



Notice of meeting of

Executive

To:	Councillors Waller (Chair), Ayre, Steve Galloway, Moore, Morley, Reid and Runciman
Date:	Tuesday, 6 October 2009
Time:	2.00 pm
Venue:	The Guildhall

AGENDA

Notice to Members - Calling In:

Members are reminded that, should they wish to call in any item on this agenda, notice must be given to Democracy Support Group by:

10:00 am on Monday 5 October 2009, if an item is called in *before* a decision is taken, *or*

4:00 pm on Thursday 8 October 2009, if an item is called in *after* a decision has been taken.

Items called in will be considered by the Scrutiny Management Committee.

1. Declarations of Interest

At this point, Members are asked to declare any personal or prejudicial interest they may have in the business on this agenda.

2. Minutes (Pages 3 - 14)

To approve and sign the minutes of the Executive meeting held on 22 September 2009.

3. Public Participation

At this point in the meeting, members of the public who have registered their wish to speak regarding an item on the agenda or a matter within the Executive's remit can do so. The deadline for registering is **5:00 pm on Monday 5 October 2009**.

4. Executive Forward Plan (Pages 15 - 18)

To receive details of those items that are listed on the Forward Plan for the next two Executive meetings.

5. Green Jobs Task Force (Pages 19 - 30)

This report presents the recommendations of a task group set up to consider the scope to develop "green jobs" within the City, following a question asked at Council in January of this year.

6. Revised Financial Regulations (Pages 31 - 82)

This report invites Members to discuss and recommend to Full Council the revised Financial Regulations, consideration of which was deferred at the Executive meeting on 21 July 2009.

7. Swimming Facilities (Pages 83 - 98)

This report responds to a motion approval by Council on 9 July 2009 asking the Executive Member for Leisure, Culture & Social Inclusion to bring to the Council meeting in October a report addressing a range of issues in relation to swimming facilities in York.

Note: Copies of the above report have also been circulated to Members of Council who do not receive a printed copy of the Executive agenda. Those Members who are in receipt of the Executive agenda are kindly requested to keep their copy for use at the Council meeting on 15 October.

8. Urgent Business

Any other business which the Chair considers urgent under the Local Government Act 1972.

Democracy Officer:

Name: Fiona Young

Contact details:

- Telephone – (01904) 551027
- E-mail – fiona.young@york.gov.uk

For more information about any of the following please contact the Democracy Officer responsible for servicing this meeting:

- Registering to speak
- Business of the meeting
- Any special arrangements
- Copies of reports

Contact details are set out above.

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If you would, you will need to:

- register by contacting the Democracy Officer (whose name and contact details can be found on the agenda for the meeting) **no later than 5.00 pm** on the last working day before the meeting;
- ensure that what you want to say speak relates to an item of business on the agenda or an issue which the committee has power to consider (speak to the Democracy Officer for advice on this);
- find out about the rules for public speaking from the Democracy Officer.

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Further information about what's being discussed at this meeting

All the reports which Members will be considering are available for viewing online on the Council's website. Alternatively, copies of individual reports or the full agenda are available from Democratic Services. Contact the Democracy Officer whose name and contact details are given on the agenda for the meeting. **Please note a small charge may be made for full copies of the agenda requested to cover administration costs.**

Access Arrangements

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Every effort will also be made to make information available in another language, either by providing translated information or an interpreter providing sufficient advance notice is given. Telephone York (01904) 551550 for this service.

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The majority of councillors are not appointed to the Executive (38 out of 47). Any 3 non-Executive councillors can 'call-in' an item of business from a published Executive (or Executive Member Decision Session) agenda. The Executive will still discuss the 'called in' business on the published date and will set out its views for consideration by a specially convened Scrutiny Management Committee (SMC). That SMC meeting will then make its recommendations to the next scheduled Executive meeting in the following week, where a final decision on the 'called-in' business will be made.

Scrutiny Committees

The purpose of all scrutiny and ad-hoc scrutiny committees appointed by the Council is to:

- Monitor the performance and effectiveness of services;
- Review existing policies and assist in the development of new ones, as necessary; and
- Monitor best value continuous service improvement plans

Who Gets Agenda and Reports for our Meetings?

- Councillors get copies of all agenda and reports for the committees to which they are appointed by the Council;
- Relevant Council Officers get copies of relevant agenda and reports for the committees which they report to;
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City of York Council

Committee Minutes

MEETING	EXECUTIVE
DATE	22 SEPTEMBER 2009
PRESENT	COUNCILLORS RUNCIMAN (IN THE CHAIR), AYRE, STEVE GALLOWAY, MOORE, MORLEY AND RUNCIMAN
APOLOGIES	COUNCILLORS WALLER AND REID

PART A - MATTERS DEALT WITH UNDER DELEGATED POWERS

70. DECLARATIONS OF INTEREST

Members were invited to declare at this point in the meeting any personal or prejudicial interests they might have in the business on the agenda.

Cllr Runciman declared a personal, non prejudicial interest in agenda item 5 (The Barbican Auditorium), as a patron of the Guildhall Orchestra, which had formerly made use of the Barbican as a venue.

71. MINUTES

RESOLVED: That the minutes of the Executive meeting held on 8 September 2009, and the minutes of the Executive (Calling In) meetings held on 14 July 2009 and 15 September 2009, be approved and signed by the Chair as a correct record.

72. PUBLIC PARTICIPATION

It was reported that there had been two registrations to speak at the meeting under the Council's Public Participation Scheme, both in relation to agenda item 5 (The Barbican Auditorium).

Andy Chase spoke in support of the potential for a community trust to participate in the operation of the Auditorium. He felt that the comments in paragraph 24 of the report were dismissive of this idea and contained inaccuracies. He expressed support for those options that would enable the Barbican to provide a leisure facility of benefit to the local community, rather than those driven purely by commerce.

Chris Wedgewood commented as a local resident and previous user of the sports facilities at the Barbican. He expressed disappointment that the provision of sports facilities had not featured as an option in this report or in previous bids to take over the Barbican and suggested that there were strong financial and social arguments for bringing sport back to this city centre site. He also noted that, given the current recession, it was not a good time to sell the land to a developer.

73. EXECUTIVE FORWARD PLAN

Members received and noted details of those items that were currently listed on the Forward Plan for the next two Executive meetings.

74. THE BARBICAN AUDITORIUM

Members considered the fourth in a series of update reports which aimed to establish the next steps in a strategy to bring the Barbican Auditorium back into public use.

In response to previous reports, Members had already agreed a series of key points and actions for the way forward, including further structured discussions with interested parties. Discussions had now taken place with two major national theatre operators, one major national conference operator and the developer currently negotiating to buy the neighbouring residential and hotel site. Key issues arising from these discussions were set out in paragraphs 8 to 11 of the report. Although all four expressions of interest were positive, none could be accepted immediately. It was recommended instead that formal marketing be undertaken at this stage, opening up the possibility of further interest and enabling all offers to be assessed against the Council's criteria for re-use of the site. The main options for market testing were:

Option A – a 'standard' marketing campaign with no conditions on the operation or use of the Auditorium.

Option B – a market testing exercise in line with EU procurement regulations. This was the recommended option, as it would also facilitate offers involving partnership arrangements with the Council.

Members' views were sought on the relative weighting to be given to the award criteria, based upon the objectives set out in paragraph 16 of the report. It was also suggested that Kent Street be included in the marketing exercise, enabling a potentially co-ordinated approach to development of the area. With regard to other matters affecting the Barbican, it was reported that:

- Remedial works to preserve the building were expected to be completed by the end of September
- Officers had worked with events organisers to ensure they had satisfactory alternative arrangements.
- The involvement of community trusts was not considered practicable at this stage, although this would not prevent existing trusts from submitting a bid.

Further details of the implications of the expressions of interest were circulated at the meeting. Officers also responded to the comments made under public participation, explaining that a charitable trust would not be compatible with an organisation run for entertainment purposes and that experience had shown that combining an Auditorium with sports facilities was not financially viable.

Having noted the comments of the Shadow Executive on this item, it was

RESOLVED: (i) That approval be given to carry out formal marketing of the Barbican Auditorium, as set out in Option B and detailed in paragraphs 15-17 of the report.¹

(ii) That approval be given to the inclusion of the Kent Street Coach Park site, on the basis set out in paragraphs 18 and 19.²

(iii) That the following relative weighting be favoured for the criteria set out in paragraph 17:

- Financial impact on Council taxpayers – 50%
- Addressing the City's economic development and planning objectives – 30%
- Provision of entertainment and community facilities – 20%

And that the criteria include a requirement for the early re-opening of the building – by December 2010 at the latest.³

(iv) That authority be delegated to the Chief Executive to establish the final criteria and weighting to be used in assessing bids and final tenders, based on the contents of paragraph 16.⁴

REASON: To enable future plans for the Barbican Auditorium to be developed and progressed and to ensure that responsibility for the final criteria and weighting of bids is taken at the highest level.

Action Required

- | | |
|------------------------------------------------------------------------------|----|
| 1. Arrange formal marketing, in accordance with Option B | CB |
| 2. Include Kent St Coach Park in the marketing exercise | CB |
| 3. Take into account Members' advice when finalising weighting of criteria | CB |
| 4. Establish final criteria and weighting for assessment of bids and tenders | SC |

75. FUTURE OF THE HUNGATE EMPLOYMENT SITE

Members considered a report which set out the future development options for the Hungate Employment Site and recommended actions to promote the development and / or disposal of the site.

The site, which was wholly owned by the Council, comprised the former Ambulance Station, the Haymarket car park and the former Peaseholme Hostel. Any options for its future would need to comply with the masterplan for the Hungate site as a whole, as well as helping to fund the cost of an alternative site for the new Council Headquarters building,

following withdrawal of the Hungate planning application. Paragraphs 18 to 26 of the report examined a number of potential uses of the site to meet the needs of Council services, partner organisations and / or Central Government. Actions to promote the development / disposal of the site were set out in paragraphs 31 to 36. They included discussing proposals for collaborative development with identified partners, with particular reference to Central Government office relocation, the Primary Care Trust and North Yorkshire Police, as well as a review of all Council service needs and investigation of short-term site uses.

Members were invited to consider the following options for development or disposal of the site:

Option 1 – offer the site for sale and report back on any significant offers made.

