has enabled us to refine our proposals which are now set out in the scheme prospectus and our procurement strategy. Both documents can be downloaded from our website which also contains a range of useful information that you may find helpful.

The national scheme timetable for appointing auditors from 2023/24 means we now need to issue a formal invitation to you to opt into these arrangements. In order to meet the requirements of the relevant regulations, we also attach a form of acceptance of our invitation which you must use if your organisation decides to join the national scheme. We have specified the five consecutive financial years beginning 1 April 2023 as the compulsory appointing period for the purposes of the regulations which govern the national scheme.

Given the very challenging local audit market, we believe that eligible bodies will be best served by opting to join the scheme and have attached a short summary of why we believe that is the best solution both for individual bodies and the sector as a whole.

I would like to highlight three matters to you:

1. if you opt to join the national scheme, we need to receive your formal acceptance of this invitation by Friday 11 March 2022;

18 Smith Square, London, SW1P 3HZ

2. the relevant regulations require that, except for a body that is a corporation sole (e.g. a police and crime commissioner), the decision to accept our invitation and to opt in must be made by the members of the authority meeting as a whole e.g. Full Council or equivalent. We appreciate this will need to be built into your decision-making timetable. We have deliberately set a generous timescale for bodies to make opt in decisions (24 weeks compared to the statutory minimum of 8 weeks) to ensure that all eligible bodies have sufficient time to comply with this requirement; and

3. if you decide not to accept the invitation to opt in by the closing date, you may subsequently make a request to opt in, but only after 1 April 2023. We are required to consider such requests and agree to them unless there are reasonable grounds for their refusal. PSAA must consider a request as the appointing person in accordance with the Regulations. The Regulations allow us to recover our reasonable costs for making arrangements to appoint a local auditor in these circumstances, for example if we need to embark on a further procurement or enter into further discussions with our contracted firms.

If you have any other questions not covered by our information, do not hesitate to contact us by email at ap2@psaa.co.uk. We also publish answers to frequently asked questions on our website.

If you would like to discuss a particular issue with us, please send an email also to ap2@psaa.co.uk, and we will respond to you.

Yours sincerely

Tony Crawley
Chief Executive

Encl: Summary of the national scheme

Why accepting the national scheme opt-in invitation is the best solution

Public Sector Audit Appointments Limited (PSAA)

We are a not-for-profit, independent company limited by guarantee incorporated by the Local Government Association in August 2014.

We have the support of the LGA, which in 2014 worked to secure the option for principal local government and police bodies to appoint auditors through a dedicated sector-led national body.

We have the support of Government; MHCLG's Spring statement confirmed our appointment because of our "strong technical expertise and the proactive work they have done to help to identify improvements that can be made to the process".

We are an active member of the new Local Audit Liaison Committee, chaired by MHCLG and attended by key local audit stakeholders, enabling us to feed in body and audit perspectives to decisions about changes to the local audit framework, and the need to address timeliness through actions across the system.

We conduct research to raise awareness of local audit issues, and work with MHCLG and other stakeholders to enable changes arising from Sir Tony Redmond's review, such as more flexible fee setting and a timelier basis to set scale fees.

We have established an advisory panel, which meets three times per year. Its membership is drawn from relevant representative groups of local government and police bodies, to act as a sounding board for our scheme and to enable us to hear your views on the design and operation of the scheme.

The national scheme for appointing local auditors

In July 2016, the Secretary of State specified PSAA as an appointing person for principal local government and police bodies for audits from 2018/19, under the provisions of the Local Audit and Accountability Act 2014 and the Local Audit (Appointing Person) Regulations 2015. Acting in accordance with this role PSAA is responsible for appointing an auditor and setting scales of fees for relevant principal authorities that have chosen to opt into its national scheme. 98% of eligible bodies made the choice to opt-in for the five-year period commencing in April 2018.

We will appoint an auditor for all opted-in bodies for each of the five financial years beginning from 1 April 2023.

We aim for all opted-in bodies to receive an audit service of the required quality at a realistic market price and to support the drive towards a long term competitive and more sustainable market for local audit. The focus of our quality assessment will include resourcing capacity and capability including sector knowledge, and client relationship management and communication.

What the appointing person scheme from 2023 will offer

We believe that a sector-led, collaborative, national scheme stands out as the best option for all eligible bodies, offering the best value for money and assuring the independence of the auditor appointment.