Option 2 – continue to work with partners to establish a collaborative development solution for the site and encourage complementary interest from the wider market. This was the recommended option, in view of the work done to date.

Having noted the comments of the Shadow Executive on this item, it was

RESOLVED: (i) That the development of the site as a prime location for either Central Government Office relocation or private office development be supported, and that the marketing of the site should reflect this ambition.¹

(ii) That Officers be requested to ensure that the site is cleared, its archaeology investigated, prepared and in a state of readiness for future development.²

(iii) That it be acknowledged that the viability of any future development option should take account of the costs incurred to date in making the site ready for development.³

(iv) That, in the event that future development proposals are planned for the medium to long term, the investigation of short term uses for the site be requested.⁴

(v) That Officers be requested to monitor market conditions and report back to the Executive any significant interest in or offers for the site.⁵

(vi) That it be requested that future reports include updates on all recommendations arising from the meeting on 25 August 2009 with the Minister for Yorkshire and the Humber.⁶

REASON: To ensure that all options are considered to maximise the value and development opportunities for this important site in the centre of York.

Action Required

- | | |
|-------------------------------------------------------------------------------------------|----|
| 1. Market the site in accordance with Members' advice | SS |
| 2. Ensure that this work is done and the site made ready for development | SS |
| 3. Take into account the costs of preparing the site when considering development options | SS |
| 4. Investigate short term uses for the site | SS |

76. ADMINISTRATIVE ACCOMMODATION PROJECT FINANCIAL UPDATE

[See also under Part B Minutes]

Members considered a report which examined the accounting implications of the abortive costs incurred on the Administrative Accommodation project following the decision not to develop the site at Hungate, together with details of the current overall funding position and options for removal of the Land Assembly costs from the project.

Costs identified as 'abortive' could no longer be treated as capital expenditure and must therefore be written off as revenue cost and funded from the Venture Fund Reserve. Actual project costs identified as abortive since 2005/06 totalled £1.092m, of which £520k expenditure incurred in 2008/09 and £572k incurred prior to 2008/09 had been funded by the Venture Fund. This had resulted in an increased call of £0.690m on the Venture Fund reserve and a consequent fall of £1.092m in the overall level of capital funding for the project. A comparison of the current headline funding position with that in July 2008 showed an indirect saving of £0.402m, due to alterations in the timings and sources of funding. Full details of the changes were set out paragraphs 27 to 39 of the report.

The reasons for the recommendation to remove the Land Assembly costs from the project budget of £43.804m was explained in paragraphs 42 to 45 of the report. Briefly, these costs, amounting to £3.54m, contributed specifically to the Hungate site and not to the project in its current form. The following options were presented for funding the Land Assembly costs if this recommendation was accepted:

Option A – fund the land assembly costs from sale of the Hungate site in the current market environment, receive a lower capital receipt than expected and fund the difference from long term prudential borrowing.

Option B – fund the land assembly costs from sale of the Hungate site when the property market recovers, receive the expected capital receipt and cover the interim shortfall by prudential borrowing.

Option C – use the Hungate site for a future Council development and fund the land assembly costs from alternative identified funding.

Having noted the comments of the Shadow Executive on this item, it was

RESOLVED: (i) That it be noted that the abortive costs of £1.092m included in the overall Administrative Accommodation budget of £43.804m have been written off directly to the Income and Expenditure Account and funded from reserves as part of the

preparation of the 2008/09 Statement of Accounts, but will remain within the total budget allocation of £43.804m.

(ii) That the overall funding of the Administrative Accommodation project, which is estimated to use a combination of capital receipts, reserves and borrowing as the sources of funding used to support the £43.804m budget, be noted.

(ii) That it be noted that the overall funding position will continue to fluctuate in relation to the timing and value of capital receipts and will impact upon borrowing accordingly, and that the project remains viable in accordance with the affordability indicators, with the NPV savings remaining positive and the Venture Fund revenue reserve being sufficient to cover the early years revenue deficit and the abortive costs paid to date (paragraphs 25-27 of the report refer).

(iii) That it be noted:

- that the £2.2m costs of relocating the Peasholme Hostel include the costs of betterment at £710k;
- that this element should not be accounted for as part of the Hungate land assembly costs;
- that, therefore, a capital scheme will be included in the capital programme for £2.83m, which is the cost of clearing the Hungate site, plus the relocation of Peasholme Hostel on a like for like basis;
- that a second scheme will be included in the capital programme for the £0.710k costs relating to the 'betterment' of the Peasholme Hostel.

(iv) That Officers be requested to table a statement indicating both the revenue and capital implications of this improvement in Social Services provision.¹

REASON: To ensure that Members are kept informed of the funding position on this major project and to ensure that the accounting position is correctly recorded.

Action Required

1. Table a statement indicating revenue and capital implications, as requested

SA

77. CYCLING CITY PROGRAMME - PROGRESS REPORT 2

Members considered a report which provided a second update on the progress of the Cycling City programme, including work completed over

the last six months and successes accomplished so far. Further updated information on growth in cycling had been circulated to Members before the meeting (*this is now attached to the agenda on the Council's website as an additional annex to the report*).

Since the start of this period, governance structures had been agreed and a Steering Group had been formed, chaired by Cllr Steve Galloway and comprising key Council Officers and stakeholders. Stakeholder project groups had been meeting on a regular basis and the first full Stakeholder meeting had taken place in June. The programme would focus upon revenue works, improving the existing cycle infrastructure and creating new infrastructure. A communications strategy had been developed to ensure more effective and proactive communication with stakeholders and the public, using the results of the city-wide consultation carried out in the spring.

The report highlighted a number of successful events and actions over the past few months, including a Biking Viking event in April, involving 70 school children, events during Bike Week, development and delivery of York's first Festival of Cycling and completion and distribution of a new York cycle map. Progress with the Schools Group and participation, work place and public initiatives was detailed in paragraphs 26 to 39. The programme now had a 'Bike It' officer and would shortly have the services of a new co-ordinator, funded by CTC and Cycling England (CE). Progress on the cycle infrastructure, detailed in paragraphs 41 to 49, included completion of the Clifton Bridge scheme and the Beckfield Lane to Manor School scheme. Following a second CE meeting for the Cycling Towns / Cities, Officers had agreed to form a working partnership between York and Cambridge cycling programmes.

Having noted the comments of the Shadow Executive on this item, it was

RESOLVED: (i) That the progress made on the Cycling City York programme be noted and that the aims and achievements of the programme continue to be supported.

(ii) That a further update report be received in March 2010, at the end of the second year. ¹

REASON: To ensure that the programme stays on track and delivers the measures necessary to increase levels of cycling, and to ensure that funding is allocated to schemes most likely to deliver the programme's aim and thus strengthen the case for future years' funding and the benefits that brings, including reducing congestion and air pollution and having a healthy population.

Action Required

1. Schedule update report on Executive Forward Plan for March 2010 SS

78. INTRODUCTION OF A 'TAXI-CARD' FOR DISABLED YORK RESIDENTS

Members considered a report which responded to the Executive's request at their meeting on 20 January 2009 to explore the possibility of introducing an electronic, stored valued taxi-card to replace the national transport tokens issued to entitled, disabled residents.

Members noted that there was a need to consult more widely with the potential users of the taxi-card and it was therefore

RESOLVED: That consideration of this report be deferred to a future meeting.¹

REASON: To enable further consultation and an Equalities Impact Assessment to be carried out in respect of the proposal.

Action Required

1. Carry out EIA and schedule item on Forward Plan for a SS future Executive meeting

79. RESULTS OF THE PLACE SURVEY

Members considered a report which presented the outcome of the first Place Survey and sought their views on options for next year.

In 2008/09, the Place Survey had replaced the annual Residents Opinions Survey and the statutory planning, library and benefits surveys. It sought residents' views on their local area rather than just their local authority and focused more on outcomes than processes. A postal survey had been sent to a random sample of 3,145 residents during September 2008, with a 40% response rate. The results, as set out in Annex A to the report, showed that York's performance was above average in 13 of the 18 National Performance Indicators (NPIs) and in the top quartile in 10 of these NPIs, comparing well against 55 similar local authorities. An equalities analysis of the results, detailed at Annex B to the report, showed little difference in satisfaction with the Council within the equalities groups, with the exception of age. 36% of residents aged 35-54 were 'satisfied', compared to 62% of those aged 75+.

The Place Survey must be conducted every other year. Previously, the Council had conducted a Residents' Survey annually, regardless of statutory requirements. Members were invited to consider the following options:

Option 1 – conduct the Place Survey every year.

Option 2 – conduct the Place Survey every other year, with more specific research (eg with focus groups) in the intervening year. It was recommended that the 2009/10 budget be spent on looking at the reasons for 2008/9 results, which would be a cost neutral option.

Option 3 – conduct the Place Survey every other year, with more specific research (eg with focus groups) later in the same year.

Option 4 – do not conduct any surveys in 2009/10, thus saving the £8k budget.

Having noted the comments of the Shadow Executive on this item, it was

RESOLVED: (i) That the contents of the Place Survey, and the analysis included in the annexes to the report, be noted.

(ii) That approval be given to spend the Place Survey budget in the ‘fallow’ year of 2009/10 on assessing the root causes of the 2008/09 results rather than conducting a full survey, in accordance with Option 2 and Officers’ recommendations.¹

(iii) That, in view of the Council’s financial position, the sample size remain the same in the next Place Survey.²

REASON: To ensure that time is set aside to gauge customers’ attitudes to public services and combat ‘consultation fatigue’.

Action Required

- | | |
|----------------------------------------------------------------------------------------------------------|----|
| 1. Make arrangements to spend the 2009/10 Place Survey budget on assessing causes of the 2008/09 results | SA |
| 2. Ensure that the same sample size is used for the next Place Survey | SA |

80. FIRST PERFORMANCE AND FINANCIAL MONITOR FOR 2009/10

Members considered a report which provided details of matters arising from the first performance monitor of 2009/10, covering the period from 1 April to 30 June 2009.

The report covered the Council’s service and corporate budgets, general performance against indicators at corporate and directorate level, and progress against corporate priorities. The following key points were highlighted:

- A net overspend of £2.3m was currently projected, following the identification of in year savings totalling £1.8m. Further action would be needed to bring expenditure in line with the budget.
- 54% of National Performance Indicators (NPIs) were improving, with 56% on track to meet their 2009/10 target. Equivalent figures for the LAA targets were 60% and 64% respectively.
- 6 of the 54 milestone actions in the Corporate Strategy had been completed and over three quarters were on track to meet agreed deadlines. Action was being taken to address the remainder.