The national scheme from 2023 will build on the range of benefits already available for members:

- transparent and independent auditor appointment via a third party;
- the best opportunity to secure the appointment of a qualified, registered auditor;
- appointment, if possible, of the same auditors to bodies involved in significant collaboration/joint working initiatives, if the parties believe that it will enhance efficiency;
- on-going management of any independence issues which may arise;
- access to a specialist PSAA team with significant experience of working within the context of the relevant regulations to appoint auditors, managing contracts with audit firms, and setting and determining audit fees;
- a value for money offer based on minimising PSAA costs and distribution of any surpluses to scheme members - in 2019 we returned a total £3.5million to relevant bodies and more recently we announced a further distribution of £5.6m in August 2021;
- collective efficiency savings for the sector through undertaking one major procurement as opposed to a multiplicity of smaller procurements;
- avoids the necessity for local bodies to establish an auditor panel and undertake an auditor procurement, enabling time and resources to be deployed on other pressing priorities;
- updates from PSAA to Section 151 officers and Audit Committee Chairs on a range of local audit related matters to inform and support effective auditor-audited body relationships; and
- concerted efforts to work with other stakeholders to develop a more sustainable local audit market.

We are committed to keep developing our scheme, taking into account feedback from scheme members, suppliers and other stakeholders, and learning from the collective post-2018 experience. This work is ongoing, and we have taken a number of initiatives to improve the operation of the scheme for the benefit of all parties.

Importantly we have listened to your feedback to our recent consultation, and our response is reflected in the scheme prospectus.

Opting in

The closing date for opting in is 11 March 2022. We have allowed more than the minimum eight-week notice period required, because the formal approval process for most eligible bodies is a decision made by the members of the authority meeting as a whole [Full Council or equivalent], except police and crime commissioners who are able to make their own decision.

We will confirm receipt of all opt-in notices. A full list of eligible bodies that opt in will be published on our website. Once we have received an opt-in notice, we will write to you to request information on any joint working arrangements relevant to your auditor appointment, and any potential independence matters which may need to be taken into consideration when appointing your auditor.

Local Government Reorganisation

We are aware that reorganisations in the local government areas of Cumbria, Somerset, and North Yorkshire were announced in July 2021. Subject to parliamentary approval shadow elections will take place in May 2022 for the new Councils to become established from 1 April 2023. Newly established local government bodies have the right to opt into PSAA's scheme under Regulation 10 of the Appointing Person Regulations 2015. These Regulations also set out that a local government body that ceases to exist is automatically removed from the scheme.

If for any reason there is any uncertainty that reorganisations will take place or meet the current timetable, we would suggest that the current eligible bodies confirm their acceptance to opt in to avoid the requirement to have to make local arrangements should the reorganisation be delayed.

Next Steps

We expect to formally commence the procurement of audit services in early February 2022. At that time our procurement documentation will be available for opted-in bodies to view through our e-tendering platform.

Our recent webinars to support our consultation proved to be popular, and we will be running a series of webinars covering specific areas of our work and our progress to prepare for the second appointing period. Details can be found on our website and in the scheme prospectus.

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SELBY DISTRICT COUNCIL

Report Reference Number: **C/21/16**

To:	**Council**
Date:	**24 February 2022**
Ward(s) Affected:	**All**
Author:	**Alison Hartley, Monitoring Officer and Solicitor to the Council**
Lead Officer:	**Alison Hartley, Monitoring Officer and Solicitor to the Council**

Title: Report of the Monitoring Officer 2021 – Standards Arrangements

Summary:

This report covers the operation of the current standards regime for Selby District Council and Parish Councils (which include Town Councils) within Selby District. It considers the complaints history and concludes that the arrangements are satisfactory and meet legal duties. Managing the continuing impacts of Covid this year together with Local Government Reorganisation and electoral management has inevitably diminished the Monitoring Officer's time resource available to deal with complaints as quickly as she would like. Complaints continue to be processed and considered and the Independent Persons are extremely diligent in responding to consultation. Additional temporary capacity in legal and democratic administrative support has recently been approved and should be in place by 1 January 2022.

Recommendation:

To note the content of the report.

Reasons for recommendation:

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

1. Introduction and background

1.1 Under Section 27 of the Localism Act the Council is under a duty to promote and maintain high standards of conduct by Councillors and co-optees. The primary responsibility for the discharge of this duty falls to the Monitoring Officer.

1.2 The Monitoring Officer ensures that Councillors are provided with information about what interests must be registered and declared, compiles and maintains a register of such interests and deals with complaints about the conduct of Councillors when acting in the capacity of Councillor. Under the legislation the District Council Monitoring Officer is also responsible for registering interests for and dealing with standards complaints relating to individual Parish Councillors.