With reference to the comments of the Shadow Executive on this item, Members noted that the projected revenue budget deficit was in fact lower

than in some previous years and amounted to less than 1% of the Council's gross budget.

RESOLVED: (i) That the performance issues identified in the report be noted.

REASON: So that corrective action on these issues can be taken by Members and directorates.

(ii) That the finance issues identified in the report be noted, in particular:

- a) The significant pressures arising due to the economic recession and social care costs;
- b) The work already undertaken within directorates to reduce the potential overspend;
- c) The need for further work to bring expenditure in line with the budget;
- d) The longer term need for growth in some budgets, which will require compensating efficiencies and service transformation across the Council.

REASON: So that corrective action can be taken to bring the Council's expenditure within budget.

(iii) That the appropriate Scrutiny committees be requested to review the reasons for, and possible options for offsetting, the increases in the number of looked-after children,¹ together with the demand levels for adult community care packages and care packages,² which are both having an impact on the Council's budget.

REASON: To ensure that there are appropriate levels of intervention and support available to the community.

(iv) That Officers be requested to update the Executive on lobbying to gain for York a fair grant based on the government formula for the City, the reimbursement of the actual costs of concessionary fares, and recycling of landfill tax money to councils like York which have exceeded government targets for recycling.³

REASON: To help ensure that York receives its fair share of government grant.

Action Required

- 1. Refer this matter to the Learning and Culture Overview & Scrutiny Committee MC
- 2. Refer this matter to the Health Overview & Scrutiny Committee TW
- 3. Schedule an update report on lobbying for a fair grant on Executive Forward Plan SA

PART B - MATTERS REFERRED TO COUNCIL

81. ADMINISTRATIVE ACCOMMODATION PROJECT FINANCIAL UPDATE

See also under Part A Minutes]

Members considered a report which examined the accounting implications of the abortive costs incurred on the Administrative Accommodation project following the decision not to develop the site at Hungate, together with details of the current overall funding position and options for removal of the Land Assembly costs from the project.

Costs identified as 'abortive' could no longer be treated as capital expenditure and must therefore be written off as revenue cost and funded from the Venture Fund Reserve. Actual project costs identified as abortive since 2005/06 totalled £1.092m, of which £520k expenditure incurred in 2008/09 and £572k incurred prior to 2008/09 had been funded by the Venture Fund. This had resulted in an increased call of £0.690m on the Venture Fund reserve and a consequent fall of £1.092m in the overall level of capital funding for the project. A comparison of the current headline funding position with that in July 2008 showed an indirect saving of £0.402m, due to alterations in the timings and sources of funding. Full details of the changes were set out paragraphs 27 to 39 of the report.

The reasons for the recommendation to remove the Land Assembly costs from the project budget of £43.804m was explained in paragraphs 42 to 45 of the report. Briefly, these costs, amounting to £3.54m, contributed specifically to the Hungate site and not to the project in its current form. The following options were presented for funding the Land Assembly costs if this recommendation was accepted:

Option A – fund the land assembly costs from sale of the Hungate site in the current market environment, receive a lower capital receipt than expected and fund the difference from long term prudential borrowing.

Option B – fund the land assembly costs from sale of the Hungate site when the property market recovers, receive the expected capital receipt and cover the interim shortfall by prudential borrowing.

Option C – use the Hungate site for a future Council development and fund the land assembly costs from alternative identified funding.

Having noted the comments of the Shadow Executive on this item, it was

RECOMMENDED: (i) That Council approve the increased use of the Venture Fund revenue reserve by £0.69m (to £2.784m) to support the early years revenue deficit, whilst noting that in the future the Administrative Accommodation project will replenish the Venture Fund reserve with the amount used, as outlined in paragraphs 17-20 and 27-30 of the report.

(ii) That Council approve the removal of the land assembly costs of £3.54m (which creates a viable asset – the development land at Hungate) from the

Administrative Accommodation project budget of £43.804m into two separate capital programme schemes:

- a capital scheme of £2.83m to include the clearance of the Hungate site and the relocation of the Peasholme Hostel on a like for like basis and
- a second capital scheme for the £0.710k costs relating to the 'betterment' of the Peasholme Hostel,

the funding to be realised from the sale of the Hungate site at the most opportune time, in accordance with Option B at paragraph 8.

REASON: To enable the effective management and monitoring of the Council's capital programme and to ensure the continuation of a balanced capital programme, as required by the Local Government Act 2003.

A Waller, Chair

[The meeting started at 2.00 pm and finished at 3.05 pm].

EXECUTIVE FORWARD PLAN

Table 1: Items scheduled on the Forward Plan for the Executive Meeting on 20 October 2009		
Title & Description	Author	Portfolio Holder
<p>More for York – Progress Report</p> <p><i>Purpose of report: To present to Members a review of progress made on the More for York Efficiency Programme, particularly detailed business cases on some of the 10 work streams, with decisions on some of the proposed actions to be taken.</i></p> <p><i>Members are asked to: Approve the actions that are proposed in the report</i></p>	Tracey Carter	Executive Member for Corporate Services
<p>Corporate Asset Management Update Report</p> <p><i>Purpose of report: To advise on progress with the Corporate Asset Management Plan against each of the original property outputs.</i></p> <p><i>Members are asked to: Approve the recommendations made in the report.</i></p>	Philip Callow/Tim Bradley	Executive Member for City Strategy

Table 2: Items scheduled on the Forward Plan for the Executive Meeting on 3 November 2009		
<p>Review of the Council’s Reserves</p> <p>Purpose of report: To present to Members a comprehensive review of both earmarked and general reserves held by the Council, including the purpose for which they were established.</p> <p>Members are asked to: Reconfirm their holding and purpose.</p>	Janet Lornie	Executive Member for Corporate Services

Table 3: Items slipped on the Forward Plan with the agreement of the Group Leaders					
Title & Description	Author	Portfolio Holder	Original Date	Revised Date	Reason for Slippage
<p>Lendal Bridge Cycle Hub Station</p> <p><i>Purpose of report: The report sets out progress made since the Executive meeting on 12th June 2007.</i></p> <p><i>Members are asked to: Consider the building cost tenders against the available budgets, and funding options presented, in order to decide whether the scheme should finally proceed.</i></p>	David Baren	Executive Leader	6 October 2009	--	Further information required in relation to the tender to ensure that it remains within budget. Removed from the Forward Plan pending investigation of the full costs and risks of the project being identified before this report goes back onto the Plan.
<p>Debt Policy</p> <p><i>Purpose of report: The report will present the Councils debt policy for approval.</i></p> <p><i>Members are asked to: Approve the Councils Debt Policy at the next full Council meeting.</i></p>	David Walker	Executive Member for Corporate Services	8 September 2009	17 November 2009	At the request of the Executive Member for Corporate Service to enable consultation to take place with the Council's efficiency partners on the document.
<p>Contract Procedure Rules</p> <p><i>Purpose of report: As requested by Members the</i></p>	David Walker	Executive Member for Corporate Services	8 September 2009	17 November 2009	At the request of the Executive Member for Corporate Service to enable consultation

<p><i>Contract Procedure Rules have been updated and amended.</i></p> <p><i>Members are asked to: Approve the Contract Procedure Rules at the next full Council meeting.</i></p>					<p>to take place with the Council's efficiency partners on the document.</p>
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Executive

6th October 2009

Report of the Director of City Strategy

Green Jobs Task Force

Summary

1. This report presents the recommendations of a task group set up to consider the scope to develop “green jobs” within the City, following a question asked at Council in January of this year.
2. The report has a good strategic fit with the long term aspirations of the city, particularly in relation to the Sustainable City and Thriving City themes within the Sustainable Community strategy, but also with strong links to those related to the Inclusive City and Learning City.

Background

3. In response to a question asked at the Council meeting in January of this year, the Leader of the Council requested the Chief Executive to convene an “Eco Jobs Task Group” from the Council and partners to examine how the city can create more locally based jobs focussed on environmental technologies, with a view to a final report being completed by September 2009. The Green Jobs Task Force has been established as a small group involving partners. The final report of the Task Force is appended to this report. This sets out recommendations for actions to be taken to stimulate the further development of “Green Jobs” in the City, taking account of existing activity. The Task Force has used the Local Government Association publication “Creating Green Jobs; developing low carbon economies” as a guide to shaping these recommendations.

Consultation

4. The Task Force recognises the need for further consultation on the recommendations set out in this report and would suggest that this is undertaken primarily through the Without Walls Local Strategic Partnership and its constituent thematic partnerships.

Options

5. The options are to accept the recommendations of the Task Force, reject these or carry out further consultation. Given that the Task Force has itself recognised that further consultation is necessary, it is recommended that this latter option is followed. This would enable the development of an action plan to take forward the implementation of the recommendations set out in the report of the Task Force.

Corporate Priorities

6. The actions in this report support the Inclusive City, Learning City and Thriving City elements of the Sustainable Community Strategy and the Council’s Corporate Strategy.

Implications

Financial

7. There are no direct financial implications arising from the report. Any future initiative to be undertaken by the Council in response to the recommendations of the Task Force will be the subject of further reports, including consideration of the financial implications. The report raises issues of procurement which will need to be considered in more detail as part of the proposed consultation process.

Human Resources (HR)

8. There are no direct HR implications arising from this report.

Equalities

9. There are no direct equalities implications arising from this report.

Legal

10. There are no direct legal implications arising from this report.

Crime and Disorder

11. There are no direct crime and disorder implications arising from this report.

Information Technology (IT)

12. There are no strategic IT implications.

Property

13. There are no direct property implications.

Risk management

14. Means of assessing the success of options supported need to be developed in order to ascertain their effectiveness for reporting back to members in due course.

Recommendations

15. That the Executive considers the recommendations set out in the report of the Green Jobs Task Force, and endorses these for further consultation.
16. That the Executive agrees to further consultation on these recommendations, primarily through the Without Walls Local Strategic Partnership and its constituent thematic partnerships.
17. That the Executive requests that the Task Force continues to meet to consider the outcome of further consultation and develop an action plan to take forward agreed recommendations.
18. That the Executive receives a further report on this action plan including a programme for implementation.

Contact Details

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Chief Officer Responsible for the report:

Bill Woolley
Director of City Strategy

Report Approved 25th September 2009

For further information please contact the author of the report

Wards affected – ALL

Specialist implications officer

Financial: Patrick Looker, Finance Manager, 551633

Annexes

Annex A – Task group recommendations

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York Green Jobs Taskforce

INTRODUCTION

The Sustainable Community Strategy sets out a vision and strategic objectives for the future of the City for a 20 year period. This was approved by the Without Walls Local Strategic Partnership and the City of York Council following extensive public consultation and involvement during 2008.

The vision is for the city of York to:

- build confident, creative and inclusive communities
- be a leading environmentally-friendly city
- be at the forefront of innovation and change with a prosperous and thriving economy
- be a world class centre for education and learning for all
- to be able to celebrate its historic past whilst creating a successful and thriving future.

There is an explicit ambition in the Sustainable Community Strategy to balance physical growth and environmental sustainability by making responsible choices in respect of climatic and environmental challenges.

The Thriving City theme of the Sustainable Community Strategy (SCS) sets the strategic context for initiatives to enhance the prosperity of the City. In doing so, it is generally recognised that enhancing prosperity is important not just for the economy. A strong and prosperous economy generating enhanced employment options and incomes contributes to and enables actions in relation to lifelong learning, anti-poverty, social inclusion, anti-social behaviour, housing provision, cultural provision, spatial planning, transport and environmental quality. There are therefore strong linkages with the other themes set out in the SCS.

Climate change is a long term threat to the future prosperity of the city. There are two distinct impacts from this: (a) the impact and requirements of the Climate Change Act which sets ambitious targets to dramatically reduce carbon emissions and cut the use of fossil fuels; and (b) the potential opportunities to develop a low carbon economy through creating new business and job opportunities. With respect to (a) work is underway within the Council and the Local Strategic Partnership to complete a Climate Change Action Plan which will be in place by early 2010. With respect to (b), increasing evidence suggests that new employment opportunities will be created in the next few years within environmental industries. The Government's "Low Carbon Industrial Strategy" suggests that up to 400,000 new jobs could be created nationally over the next 8 years in environmental industries. York is well placed through existing and new initiatives to act as a significant centre for such new employment opportunities, and this is the focus of consideration within this report, as part of the economic development strategy for the city.

The council has established the Green Jobs Taskforce to consider how best to develop a low carbon economy in York. The Taskforce brings together the appropriate expertise both from within the council and outside (interest having been

invited at York Business Forum). The recommendations from the Taskforce are set out below. The Taskforce has used the Local Government Association publication "Creating Green Jobs; developing low-carbon economies" as a guide in shaping these recommendations. In making this report back to the City of York Council, the Taskforce recognises the need for further consultation, particularly through the Without Walls Local Strategic Partnership and its constituent thematic partnerships, to continue the debate and take forward implementation of initiatives to create "green jobs" in York.

WHAT ARE "GREEN JOBS"?

In order to meet the requirement to dramatically reduce carbon emissions, developing a low carbon economy will necessitate a technological revolution in energy use and supply. This will impact on existing sectors of the economy as well as creating new markets, for example in carbon trading, the development of renewable and low carbon sources of energy, energy efficiency, as well as research and development opportunities.

The expectation is that these new markets will grow significantly. Nationally, it is estimated that the environmental goods and services sector stood in 2006 at £25billion with around 400,000 employees; this is projected to grow to £46billion by 2015 ("Emerging markets in environmental industries sector", UK SEED for the Department of Trade and Industry, 2006). The Government has indicated that reaching a 15 per cent renewable energy target by 2050 will require investment in the order of £100billion.

There is no accurate information available for the current extent of the environmental goods and services sector in York nor any easily available definition of what constitutes a green job.

This Taskforce recommends that:

Research is undertaken, in association with Higher Education Institutions and others (public and private) to estimate the current extent of green jobs in the City and project the likely increase over the next 10 years. A significant aspect of this research will include an examination of the types of skills that will be required over the next 10 years across York's green sector and the capacity of local training provision to meet those likely future requirements. The Taskforce group or a subset will set the brief and the timetable for output delivery. Best practice from elsewhere will be investigated as will the context set by Yorkshire Forward, but the outputs from the research will be York specific.

WHAT ACTIONS CAN BE TAKEN TO DEVELOP A LOW CARBON ECONOMY IN YORK?

Whilst the fiscal and regulatory framework for the development of low carbon economies is set by Government, there are opportunities for practical action to be taken at a local level within the obligations set by government and the City Council's signing of the Nottingham Declaration. Many initiatives are already underway and provide a firm foundation for further action. The Taskforce has also considered the

scope for exemplar showcase projects that would clearly demonstrate the ambition of the City to enhance its prosperity through developing a low carbon economy.

The Council, working with partners and other authorities, has a number of levers to help ensure that a low carbon economy develops and indeed thrives in York, through stimulating demand and improving the capacity of the public sector, businesses and individuals to respond to the demand for low carbon goods and services. Through these actions, the conditions will be set to encourage the creation of green jobs in the city.

The LGA report highlights five strands for action. The taskforce has examined each of these to assess current activity and suggest further action.

1. Promoting low carbon development and energy planning in economic development and major regeneration programmes:

What are we doing already -

- The City of York Draft Local Plan policy GP4a and associated supplementary planning policy guidance (Interim Planning Statement Sustainable Design and Construction 2007) currently ensure that all new residential and non residential developments built in the city meet high sustainable design and construction standards, reduce carbon emissions, and where feasible, generate onsite renewable energy.
- The City of York Council produces development briefs for large scale development sites such as Derwenthorpe, Germany Beck, Castle Piccadilly, Nestle South and Terry's. Such briefs address the issues of climate change by stating their requirements to reduce the ecological footprint of new development and by requiring a Sustainability Statement that meets all of the requirements under City of York Draft Local Plan, policy GP4a and associated supplementary planning policy guidance (Interim Planning Statement Sustainable Design and Construction 2007).
- City of York Council is commissioning a renewable energy feasibility study for York highlighting the potential for generating energy from renewable sources in the city. Such a study is vital in guiding York towards low carbon businesses and ultimately a low carbon economy

What can we recommend for further action -

- ***City of York Council to create a renewable energy feasibility study for York highlighting the potential for local renewable energy infrastructure and local energy distribution networks. This work will also review the current Interim Planning Statement Sustainable Design and Construction 2007 and will recommend the creation of a Supplementary Planning Guidance document (to accompany the LDF's Core Strategy (when adopted)). This new guidance will ensure the city sets ambitious yet achievable targets that will create low carbon developments across York's new development sites. The British Sugar site, in particular, provides a major opportunity and an application for grant assistance***

has already been placed with the Department for Communities and Local Government.

- *Work with the construction industry locally to raise awareness and build upon initiatives such as the Construction Skills Academy developed as part of the University of York's expansion at Heslington East. In addition, seek to develop an accreditation scheme with the industry designed to be of particular benefit to local residents. Actions need to be co-ordinated with the legislative requirements relating to sustainability already in place within the construction sector, notably in developing future skills and training needs. Work in partnership with Job Centre Plus will also identify opportunities both for individuals and skills needs in the round (an approach which can be expanded into other sectors skills needs).*
- *Work with local business to help deliver the challenging local targets for renewable energy through the Without Walls Partnership including key partners such as the Energy Saving Trust Advice Centre for North Yorkshire and Humber and the Energy Partnership to promote low carbon development, support its development and raise the profile of support agencies and packages (including training) offered across York. In addition, to promote awareness, it is recommended that a series of presentations are put in place from Autumn 2009 onwards as a major step in encouraging the development of a low carbon economy in York. A York and North Yorkshire Sub Regional Green Business Club is being established which will provide advice on energy saving and grant support to York businesses and employees. Also Business Link advisors are currently being upskilled to allow them to fully engage with the "green" agenda.*

2. Exercising a powerful leadership and demonstration effect within the City Council by developing and re-shaping services, buildings and facilities and organisational behaviour to become low carbon and resilient to climate change:

What are we doing already -

- The City of York Interim planning statement on Sustainable Design and Construction approved in November 2007 ensures that all new residential and non residential developments built in the city meet high sustainable design and construction standards and where feasible generate onsite renewable energy.
- The council is also leading the way and ensuring that its new buildings are designed to the highest environmental standards such as the eco-depot with its wind turbine and roof mounted solar hot water panels. The new headquarters for the council will also be designed to the excellent sustainable standards and will generate at least 20% of the buildings energy needs from onsite renewable energy.

- The council has set a 25% reduction in carbon emissions by 2013 from its office and schools estate and transport fleet.
- The City of York Council and Partners are also leading the way by ensuring that new leisure facilities and primary and secondary school buildings are designed to the highest environmental standards such as Yearsley swimming pool or Joseph Rowntree School. Other organisations such as St Nicholas Fields are also leading the way in sustainable building design and operation with recycling, composting, rain water harvesting and a wind turbine on site.
- The City of York Council and the Energy Saving Trust Advice Centre promote the advice on energy efficiency improvements, grants and renewable energy across the city to businesses through the Business Link Yorkshire and Carbon Trust.
- The city also has a draft Climate Change Framework highlighting the actions the city must take to tackle climate change. (*currently in draft format with Leaders of the Council and LSP).

What can we recommend for further action –

- ***Through the emerging Local Development Framework and the Core Strategy review and set ambitious sustainable design and construction targets including carbon emission reduction targets for all new residential and non residential developments (including leisure facilities, schools and refurbishments and conversions).***
- ***Develop a city wide programme to accelerate energy efficiency and renewable energy in York businesses and organisations through additional financial incentives and expanding and developing current programmes run by the Energy Saving Trust Advice Centre, Energy Partnership, City of York Council and the Environment Partnership. This will include the Green Business Club already mentioned.***
- ***City of York in partnership with Energy Saving Trust Advice Centre, and the Without Walls Partnership promote and share best practice on sustainable design in York.***
- ***Through the emerging Local Development Framework look to create sustainable communities in all major new development sites including York North West and British Sugar Site already highlighted.***
- ***City of York Council to lead by example and continue to develop and reshape the council's services, facilities and behaviour to become a low carbon, resilient to climate change, council. Work to be undertaken with the Council's senior managers, members and its planning and related staff to ensure that the green job creation benefits of their work and decision taking is fully appreciated and that the green agenda is everyone's responsibility.***

- ***Encourage Science City York to become more directly involved in recognising and encouraging innovation in existing established firms in the city including the annual “Venturefest” event as a mechanism for this.***
- ***Support the Science City York aim to develop York as a world class Centre of Excellence in Biorenewable research, education and commercialisation. Monitor the progress of the Science City York/British Coal initiative at North Selby mine which seeks to develop a world class Biorenewables Research and Commercial centre including demonstrator environmental science projects. (subject to the planning process)***

3. Shaping innovation and markets through procurement and influence over supply chains:

What are we doing already –

- Sustainable procurement policies are in place within the City of York Council.