2. The Report

2.1 Nine complaints were received between 1 December 2020 – 30 November 2021. Six of the complaints concerned Parish Councillors and three concerned District Councillors. One of the District Councillor complaints was rejected at assessment stage. One was withdrawn by the complainant. The other District Councillor complaint was resolved locally, with advice given to the Councillor concerned about declaration of interests. Two of the Parish complaints were rejected at assessment stage. Breaches were found in two Parish cases and were resolved locally with apology and mediation advised. One Parish complaint was assessed and found to be a trivial matter between parish councillors and so no further action was taken by the Monitoring Officer. One of the Parish complaints is currently being assessed by the Monitoring Officer in consultation with the Independent Persons.

2.2 By way of comparison, in 2020 ten complaints were received (between 1st December 2019 – 30 November 2020). Eight of the complaints concerned Parish Councillors. One of the District Councillor complaints was rejected at assessment stage. The other District Councillor complaint was resolved locally, with a public apology given. Four of the Parish complaints were rejected at assessment stage. The other four unresolved complaints from 2020 were concluded in 2021. In three of the complaints it was found that there were breaches and these were resolved locally with an apology and mediation advised. No further action was taken in respect of the other complaint as the subject member resigned.

3. Implications

3.1 Legal Implications

The Council should take positive steps to discharge the s 27 duty. The report indicates that the duty is being discharged correctly and increased administrative resource has been approved to assist the Monitoring Officer to improve timeliness in processing the complaints arrangements.

4.2 Financial Implications

There are no financial implications as a direct result of this report – the additional resources referred to are being met from the existing corporate capacity contingency.

4.3 Policy and Risk Implications

None.

4.4 Corporate Plan Implications

None.

4.5 Resource Implications

None.

4.6 Other Implications

None.

4.7 Equalities Impact Assessment

None.

5. Conclusion

That the regime is operating effectively.

6. Background Documents

None

7. Appendices

Appendix A – Standards Report 2021

Contact Officer:

Alison Hartley, Solicitor to the Council and Monitoring Officer
Selby District Council
ahartley@selby.gov.uk

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Appendix A

STANDARDS REPORT 2021

Alison Hartley
Monitoring Officer
1 December 2021

SELBY
DISTRICT COUNCIL
Moving forward with purpose

Introduction – Ethical Standards

The Localism Act 2011 introduced a duty placed upon all councils to promote and maintain high standards of conduct by councillors and co-opted members.

Personal and Prejudicial interests were replaced by a set of nationally defined "Disclosable Pecuniary Interests" – reinforced by new criminal sanctions - and locally determined "other interests".

All Councils were required to develop and adopt their own local Code of Conduct based upon the Seven General Principles of Public Life.

In addition, principal councils were required to adopt their own arrangements for dealing with complaints against councillors alleged to have breached their council's code of conduct.

The standards arrangements adopted by Selby District Council came into force on 1 July 2012 and dealt with complaints against Selby District Councillors and Town and Parish Councillors in the District of Selby. In May 2017 the Council approved updated arrangements. In 2019, minor amendments were made to align with best practice as recommended by the Report of the Committee for Standards in Public Life (January 2019).

The Council's Monitoring Officer is responsible for advising the Council on its duty to maintain high ethical standards; for advising councillors on their responsibilities to conduct themselves appropriately, register and declare their interests and not otherwise jeopardise the proper decision-making of the Council; and for managing the arrangements for dealing with complaints.

The Council has appointed three Independent Persons to provide an independent view of how the Council manages its ethical standards.

This report covers the period 1 December 2020 to 30 November 2021.

Code of Conduct

Selby District Council adopted a local Code of Conduct on 24 April 2012. The Code came into effect from 1 July 2012.

Town and Parish Councils in Selby District have generally either adopted the same Code as the District Council or they have adopted the model code issued by the National Association of Local Councils (NALC).

The Localism Act 2011 required that all codes of conduct should be based upon the seven principles of public life:-

1. Selflessness
2. Integrity
3. Objectivity
4. Accountability
5. Openness
6. Honesty
7. Leadership

A copy of the Selby District Council Code of Conduct is available on the Council website which also sets out details of how complaints about Councillor Conduct can be made and will be considered.

Monitoring Officer

Alison Hartley, Solicitor to the Council is the Council's Monitoring Officer. She has appointed Glenn Sharpe, Solicitor, as her Deputy Monitoring Officer with full powers to act in her absence. She has appointed Palbinder Mann, Democratic Services Manager, as a Deputy Monitoring Officer to assist in relation to standards investigations.

The Monitoring Officer is a statutory role and is required to ensure that the Council, its Councillors and Officers carry out their functions in a proper and lawful manner. The MO has an important role to play in ensuring that high standards of conduct are promoted and maintained throughout the organisation.

The Monitoring Officer is responsible for establishing, maintaining and publishing the Register of Councillors' Interests for District, Town and Parish Councils and for ensuring that the District Council's Constitution is effective.

Alison meets regularly with other Monitoring Officers across Yorkshire to share best and emerging practice, co-ordinate training and development and co-operate in the investigation and hearing of complaints.

Alison is also working with District and County Monitoring Officer colleagues in preparing for a safe and legal transition to the new Unitary - North Yorkshire Council, to go live in April 2023.

Independent Persons

In July 2017 the Council appointed Hilary Putman, Wanda Stables and Philip Eastaugh as independent persons.

Hilary has been involved with Standards for Local Authority Councillors since March 2009, initially as an Independent Member and then the Chair of the Standards Committee for Selby district. Since July 2012, she has been one of the Independent Persons for Selby District Council. Hilary has a background in people orientated employment and a portfolio of public appointments and voluntary commitments. She is an active member of Soroptimist International. Hilary is also a member of the Out - of - Court Disposals Scrutiny Panel for North Yorkshire.

Wanda has been an Independent Member of the Standards Committee and then Independent Person for Selby District Council since 2009 and has attended many meetings and several hearings. She is a retired Statutory Officer of the Crown, a role which she performed for 25 years, latterly as Superintendent Registrar of Births, Deaths and Marriages for the County of North Yorkshire. Since 2009, she has worked as a volunteer in charitable sector employment at the Citizens Advice Bureau in Selby.

Philip was appointed as an Independent Person in 2017. He retired from HMRC in 2016 where he worked as a Criminal Investigator dealing with tax and excise offences. This required liaison with foreign law enforcement agencies and local authorities. Philip has worked on cases in Courts across the North of England and in London. He also volunteers for the Coroners Court Support Service for North Yorkshire.

The role of the Independent Persons is to:-

- Be consulted by the Monitoring Officer as part of the complaint handling process
- Be consulted by the Council before it makes a finding about whether a Councillor or co-optee has failed to comply with the Code of Conduct.
- Advise the Council, when consulted, on the effective working of the Code of Conduct and the Council’s arrangements for dealing with complaints;
- Be available to be consulted by a Councillor against whom a complaint has been made; and
- Have a freestanding remit to offer comment to the Council on its performance of the general duty to promote high standards of ethical conduct.

The Monitoring Officer and Independent Persons meet quarterly to share their experience, consider best and emerging practice and discuss training and development.

The Independent Persons are also invited to attend meetings of Audit & Governance Committee and have contributed to training sessions in the past.

The positive working relationships between them and the Monitoring Officer and the District Council are of great assistance in meeting the legal duty to promote high standards of conduct.

Registration of Interests

The Localism Act 2011 requires all Councils to adopt a local Code of Conduct which includes provisions for the registration and disclosure of pecuniary interests and other interests.

Councillors with disclosable pecuniary interests in the business of their Council are prohibited from participating in such business unless they have a dispensation. The Act also introduced a criminal offence relating to failure to register disclosable pecuniary interests. Councillors convicted of such offences are liable for a scale five fine (up to five thousand pounds) and may also be disqualified from being a councillor for up to five years.

Councillors have been made aware that even if a Councillor’s interest does not amount to a disclosable pecuniary interest, the interest might lead them to predetermine a decision or give rise to a perception of bias. In such cases, it would not be appropriate for them to participate in the decision. If they do participate, the decision could be vulnerable to challenge.

The Monitoring Officer has a legal duty to establish and maintain a register of interests for the District Council and also for Town and Parish Councils in the District. The Register(s) must be available for inspection at all reasonable hours and must be published on the District Council’s website. Where a Town or Parish Council also has a website a copy of the Register for that Town or Parish Council must also be published on their website. For convenience many Parish and Town Councils opt to provide a link to the District Council’s website to comply with this requirement.

All District and Parish Councillor registers of interests are published on the Council’s website.

Dispensations

All Members of Selby District Council were granted dispensations in respect of decisions relating to Local Government Review.