What can we recommend for further action -

- ***Need to review existing sustainable procurement policies:***

Led by the City Council (involving its procurement team) the Without Walls Partnership to develop and accelerate coordinated programmes to promote sustainable procurement and the uptake of sustainable goods and services across the city and within the Without Walls Partnership. This activity would build on the procurement sessions already held by the City Council earlier this year.

City of York Council to review current Sustainable Procurement Policy and to reduce CO2 emissions associated with goods and services purchased by the council. The Council has a major role to play as a community leader in this respect. Further engagement in relation to the green agenda will be taken up with the procurement team with a view to taking into account the number and quality of green jobs created.

4. Working with employers and employment and skills providers to ensure that skills gaps are identified and new training opportunities provided.

What are we doing already -

- From April 2008 to March 2009 the City of York Council in partnership with the Energy Saving Trust advice centre for North Yorkshire and Humber provided verbal energy advice to over 2900 residents of York (49 residents received advice on renewable energy, 933 on smarter driving advice, 976 on various energy efficiency grants and 29 on solid wall insulation). An additional 4257 residents also completed an Energy Saving Trust Home Energy Check and received a free personalised report on saving energy in their home.

- A variety of grants available to residents in York through the Energy Saving Trust advice centre for North Yorkshire and Humber and the Energy Partnership. From April 2008 to March 2009 185 energy efficiency grants were issued to residents across York to improve energy efficiency in homes.
- The North Yorkshire Sub Regional Green Business Club is also being established to provide advice on energy saving and grant support to businesses and employees across York.

What can we recommend for further action –

Part of the research, as mentioned previously, in association with Higher Education Institutions and others will be to estimate the current extent of green jobs in the City and project the likely increase over the next 10 years, the research should also include looking at the types of skills that will be required across York's green sector to support this growth.

- ***Promoting local employment and training/construction skills through the provision of training initiatives which meet needs emerging through the work of the Energy Advice Centre and others, and produce a skilled workforce for the future.***
- ***Develop a city wide programme to accelerate energy efficiency and renewable energy in our homes through additional financial incentives or expanding and developing current programmes and grants run by the Energy Saving Trust Advice Centre, Energy Partnership, City of York Council and the Environment Partnership of the Without Walls Partnership. Investigate whether any grants might be available to underpin any training deficiencies.***
- ***Specifically consider the skills required in insulating "hard to treat" homes and gauge how best to develop a local initiative to tackle these with a focus on the specialist skills requirements identified in the research.***
- ***Science City York to engage with a range of education partners for the delivery of education activities around Biorenewables.***

5. Identifying and supporting innovation:

What are we doing already -

- International reputation of Higher education – University Green Chemistry/Centre for Novel Agricultural Products/Science City York role in bioscience and supporting the development and exploitation of new technologies for a sustainable future.
- Science City York to undertake a strategic assessment of York's Bioscience sector.

What can we recommend for further action -

- ***Support the Science City York aim to develop York as a world class Centre of Excellence in Biorenewable research, education and commercialisation which will result in a wide selection of jobs across the employment spectrum.***

DELIVERY

The Taskforce recognises the need for further consultation on the recommendations set out in this report and would suggest that this is undertaken primarily through the Without Walls Local Strategic Partnership and its constituent thematic partnerships. The consultation should include the opportunity to identify further actions to develop a low carbon economy in York and the ongoing research proposed should be built into this.

Following this, an action plan should be prepared to implement those recommendations that the Council and the Without Walls LSP consider most appropriate to undertake. This action plan will need to set out lead bodies, resource implications, targets, milestones and measures of performance for each action, with regular reporting to both the council and the Without Walls Local Strategic Partnership. This work should also feed into the climate change framework and future action plan, playing a vital role in the creation of low carbon communities across York. It is recognised that climate change cannot be achieved without essential wider dialogue with the whole community.

The Taskforce is willing to remain in place to oversee action plans and monitor progress and its membership will be reviewed on a regular basis.



Executive

6 October 2009

Report of the Assistant Director of Resources (Customer Service & Governance)

Revised Financial Regulations

Summary

- 1 The purpose of this paper is to present to Executive for discussion and approval the revised Financial Regulations following deferral at Executive in July 2009.

Background

- 2 The Financial Regulations were deferred at Executive on 21 July to enable further refinements to be made to the draft Regulations before they are considered by the Executive and recommended to the next scheduled meeting of full Council in October. The key issues were:
 - a) *changes in officer delegation levels;*
 - b) *virements that would normally be an officer, joint, Executive Member or Executive decision also had a policy implication then it should be referred on to full Council.*
- 3 The council's current Financial Regulations were introduced in 2006 and formed supplementary guidance to the Constitution. The purpose of the regulations is to lay down the rules and guidelines to be followed by the organisation to ensure the integrity of its financial arrangements.

Proposed additional changes

4. The proposed changes to the virement limits within the revised Financial Regulations have been made to ensure the regulations are aligned with the Executive Key Decision limit of £500k as set out in the council's constitution. Decisions below this amount are not considered as Key and it is important that the supporting documents to the Constitution including the Financial Regulations are consistent. Whilst virements between £100k and £500k will be within a Director's delegated powers, decisions can only be taken in consultation with the relevant Executive Member.
5. The virement tables have been amended to ensure that all officer decisions that may affect the council's policy framework are referred to full Council. The rest of the revised regulations remain unchanged from those presented

in July. The key changes to the 2006 regulations are set out in the following paragraphs.

The Regulations

6. The purpose of the revised Financial Regulations (Annex A) is to provide a more flexible set of regulations maintaining the key principles of the current regulations but reflecting the more devolved decision making framework adopted by the council. The revised regulations also take out unnecessary repeated elements of the Constitution to try to provide a more concise user-friendly document.
7. A second part of the current regulations is often referred to as the Procurement Regulations. In line with many other authorities this element has been separated into a devolved set of regulations and renamed as the Contract Procedure Rules (CPRs). The Financial Regulations along with the CPRs are underpinned by a set supplementary guidance documents to form a comprehensive set of financial procedures as shown at Table 1 below:

Table 1

Financial Procedures	
Financial Regulations & Contract Procedure Rules	
Supporting supplementary guidance:	Asset Disposal Policy
	Income Policy
	Corporate Procurement Guidance Manual
	Risk Management Policy & Strategy
	External Funding/Grant Guidance Manual
	Petty Cash Rules

8. The chronological history of the amendments made to the financial regulations is available on the following the link ([Track changed chronology of the regulations](#)). In summary there are a number of key changes to the regulations some of these are relatively minor and include:
 - a) removing duplication of information already contained elsewhere in the Constitution;
 - b) separating the contract procedure rules (CPRs) into a single document;

- c) future proofing in terms of electronic solutions;
- d) updating of terminology to reflect current regulations, corporate policy and strategy;
- e) provision of a proper index and page numbering;
- f) reference to new supplementary guidance (as set out at Table 1 above) where appropriate;
- g) provision of a consolidated summary section showing all delegated thresholds.

Further changes provide an improvement in the clarity and consistency in relation to the levels of delegation including:

Individual Revenue virements:

- a) Executive's approval threshold increased from £250k to over £500k;
- b) Executive Member only delegation merged with Directors delegation. New Directors' delegation in consultation with Executive Member increased to over £100k and up to and including £500k;
- c) Chief Officer delegation within service plans increased from £25k to up to and including £100k.

Individual Capital virements:

- a) Executive's approval threshold increased from £250k to over £500k;
- b) Executive Member only delegation merged with Directors' delegation. New Directors' delegation in consultation with Executive Member increased to over £100k and up to and including £500k;
- c) Directors' delegation between schemes up to and including £100k.

Individual Debt Write-Off:

- a) Executive threshold over £200k;
- b) Executive Member over £10k and up to and including £200k;
- c) Executive Member in consultation with CFO raised from £2k to over £5K and up to and including £10k;
- d) CFO raised from less than £2k to over £100 and up to and including £5k;
- e) Head of Financial Procedures up to and including £100.

Finally in the spirit of encouraging medium-term financial planning the regulations seek to allow directorates greater flexibility and certainty over their funding allocations including:

- a) Directorates will be allowed to retain a percentage of any underspend to be carried forward into a general directorate reserve this could be as high as 50% of any underspend at the discretion of the Director of Resources;
 - b) Directorates will be able to make further specific requests to the Executive for carry forward on particular schemes;
 - c) Where an overspend has to be carried forward by a Directorate there will be a facility to spread any repayment over a maximum three year term.
9. Any changes to the financial regulations, key procedures and thresholds can only be approved by full Council. There are however, times where minor changes in terminology or wording may be needed which do not change either the fundamental procedures, their intent or thresholds and this report asks Executive to recommend to full Council that the power to make these minor changes to be delegated to the Director of Resources.
 10. The revised CPRs are in a draft format and will be presented to Executive in the November for approval to go to full Council. The Income Policy and Corporate Procurement Guidance Manual have already been approved by Executive. The Asset Disposal Policy was approved by Audit & Governance Committee in March 2009. The External Funding/Grant Guidance Manual was approved at Audit & Governance Committee on 21 September 2009.
 11. The regulations and supporting documentation will not be effective unless all relevant officers and members are aware of the changes and any new rules. It is intended that once approved by full Council a formal training programme will be delivered later in the financial year to help raise awareness and embed the regulations across the organisation.

Consultation

12. The draft Financial Regulations have been issued to all finance managers for consultation purposes along with other key officers across the council. Member consultation has also been undertaken at Audit & Governance Committee on 29 June 2009.