Sensitive Interests

One request for interests to be withheld from publication as 'sensitive' was received during the period covered by this report. (s.32 Localism Act 2011)

Standards Arrangements

The Local Government Act 2000 previously required all principal authorities to establish a Standards Committee as the body with responsibility for promoting high standards of ethical conduct.

The Localism Act 2011 removed the obligation to appoint a Standards Committee. Many local authorities chose to retain a Standards Committee as part of their new local arrangements.

At SDC, the Standards Committee operates when required as a sub-committee of the Audit & Governance Committee. The Arrangements include target timescales for assessing and dealing with complaints. When the complaints involve Parish Councillors, the Arrangements include the ability to co-opt one of a number of Parish Council representatives onto the Panel to ensure that the Parish voice is heard in decision making.

No hearings have been required in the period covered by this report.

The Monitoring Officer continues to strive to improve the timescales for considering responses and additional temporary administrative capacity should be in place in January 2022 until 31st March 2023.

The Committee on Standards in Public Life

The Committee on Standards in Public Life undertook a comprehensive review of local government ethical standards and published a report in January 2019. The Committee made 26 formal recommendations to the Prime Minister and 15 Best Practice recommendations. A number of the recommendations would require legislative changes to be implemented.

The LGA has published a Model Code, although legislative changes will be required before all the proposals in the Code could be adopted. The legislative changes are awaited before any further changes are recommended to SDC Code of Conduct for Members. The SDC Code was last updated on 10th April 2019 by the Audit & Governance Committee to reflect the findings of the Committee on Standards in Public Life.

The LGA has recently published a further revised Model Code of Conduct. Having consulted with the Independent Persons it is considered that the SDC Code in its present form remains fit for purpose and in line with the Committee on Standards in Public Life recommendations. More comprehensive review at this time is not essential, particularly having regard to Local Government Reorganisation in 2023.

Parish and Town Councils

There are 74 Town or Parish Councils and Parish Meetings in Selby District. Town and Parish Councils are under the same obligation to promote and maintain high standards of conduct and to adopt a local code of conduct for councillors.

All Parish and Town Councillors have an obligation to register their DPIs and other interests.

Parish Council contact information and their registers of interests are published on the Council's website.

The majority of complaints dealt with by the Monitoring Officer this year concerned Parish Councillors. Of the complaints assessed, none have resulted in a formal hearing or sanctions, and instead have been locally resolved.

In respect of Parish Councils, the extent of jurisdiction as Monitoring Officer is limited to dealing with complaints about the ethical conduct of individual parish councillors. The Monitoring Officer has received some procedural queries and complaints about Parish Council business. These matters are not within the scope of the Monitoring Officer's jurisdiction and she is not permitted to intervene in Parish Council business. Whilst she has directed Parish Clerks to the National Association of Local Councils (NALC) for advice, it is proposed to write to all Parish Clerks in the new year to remind them and their Parish Councillors of the scope of the Monitoring Officer's jurisdiction. This should assist in directing such queries to the Parish Councils themselves.

Complaints History

The table overleaf shows complaints dealt with under the Arrangements in the period covered by this report

Update on complaints in 2020 from the last report

	Type of Council	Allegations	Outcome
1	Parish Council	Disrespect	Assessed. Case Closed. Cllr Resigned.
2	Parish Council	Disrespect	Assessed. Breach. Local Resolution. Apology and mediation advised.
3	Parish Council	Disrespect	Assessed. Breach. Local Resolution. Apology and mediation advised.
4	Parish Council	Disrespect	Assessed. Breach. Local Resolution. Apology and mediation advised.

Complaints 1 Dec 20 to 30 Nov 2021

	Type of Council	Allegations	Outcome
1	Parish Council	Bringing Office into disrepute	Assessed. No breach.
2	District Council	Failure to declare personal interest	Assessed. Breach. Advice given to Councillor.
3	Parish Council	Disrepute	Assessed. No breach. NFA.
4	Parish Council	Disrespect	Assessed. Breach. Local Resolution. Apology and mediation advised.
5	Parish Council	Disrespect	Assessed. Breach. Local Resolution. Apology and mediation advised.
6	District Council	Failure to declare personal interest	Complaint withdrawn.
7	District Council	Bringing office into disrepute	Assessed. No breach. NFA.
8	Parish Council	Disrespect	Assessed. Trivial between Councillors. NFA
9.	Parish Council	Disrespect	Pending.

Future Developments

The Committee for Standards in Public Life made recommendations on the contents of Codes of Conduct and the availability of effective sanctions. Changes to primary legislation will be required for some of the recommendations to be implemented. The final report of the CfSPL was discussed at the Audit & Governance Committee in April 2019. The Local Government Association published a further updated Model Code which can be accessed here Local Government Association Model Councillor Code of Conduct 2020 | Local Government Association The impacts of the Covid Pandemic have meant that parliamentary time has been directed to responding to the pandemic, so updated legislation is still awaited at this time, and the Model Code may need to be reviewed again in the event that legislation is changed.

It is not considered that a further comprehensive review of the SDC Code of Conduct is needed at this time, as the amendments made in April 2019 incorporated the recommendations of the Committee for Standards in Public Life. It remains fit for purpose. At the time of writing no legislative changes have been made.

The Monitoring Officer is working with the other District and County Monitoring Officers to ensure standards processes and up to date codes of conduct will provide for a safe and legal transition of these functions to the new unitary North Yorkshire Council on 1st April 2023.

Alison Hartley

Monitoring Officer

December 2021

SELBY DISTRICT COUNCIL

Report Reference Number: C/21/17

To:	**Council**
Date:	**24 February 2022**
Author:	**Palbinder Mann, Democratic Services Manager**
Lead Officer:	**Janet Waggott, Chief Executive**
Executive Member	**Councillor Mark Crane, Leader of the Council**

Title: Committee Membership Update

Summary:

This report provides an update to the membership of Council Committees following the recent Byram and Brotherton District Ward By-Election.

Recommendations:

To approve the updated appointment of Councillors to Committees as outlined at Appendix A for the 2021/22 municipal year

Reasons for recommendation

To meet legislative requirements and to enable the proper functioning of the Council in the 2021/22 municipal year.

1. The Report

1.1 Each year Annual Council receives Group Leaders' nominations for appointments to Chairs and Vice Chairs and for the membership and substitutes for Council committees. Any subsequent changes to the membership must be approved by Council.

1.2 A By-Election for the Byram and Brotherton District Ward was held on Thursday 20 January 2022 where Councillor Georgina Ashton from the Conservative Party was elected.

1.3 Councillor Ashton has been nominated to be appointed onto the Policy Review Committee as a replacement for Councillor Judith Chilvers and as a substitute on the Planning Committee and Licensing Committee.

2. Alternative Options Considered

None – appointments to Council Committees are required to ensure Council business can be conducted legally.

3. Implications

3.1 Legal Implications

Section 15 of the Local Government and Housing Act 1989 places a duty on the Council to allocate seats on Ordinary Committees of the Council between the political groups in accordance with the following principles :-

a) That not all the seats on the body to which appointments are being made are allocated to the same political group;

b) That the majority of seats on each committee are allocated to a particular political group if the number of persons belonging to that group is a majority of the authority's membership;

c) That subject to (a) and (b), when allocating seats to a political group, the total number of their seats across all the ordinary committees of the Council, must reflect their proportion of the authority's membership; and

d) Subject to (a) to (c), that the number of seats on each committee is as far as possible in proportion to the group's membership of the authority.

The Local Government and Housing Act 1989 requires that, once the Council has determined the allocation of committee places between the political groups, the Council must then appoint the nominees of the political groups to the committees.

For the purpose of this process there are three political groups making up the Council; the Conservative Group, the Labour Group and the Independent Group. A group consists of two or more members of Council who have indicated that they wish to be treated as a group. Councillors that are not members of political groups have no entitlement to an allocation of seats on Committees. Political groups are entitled to their proportion of seats and once their entitlement has been reached, any remaining seats may be filled by Councillors not belonging to a political group. Such Councillors are called 'non-aligned'.

3.2 Financial Implications

Councillors are entitled to claim for travel expenses incurred when attending meetings physically.

4. Conclusion

That the Council approved the updated list of appointments to Committees for the 2021/22 municipal year.

5. Background Documents

None.