Options

13. There are only two options associated with this report:
 - a) Agree the revised Financial Regulations ;
 - b) Retain the existing Financial regulations.

Analysis

14. Not applicable to this report.

Corporate priorities

15. The implementation of effective financial control is critical in contributing to the delivery of an 'Effective Organisation' and helps to underpin and support all the priorities that form the Corporate Strategy.

Implications

- (a) **Financial** – Financial implications are contained within the Annex to the report.
- (b) **Human Resources (HR)** - There are no implications.
- (c) **Equalities** - There are no implications.
- (d) **Legal** - There are no implications.
- (e) **Crime and Disorder** - There are no implications.
- (f) **Information Technology (IT)** - There are no implications.
- (g) **Property** - There are no direct implications.

Risk Management

16. The organisation is at risk if it does not have effective and appropriate financial regulations that provide for proper stewardship and integrity of its financial arrangements. The regulations also need to ensure that the council can operate efficiently in delivering its services and projects.

Recommendations

17. Executive are asked to:
- a) comment on and approve the changes to the revised Financial Regulations attached to this report at Annex A for onward approval at Full Council.

Reason

To gain Executives approval that the revised Financial Regulations are appropriate in improving and maintaining the integrity of the council's financial arrangements and the concerns of the Shadow Executive are met.

Author:

David Walker
Head of Financial Procedures

Ext 2261

Chief Officer Responsible for the report:

Pauline Stuchfield
Assistant Director (Customer Services &
Governance)

Report
Approved



Date 23/09/2009

Specialist Implications Officer(s)

Wards Affected Not applicable

All

For further information please contact the author of the report

Background Papers

Draft Revised Financial Regulations Report to A&G 29 June 2009
Revised Financial Regulations report to Executive 21 July 2009

Annexes

Annex A – Draft Financial Regulations



CITY OF YORK COUNCIL

Financial Regulations
(Draft)

Version 6 October 2009

City of York council Financial Regulations

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Status of Financial Procedure Rules

Introduction

- 1 These Financial Regulations (Regulations) provide the governance framework for managing the Council's financial affairs. They apply to every Member and Officer of the Council and to anyone acting on its behalf.

Observing these regulations

- 2 These Regulations apply across all parts of the whole organisation, including all Member fora and Directorate services, as well as all arms length organisations, agencies and partnerships with whom the Council does business and for whom the Council is the relevant accounting body. Where the Council is not the relevant accounting body, but is a responsible partner, officers must ensure that the accounting body has in place adequate Regulations and proper schemes of delegation. Schools are bound by these Regulations unless the School Standards and Framework Act 1988 (SSFA98) specifically exempts them from any particular provisions set out herein (e.g. financial thresholds, if the Framework provides differently).
- 3 All Council members and staff have a general responsibility for taking reasonable action to provide for the security of the assets under their control and for ensuring that the use of these resources is legal, properly authorised, provides value for money (VFM) and achieves best value (notwithstanding the delegated authorities of any given committee or officer). In doing so, proper consideration must be given at all times to matters of probity and propriety in managing the assets, income and expenditure of the Council.

Maintaining these regulations

- 4 The Council operates a system of managerial and financial control whereby the Chief Finance Officer (CFO) has overall responsibility for the proper management of the finances of the Council as a whole but the responsibility for the day-to-day financial control and administration in each Directorate is devolved to the Director.
- 5 The overall responsibilities of the CFO in respect of these regulations are therefore to:

- a) maintain these Regulations and submit any additions or changes necessary to Full Council for approval in consultation with the Monitoring Officer (MO);
 - b) issue explanatory advice and guidance to underpin these Regulations as necessary. Where such advice and guidance is issued, members, officers and others acting on behalf of the Council are required to comply with it in accordance with the general provisions of these Regulations;
 - c) require any officer to take any action deemed necessary (as is proportionate and appropriate) to ensure proper compliance with these Regulations;
 - d) report, where appropriate, any breaches of these Regulations to Members;
- 6 These regulations have been drafted with a view to avoiding any uncertainty or ambiguity as to the principles, standards and procedures to be observed. Should any uncertainty or dispute arise pursuant to these Regulations, the matter must be referred to the CFO for interpretation and/or arbitration.

Sanctions & remedies for non-compliance

- 7 Failure to comply with any part of these Regulations may constitute misconduct and lead to formal disciplinary action.

Part A

Financial Management Standards

Introduction

- 1 This Part of the Regulations set out the overall framework of financial management responsibilities at the Council, including the accounting policies, standards, record keeping and financial statements the organisation is required to maintain in managing its finances and financial affairs.
2. All members and staff have a common duty to abide by the highest standards of probity and propriety when making decisions about the use of public monies. It is important for the way in which this is done to be transparent, properly accounted for in respect of the correct accounting year and reported in accordance with recognised accounting standards, conventions and policies

Member roles & responsibilities

3. Member responsibilities for the overall management of the Council's financial affairs are exercised through:
 - **Full Council**, which is responsible for the Council's overall Policy Framework and for setting the Budget within which the Executive will operate (See Constitution Part 3).
 - **The Executive**, which is responsible for proposing policy and the Budget to the Full Council.
 - **The Audit & Governance Committee**, which is responsible for approving the statement of accounts.

The Chief Finance Officer (CFO)

4. The functions and responsibilities of the CFO are directed in the first instance by legislation that imposes statutory duties on the CFO for the proper management, financial administration and stewardship of Council assets and the fiduciary interests of local tax payers. These statutory responsibilities cannot be overridden and arise from:
 - Section 151 of the Local Government Act 1972;
 - The Local Government Acts 2000 & 2003;
 - The Local Government Finance Act 1988;
 - The Local Government and Housing Act 1989;

- The Accounts and Audit Regulations 2003, as amended by the Accounts & Audit (Amendment) (England) Regulation 2006
5. These responsibilities include:
- a) the preparation of the Council's annual Statement of Accounts and the compilation and retention of all supporting accounting records and working papers, in accordance with the proper professional practices and set out in the format required by the Code of Practice on Local Authority Accounting in the United Kingdom: A Statement of Recommended Practice - the SORP (CIPFA/LASAAC). The financial year observed by the Council runs from 1 April to the following 31 March;
 - b) the proper administration of the Council's financial affairs, systems and procedures;
 - c) setting and monitoring compliance with financial management standards and controls;
 - d) ensuring proper professional practices are adhered to in acting as the Head of Profession in relation to the standards, performance and development of all finance staff across the organisation;
 - e) providing advice on the key strategic controls necessary to secure sound financial management (including the operation of an effective internal audit function);
 - f) ensuring that financial information is available to enable accurate and timely monitoring and reporting;
 - g) determining the contents of all financial procedure manuals and ensuring compliance with the requirements of the Financial Regulations
6. The CFO can choose to delegate his day-to-day responsibilities in respect of his/her functions and responsibilities as defined by these Regulations in accordance with the Council's Scheme of Delegation and any corresponding Directorate schemes of delegation. The CFO may delegate his/her responsibilities to an appropriate representative(s). Where this is the case the delegation and officer responsibilities must be clearly documented in the relevant Directorate scheme of delegation and be kept under regular review by the CFO further to these Regulations.

The Chief Internal Auditor (CIA)

- 7 The CIA is designated by the CFO as part of his/her Directorate Scheme of Delegation further to Article 13 of this Constitution and plays a key role in providing assurance to the Members, the CFO, the Head of Paid Service and Corporate Management Team about the practical deployment and effectiveness of financial management arrangements across the organisation.
- 8 The CIA has rights of access to information and data held by officers or members of the Council at all reasonable times and is responsible for the overall management and deployment of internal audit resources at the Council. He/she also has the right to report on any relevant matter of concern to senior management and members of the Council outside normal line management arrangements should he/she deem this necessary in protecting the interests of the Council and/or local tax payers.

Directors

- 9 Whilst the CFO has overall responsibility for the finances of the Council, Directors are responsible for the day-to-day management of their Directorate's finances. Their responsibilities in relation to financial management include:
 - a) maintaining a satisfactory financial management function within their Directorates with sufficient staff, accommodation and other resources (including legal advice where this is necessary) to carry out the duties specified by legislation or otherwise directed by these Regulations;
 - b) promoting and ensuring compliance with the financial management standards and practices set by the CFO in their Directorates;
 - c) consulting with the CFO on any matter which is liable to materially affect the resources of the Council. This must be done before any commitment is incurred, or a report made to an Executive Member or to a Committee for decision;
 - d) ensuring that Executive Members are advised of the financial implications of all proposals and that these have been agreed by the CFO or his/her nominated representative;
 - e) signing contracts on behalf of the Council in accordance with the contract procedure rules set out in Part D of these Regulations;

- f) reporting suspected fraud and irregularities to the CIA for investigation and referral to the Police as necessary;
- g) ensuring that the common officer delegations relating to financial management and administration as set out in the Council's Scheme of Delegation within their Directorates are exercised with due regard to the detailed requirements of these Regulations;
- h) implementing the management recommendations of the Internal Audit provider and external auditors agreed with the Director and/or the relevant Chief Officers and Heads of Service.

Part B

Financial planning & budgeting

Introduction

- 1 The purpose of financial planning is to set out and communicate the organisations objectives, resource allocations and related performance targets and to provide an agreed basis for subsequent management control, accountability and reporting.
- 2 The Council's Budget sets agreed parameters around the annual activities and functions of Directorates and their services. The Council's Medium Term Financial Plan represents a three year financial plan to address those issues which have medium to long term financial implications for the organisation.

Budget Planning

- 3 The revenue budget must be constructed so as to ensure that it properly reflects the priorities of the Council and Service Plan considerations. Budgets are needed so that the Council can plan, authorise, monitor and control the way money is allocated and spent. It is illegal for the Council to budget for a deficit.
- 4 The budget process must ensure that resources are:
 - required in accordance with the law and properly authorised;
 - used only for the purpose intended to achieve approved policies, objectives and service priorities;
 - held securely for use when required;
 - used with the minimum level of waste, inefficiency or loss.
- 5 The CFO in consultation with each Director is responsible for:
 - a) ensuring that an annual revenue budget is prepared in the context of a medium term three year financial plan for consideration by the Executive and its recommendation to Full Council.
 - b) maintaining a resource allocation process that properly reflects all due consideration of the Council's Policy Framework, ambitions and priorities;
 - c) advising the Executive on the format of the budget for approval by Full Council;

- d) allocating central budgets for example inflation and superannuation;
 - e) providing advice and guidance to the Executive further to its responsibility for issuing guidance on budget preparation to take all due account of:
 - legal requirements;
 - medium term planning prospects and known issues;
 - the Corporate Strategy;
 - available resources
 - spending pressures;
 - government initiatives and public policy requirements;
 - internal policy directives;
 - cross cutting issues and Council priorities.
 - f) determining the detailed form of revenue estimates consistent with the budget approved by Full Council after consultation with the Executive and Directors;
 - g) reporting to the Executive on the aggregate spending plans of Directorates and on the resources available to fund them, identifying any implications for Council Tax levies;
 - h) advising on the medium term implications of spending decisions and funding options;
 - i) encouraging the best use of resources and value for money by working with Directors to identify opportunities to improve economy, efficiency and effectiveness and by encouraging good practice in conducting financial appraisals of growth or savings and developing the financial aspects of effective Service Planning;
 - j) advising the Full Council on the Executive's budget proposals in accordance with his/her responsibilities under S151 of the Local Government Act.
- 6 Directors are responsible for ensuring:
- a) budget estimates of income and expenditure are a realistic reflection of agreed corporate and service priorities, and that they are submitted to the Executive as part of the overall budget setting process. These estimates must be consistent with any relevant cash limits, the annual budget cycle and prepared in line with guidance issued by the Executive on the advice of the CFO. In drawing up draft budget plans Directors must have regard to:
 - spending patterns and pressures revealed through the budget monitoring process;
 - legal requirements;

- policy requirements as defined by Full Council and set out in the Policy Framework;
 - initiatives already under way.
- b) effective budgetary control within their Directorates, establishing detailed budgets for each service area in advance of the financial year and requiring such budgets to be properly managed by responsible named budget holders;
 - c) financial and budget plans are integrated into service planning.
 - d) If Directors are unable to keep within their agreed budget limits they must consult with the CFO, who has a statutory duty to report any significant issues to Members.

Budget monitoring and control

- 7 The Council Budget sets an annual cash limit. To ensure the Council does not exceed its budget, each service area is required to manage its own income and expenditure within the cash limited budgets allocated to them to be spent on agreed service activities and functions.
- 8 The CFO is responsible for establishing a robust framework of budgetary management and control that ensures that:
 - a) budget management is exercised within annual cash limits;
 - b) appropriate and timely financial information is available to Directors and budget holders that enables budgets to be monitored and controlled effectively;
 - c) expenditure is committed only against approved budget heads and associated structure of detailed cost centres;
 - d) all officers responsible for committing expenditure comply with these Regulations;
 - e) each cost centre is delegated to a named budget holder to be determined by the relevant Chief Officer (budget responsibilities should be aligned as closely as possible with those making day to day decisions to commit expenditure);
 - f) significant variances from budget are investigated and reported by budget holders on a regular basis.
- 9 The CFO must monitor and control the level of income and expenditure against budget allocations overall. He/she must ensure that monitoring reports are provided through the Finance and Performance Monitoring Framework for Members to consider on a regular basis throughout the financial year (to be determined

and advised by the CFO) and a report after the year end setting out the revenue outturn. Budget monitoring reports must include:

- a) explanations of all variations to service budgets where deemed appropriate by the CFO;
 - b) explanations of financial implications and material considerations such as:
 - part and/or full year consequences of variances;
 - one off and/or recurring costs and income;
 - total scheme costs and sources of funding;
 - asset rental costs or leasing effects;
 - costs associated with staffing matters including the costs of redundancy and effects on the pension fund;
 - service plan implications and impact on service delivery (both within the service plan area and across other services or portfolios as appropriate).
- 10 Reports containing budget monitoring information must be reviewed by the CFO, or by his/her nominated representative(s) (where not otherwise prepared by his/her nominated representative in Directorates) at least 5 working days in advance of the relevant committee distribution date.
- 11 The CFO is also responsible for:
- a) reporting to the Executive and Full Council in consultation with the relevant Director if he/she is unable to balance expenditure and resources within their existing budgets and a supplementary estimate is required;
 - b) jointly preparing with the relevant Director(s) reports to the Executive regarding virements (Para13) which are in excess of £500,000 (either as individual items in-year or when taken in aggregate across the same category of budgeted income or expenditure in any one financial year);
 - c) reporting regularly to the Executive (as determined and advised by the CFO) on the overall revenue budget position and the Council's available contingencies, balances and reserves.
- 12 It is the responsibility of Directors to:
- a) ensure effective budgetary control arrangements exist and are observed within their own Directorates in accordance with these Regulations;
 - b) ensure spending remains within the relevant cash limits by controlling income and expenditure within their Directorate, monitoring performance and taking corrective action where significant variations from budget are forecast, taking account of any financial information and/or advice provided by the CFO or his/her nominated representative(s).

- c) regularly report performance and variances within their own areas and take action to avoid exceeding their budget allocation, alerting the CFO to any known or expected budget problems;
- d) report to the Executive and Full Council as necessary the financial implications of any new in-year proposal or amendment that will:
 - create financial commitments in future years;
 - change existing policies, initiate new policies or result in existing policies ceasing to operate;
 - materially extend or reduce the Council's services.

Schemes of virement

- 13 The term virement refers to transfers of resources between or within approved cost centres for both revenue and capital purposes. A virement does not create additional budgetary liabilities. Instead the virement mechanism exists to enable the Executive, Chief Officers and their staff to manage their budgets with a degree of flexibility within the overall Policy Framework and Budget set by Full Council, thereby optimising the use of resources throughout the financial year. The virement schemes for revenue and capital do not exist as a means of remedying poor budgetary control or financial planning for known commitments and service priorities, or otherwise excuse Chief Officers and budget holders from the need to manage their budgets prudently and responsibly. Nor may virements be effected after the year end to retrospectively fund over or under spends unless approved in advance by the CFO.
- 14 It is important that the scheme is carefully controlled within guidelines established by Full Council and administered by the CFO. Any variation from those guidelines must be approved by Full Council. All virements must:
- not commit the Council to any on-going additional expenditure in future years unless virements are permanent redirections of resources;
 - be notified in writing to the CFO or his/her nominated representative;
 - be reported in budget monitoring reports to the Executive in accordance with the scheme of virement operated by the Council
 - be recorded in the Council's financial systems.
- 15 The scheme of revenue virement and agreed thresholds for delegated decision making purposes is set out below.

Scheme of revenue virement delegations

Decision maker	Delegated powers & authority	Thresholds
The Executive	To approve virements between Service Plans in excess of £500k (either individually or in aggregate for the financial year)	Over £500k up to the cash limits set by the Budget
	To approve allocations of resources from approved contingencies and reserves	As set by the annual Budget
	To make recommendations to Full Council for the release of budget resources in excess of the approved contingencies and reserves	As set by the annual Budget
	To approve virements from within existing Service Plans or between Service Plans into new or otherwise unplanned functions and activities if savings are available to be re-directed into the new activity	Over £500k
Directors	To approve virements within or between Service Plans within their Directorates in excess of £100k and up to £500k (either individually or in aggregate for the financial year) in consultation with the relevant Executive Member. Any virement that affect's the council's policy framework will be referred to full council.	Over £100k and up to £500k in consultation with the relevant Executive Member
	To approve virements from within existing Service Plans or between Service Plans within their Directorates into new or otherwise unplanned functions and activities if savings are available to vire into the new activity. Any virement that affect's the council's policy framework will be referred to full council.	Over £100K and Up to £500k in consultation with the relevant Executive Member
	To approve virements between directorates in consultation with the relevant directors	Up to and including £50K in consultation with the relevant Executive Member
Other Chief Officers	To approve virements within their Service Plans up to £100k (either individually or in aggregate for the financial year)	Up to £100k

The Capital Programme

- 16 The Capital Programme is a plan that sets out the resource allocations to be made to capital schemes that have the approval of Full Council. Capital expenditure involves acquiring or enhancing fixed assets with a long term value to the organisation, such as land, buildings, major items of plant, equipment or vehicles
- 17 The Regulations and standards relating to budgetary management and control of the revenue Budget apply equally to

capital expenditure and any changes to revenue budgets arising out of changes to the Capital Programme must be dealt with accordingly. All capital expenditure is incurred or committed on a scheme by scheme basis. Capital expenditure must be reported gross of any funding and controlled at that level.

- 18 No expenditure may be incurred on a project unless it has been approved as part of the Capital Programme. Equally, no scheme requiring Government sanction or funding either in full or in part may begin until the sanction and/or funding has been officially confirmed. All credit agreements must be referred to the CFO for approval prior to schemes being included in the Programme.
- 19 All capital expenditure must be incurred by 31 March of the financial year for which it is approved, although approvals can be slipped provided the position is reported to the Executive, unless there is an external requirement to spend within any given year. Where schemes are part of a rolling programme or span a number of years, approval is required for each year's expenditure when the scheme is approved for inclusion in the Programme.
- 20 As with the revenue Budget, it is possible to vire between schemes within the approved Capital Programme where known funding shortages and/or underspends have arisen. The same rules and principles set out in paragraphs 13 - 15 above for revenue virement apply to the Capital Programme. If shortfalls in funding or overspends cannot be met by transferring resources between schemes within the agreed Capital Programme, requests of additional funding from reserves must be prepared by the relevant Director in consultation with the CFO for approval by the Executive. The scheme of capital virement and thresholds for delegated decision making purposes is set out in the table below.