6. Appendices

Appendix A – Proposed Membership of Council Committees for 2021/22

Contact Details:

Palbinder Mann
Democratic Services Manager
01757 292207
pmann@selby.gov.uk

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Membership of Committees 2021/22

Executive (Leader and 4 Executive Members)

Leader (Conservative)	**Councillor Mark Crane**
Deputy Leader (Conservative)	**Councillor Richard Musgrave**
Councillor (Conservative)	**Councillor Cliff Lunn**
Councillor (Conservative)	**Councillor Tim Grogan**
Councillor (Conservative)	**Councillor David Buckle**

Planning Committee (9 seats)

Chair (Conservative)	**Councillor John Cattanach**
Vice Chair (Conservative)	**Councillor John Mackman**
Councillor (Conservative)	**Councillor Mark Topping**
Councillor (Conservative)	**Councillor Keith Ellis**
Councillor (Conservative)	**Councillor Ian Chilvers**
Councillor (Conservative)	**Councillor Charles Richardson**
Councillor (Labour)	**Councillor Bob Packham**
Councillor (Labour)	**Councillor Paul Welch**
Councillor (Independent)	**Councillor Don Mackay**
Substitute (Conservative)	Councillor Chris Pearson
Substitute (Conservative)	Councillor Richard Musgrave
Substitute (Conservative)	Councillor Tim Grogan
Substitute (Conservative)	Councillor David Buckle
Substitute (Conservative)	Councillor Georgina Ashton
Substitute (Labour)	Councillor Keith Franks
Substitute (Labour)	Councillor John Duggan
Substitute (Labour)	Councillor Stephanie Duckett
Substitute (Independent)	Councillor John McCartney

Licensing Committee (11 seats)

Chair (Conservative)	**Councillor Richard Sweeting**
Vice Chair (Conservative)	**Councillor Judith Chilvers**
Councillor (Conservative)	**Councillor Ian Chilvers**
Councillor (Conservative)	**Councillor Chris Pearson**
Councillor (Conservative)	**Councillor John Mackman**
Councillor (Conservative)	**Councillor John Cattanach**
Councillor (Labour)	**Councillor Paul Welch**
Councillor (Labour)	**Councillor John Duggan**
Councillor (Labour)	**Councillor Stephanie Duckett**
Councillor (Independent)	**Councillor Mary McCartney**
Councillor (Independent)	**Councillor Dave Brook**
Substitute (Conservative)	Councillor David Buckle
Substitute (Conservative)	Councillor Mark Crane
Substitute (Conservative)	Councillor Georgina Ashton
Substitute (Labour)	Councillor Keith Franks
Substitute (Labour)	Councillor Jennifer Shaw-Wright
Substitute (Independent)	Councillor John McCartney

Overview and Scrutiny Committee (8 seats)

Chair (Labour)	**Councillor Steve Shaw-Wright**
Vice Chair (Labour)	**Councillor Wendy Nichols**
Councillor (Conservative)	**Councillor Andrew Lee**
Councillor (Conservative)	**Councillor Neil Reader**
Councillor (Conservative)	**Councillor J Chilvers**
Councillor (Conservative)	**Councillor Richard Sweeting**
Councillor (Conservative)	**Councillor Keith Ellis**
Councillor (Independent)	**Councillor John McCartney**
Substitute (Conservative)	Councillor John Mackman
Substitute (Conservative)	Councillor John Cattanach
Substitute (Conservative)	Councillor Mike Jordan
Substitute (Labour)	Councillor Bob Packham
Substitute (Labour)	Councillor Paul Welch
Substitute (Independent)	Councillor Mary McCartney

Policy Review Committee (8 seats)

Chair (Conservative)	**Councillor Chris Pearson**
Vice Chair (Conservative)	**Councillor Mark Topping**
Councillor (Conservative)	**Councillor Mike Jordan**
Councillor (Conservative)	**Councillor Karl Arthur**
Councillor (Conservative)	**Councillor Georgina Ashton**
Councillor (Labour)	**Councillor Bob Packham**
Councillor (Labour)	**Councillor Jennifer Shaw-Wright**
Councillor (Independent)	**Councillor Mary McCartney**
Substitute (Conservative)	Councillor Ian Chilvers
Substitute (Conservative)	Councillor Neil Reader
Substitute (Conservative)	Councillor Keith Ellis
Substitute (Conservative)	Councillor Charles Richardson
Substitute (Labour)	Councillor Stephanie Duckett
Substitute (Labour)	Councillor Keith Franks
Substitute (Independent)	Councillor John McCartney

Audit and Governance Committee (8 seats)

Chair (Conservative)	**Councillor Karl Arthur**
Vice Chair (Conservative)	**Councillor Neil Reader**
Councillor (Conservative)	**Councillor Charles Richardson**
Councillor (Conservative)	**Councillor Mike Jordan**
Councillor (Conservative)	**Councillor Andrew Lee**
Councillor (Labour)	**Councillor Keith Franks**
Councillor (Labour)	**Councillor John Duggan**
Councillor (Independent)	**Councillor Don Mackay**
Substitute (Conservative)	Councillor Mark Topping
Substitute (Conservative)	Councillor John Cattanach
Substitute (Conservative)	Councillor Richard Sweeting
Substitute (Conservative)	Councillor Keith Ellis
Substitute (Labour)	Councillor Paul Welch
Substitute (Labour)	Councillor Jennifer Shaw-Wright
Substitute (Independent)	Councillor Mary McCartney

SELBY DISTRICT COUNCIL

Report Reference Number: C/21/18

To:	**Council**
Date:	**24 February 2022**
Ward(s) Affected:	**All**
Author:	**Alison Hartley** **Solicitor to the Council & Monitoring Officer**
Lead Officer:	**Alison Hartley** **Solicitor to the Council & Monitoring Officer**

Title: Constitution Update

Summary:

The purpose of this report is to set out any administrative changes to the Constitution that have been made under delegation by the Monitoring Officer since the last approval by Council.

Recommendations:

To note the administrative changes made by the Monitoring Officer since the last amendments were reported to Council in April 2021.

Reasons for recommendation

To ensure the constitution is up to date and fit for purpose.

1. Introduction and background

1.1 The constitution is a key document in the Corporate Governance Framework of the Council. The two overarching principles of good governance as set out in the CIPFA code are:

- Behaving with integrity, demonstrating strong commitment to ethical values and respecting the rule of law
- Ensuring openness and comprehensive stakeholder engagement.

1.2 A review is undertaken of the Constitution on a regular basis to consider whether there are any changes required as a result of legislative change, any recommendations from internal or external auditors or in the light of experience and best practice.

1.3 Under Article 14 of the Constitution responsibility for the Constitution lies with the Monitoring Officer. Since the Monitoring Officer last reported to Council in April 2021, further administrative changes have been made including changes to reflect reallocation of management responsibilities. The changes are set out in Appendix A to this report.

2. The Report

2.1 The Monitoring Officer has had regard to any changes to legislation, and best practice, and has made administration changes under delegation since the last time the Constitution was reported to Council. She can confirm that it is fit for purpose in its current form.

3. Alternative Options Considered

None – these changes to the Constitution are required to ensure it is up to date.

4. Implications

4.1 Legal Implications

A local authority is under a duty to prepare and keep up to date its constitution under the Local Government Act 2000 as amended.

4.2 Financial Implications

None

4.3 Policy and Risk Implications

If the Constitution is not up to date there is a risk that decisions will not be made on a lawful basis.

4.4 Corporate Plan Implications

None

4.5 Resource Implications

None

4.6 Other Implications

None

4.7 Equalities Impact Assessment

Not required.

5. Conclusion

Following review and administrative changes the Constitution remains up to date and fit for purpose.

6. Background Documents

None

7. Appendices

Appendix A – Table of administrative changes made.

Contact Officer:

Alison Hartley
Solicitor to the Council and
Monitoring Officer

Appendix A

Administrative Changes Reported December 2021

Date of Change	Document Changed	Brief description of change	Authorised by
Dec 2021	Part 3 - Amendments to move functions following changes to management of statutory functions	Functions moved from 3.8.5(i) and(j) to 3.8.9	Alison Hartley Monitoring Officer
Dec 2021	Part 4.7 – Administrative amendment	Change reference to 32.3 to 31.2 at para 31.1(b)(i).	Alison Hartley Monitoring Officer
Dec 2021	Part 5.1 – Administrative amendments following A&G 2019	Replaced second sentence with "The Code sets out the conduct that is expected of you when acting, claiming to or giving the impression that you are acting as a Selby District Councillor or when you are appointed as a co-opted member on any Committee of the Council." At 15, insert as new fourth bullet point " Your unpaid directorships and trusteeships; or "	Alison Hartley Monitoring Officer
Dec 2021	Part 5.8 – Administrative amendments following meetings being streamed live	Insert new para 6 – "Council meetings are usually streamed live to maximise transparency of decision making	Alison Hartley Monitoring Officer
Dec 2021	Part 7	Updated Management Structure Chart	Alison Hartley Monitoring Officer
Dec 2021	Glossary of Terms	Delete reference to	Alison Hartley

		“Director – A specific term for a Senior Officer within Access Selby” Delete reference to “Executive Director – A specific term for a Senior Officer within the Council’s Core” Delete “standards for England” definition	Monitoring Officer
Dec 2021	Part 4.1 Rule 12	Delete the words “ in accordance with the Petitions Procedure Rules set out in Part 4 of this Constitution	Alison Hartley Monitoring Officer