Scheme of capital virement delegations

Decision maker	Delegated powers & authority	Thresholds
The Executive	To approve individual virements between schemes in excess of £500k	Over £500k
	To re-phase approved scheme expenditure between years in excess of £500k for each scheme	Over £500k
Directors	To approve individual virements between schemes in excess of £100K up to a maximum of £500k in consultation with the relevant Executive Member. Any virement that affect's the council's policy framework will be referred to full council	Over £100K and Up to and including £500k
	To approve individual virements between schemes up to a maximum of £100k	Up to and including £100k

- 21 In relation to the Capital Programme the CFO is responsible for:
- a) ensuring that an annual capital programme is prepared for consideration by the Executive for recommendation to Full Council;
 - b) reporting to the Executive on income, expenditure and resources compared with approved estimates;
 - c) issuing guidance on capital schemes and controls and defining what will be regarded as capital having proper regard to Government regulations and accounting conventions;
 - d) ensuring that all schemes relying on the use of prudential borrowing powers for funding purposes are properly appraised on the basis of a robust business case as part of the CRAM process. Detailed practitioner guidance on the nature and use of prudential borrowing and 'Prudential Scheme' are set out in *'The Guide to Prudential Borrowing'* issued by the Council's Corporate Accountancy team;
 - e) directing the activities and functions of the Corporate Capital Monitoring Group (CAPMOG) and its responsibilities for monitoring the Capital Programme on an on-going basis and managing the CRAM process;
 - f) maintaining a record of the current capital budget and expenditure on the Council's financial systems.
- 22 In relation to the Capital Programme Directors are responsible for:
- a) complying with the guidance issued by the CFO regarding capital schemes and controls;
 - b) ensuring that all capital schemes put forward for consideration in the CRAM process have been properly appraised and that each scheme and estimate includes a proper project plan, progress targets and sets out the sources of funding for the scheme including all associated revenue expenditure;
 - c) preparing regular reports reviewing the Capital Programme provisions for their services;
 - d) ensuring adequate records and audit trails are maintained in respect of all capital contracts;
 - e) monitoring capital expenditure and receipts against approved capital budgets on a scheme by scheme basis and reporting to the relevant Executive Member on a regular basis in accordance with the standard revenue budget monitoring arrangements set out above;

- f) reporting to the Executive if proposed sources of funding are not secured (if planned funding from linked assets sales or external grants and contributions cannot be realised, corporate funding support must be sought).

Medium term financial planning

- 23 Medium term financial planning allows the Council to think beyond the constraints of any given financial year and annual budget and prepare for future events. The Director of Resources is delegated as part of the final accounts process to make proper provision for known future commitments, which are consistent with agreed budgetary and/or policy framework. In doing so it is important that there is a mechanism for the carry forward of in-year budget under or overspends - in effect a virement of resources between accounting years. The ability to do this is central to effective medium term financial planning in a devolved financial management environment such as at the Council, serving to both:
- empower budget holders to think beyond immediate service needs and plan over longer time frames to achieve significant changes and improvements and make best use of resources;
 - hold budget holders to account for their budget management performance in so far as budget overspends will not be written off at the end of each financial year but will have to be carried forward.
- 24 The CFO is responsible for reporting a medium term financial strategy to the Executive for recommendation to Full Council. In doing so he/she is responsible for setting and reviewing parameters around the carry forward of over and underspends on Service Plan budgets within any given planning period and issuing advice and guidance on how these will be applied.
- 25 Any overspending on service estimates in total on budgets under the control of a Director must be reported by the CFO to the Executive. Where overspending is such that it appears the overall budget will be exceeded, and there is a need for an additional call on the council reserves the CFO must report the issue to full council.. Directorates will be allowed the facility to spread repayments over a maximum of three years however any overspending should be met, where possible, from any Directorate Reserves that are in existence. At the Discretion of the Executive, the requirement for overspending to be carried forward can be waived/reduced. This discretion may be applied in cases where the overspending arises from exceptional items, or where the implications of carrying forward the overspending would result in significant service implications. As a minimum Directorates will receive 25% of any underspending in year, to be carried forward into a general Directorate Reserve. At the

Discretion of the Director of Resources, up to 50% of an in year underspend may be carried forward, subject to this not leading to any overall net overspending for the Council as a whole. The Director of Resources will determine the relevant maximum percentage to be allowed to be carried forward, up to a value of 50% Directorates will be able to make further specific requests to the Executive for carry forward on particular schemes, however this will be informed by consideration of the level of Directorate Reserves, and the level of general carry forward (if any) that has already been granted. Where there is a major exceptional item, this may be taken into account in the calculation of any carry forwards.

- 26 All internal surpluses arising from in-house trading activities/business units shall be retained for the benefit of the Council subject to any provision to do otherwise set out in the Medium Term Financial Strategy.
- 27 Schools' balances will be available for carry forward to support the necessary expenditure of the school concerned. Where an unplanned deficit occurs, the governing body shall prepare a detailed financial recovery plan for consideration by the Chief Education Officer and the Executive Member concerned in consultation with the CFO.
- 28 Schools must prepare a plan to recover the deficit within a defined period. In exceptional circumstances schools may seek to incur expenditure to be financed by anticipating future year budgets. Any such arrangement must be approved by the relevant Executive Member and proposals to do so accompanied by a detailed plan setting out how the arrangement is to be accommodated as a first call on their future budget share.

Reserves & balances

- 29 Financial reserves and balances are maintained as a matter of prudence against unforeseen events and future contingencies. The CFO is responsible for advising the Executive and Full Council on prudent levels of reserves and balances for the Council as part of the annual budget setting process based on a reasoned assessment of risk.
- 30 The Council must decide the level of its general reserves in determining the level of Council Tax. The purpose, usage and basis of transactions must be clearly set out in respect of each of the reserves and balances held by the Council. Expenditure from Council reserves and balances can only be made with the prior approval of the Council, unless delegated authority to do so has been conferred by the Executive to an Executive Member or Director.

The Venture Fund

- 31 The Council maintains a Venture Fund as part of its reserves designed to provide some capacity to support one-off 'Invest to Save' type initiatives that might otherwise struggle to secure funding in the annual budget setting process.
- 32 Officers are able to bid for Venture Fund monies each year with a view to any advances from the Venture Fund being re-paid within a 7 year period at an internal borrowing rate fixed in relation to the councils Consolidated Rate of Interest to be determined by the CFO. All bids to the Venture Fund must be made in the form of a business case setting out the nature and purpose of the proposal, forecast income and expenditure and payback period.
- 33 The CFO is responsible for convening a panel of at least 3 suitably experienced officers to consider all bids to the Venture Fund. The Panel will meet to determine which bids to support based on the merits of the individual business case and the level of balances in the Fund available for investment over the course of the financial year. Where there are competing demands for resources the Panel will determine a scoring model based on an assessment of fit with corporate objectives, the strength of the financial business case, risk of return, impact, customer benefits and alternative funding opportunities including Prudential borrowing if budget is available.
- 34 All bids must be sponsored by the relevant Chief Officer and have been considered by the local Finance Manager before being submitted to the Venture Fund Panel for consideration. The CFO has delegated authority to approve bids up to £100,000 from either the Venture Fund or through Prudential borrowing. Delegated decisions will be advised to the Executive as part of the budget monitoring and reporting process. Bids in excess of £100,000 must be referred to the Executive for approval.

Part C

Audit & Risk Management

Audit & inspection

- 1 Audit is a key management tool that Members and Chief Officers should rely on to provide an independent and objective assessment of the probity, legality and value for money of Council arrangements. It examines, evaluates and reports on the adequacy of internal systems of control in the proper, economic, efficient and effective use of resources. Legislation requires that the Council provides for the function of both internal and external audit services.
- 2 The statutory requirement for the Council to maintain "*an adequate and effective system of internal audit*" is set out in Regulation 5 of the Accounts and Audit Regulations Act 2003, as amended by the Accounts & Audit (Amendment) (England) Regulation 2006 and further to S151 of the Local Government Act 1972.
- 3 In summary, the service exists to:
 - a) provide assurance to Members, Chief Officers and the general public on the effective operation of governance arrangements and the internal control environment operating at the Council;
 - b) objectively examine, evaluate and report on the probity, legality and VFM of Council arrangements for managing all items of income, expenditure and safe-guarding assets;
 - c) review arrangements for ensuring proper accounting controls, systems and administration are maintained and make recommendations for action and improvement;
 - d) help to secure the effective operation of proper controls to minimise the risk of loss, the inefficient use of resources and the potential for fraud and other wrongdoing;
 - e) act as a means of deterring all fraudulent activity, corruption and other wrongdoing, conducting investigations into any matter referred to it for investigation by management or officers and members of the public and reporting its findings to Directors and Members as appropriate for action;
 - f) undertake the prioritised investigation of all instances of alleged housing benefit fraud and prosecute those cases where fraud has been identified to protect the Council and fiduciary interests of the community and the public purse;
 - g) conduct investigations into suspected fraudulent activity and improper conduct as reported by Members, Governors

and employees referred to it further to the Council's Whistle-blowing policy;

- h) report all known breaches of these regulations and Council Standing Orders and any other action leading to expenditure incurred ultra vires, identifying any areas of poor financial probity and stewardship problems for action by Chief Officers and Members as appropriate;
 - i) advise the CFO and MO as to any necessary intervention in decision making if it is likely that any proposed action will lead to unbudgeted or unlawful expenditure or activity;
 - j) review the Council's arrangements for ensuring the income and expenditure of the organisation is properly and regularly monitored in line with the budget setting, monitoring and reporting requirements set out in these Regulations;
 - k) advise officers and members of value for money issues and/or the poor or inappropriate use of Council resources and make recommendations for improvement;
 - l) review the optimisation of income generation opportunities from grants and subsidies monies available from Government;
 - m) advise the CFO of any appropriate action necessary to safeguard the fiduciary interests of the Council and current and future Council Tax payers.
- 4 The internal Audit & Fraud provider and the external auditors must be allowed to act independently and objectively in their planning and operation without undue influence by either Directors or Members.
- 5 The CIA is designated by the CFO. He/she, or his/her nominated representative(s), has rights of direct access and reporting to the CFO, the Assistant Director of Resources (Customer Service & Governance) who is the client officer for the Audit & Fraud provider, all Directors and Members. His/her staff have rights of access to all Council buildings and properties, information and data at all reasonable times.
- 6 The Audit Commission is responsible for appointing external auditors to Councils. The duties of the external auditor are governed by section 15 of the Local Government Finance Act 1982, as amended by section 5 of the Audit Commission Act 1998 and the Local Government Act 2000. These variously include rights of access and the right to report publicly on their findings and recommendations. The external auditors must comply with the provisions of a Code of Audit Practice in planning and conducting their work. This includes the audit of the Council's financial statements, the financial aspects of corporate governance and performance management. The work of the

District Auditor is reported to the Executive and Full Council in his/her annual management letter.

- 7 The Council may also be subject to audit, inspection or investigation by external bodies such as HM Revenues & Customs, and various other Inspectors of service at any time.

Preventing fraud & corruption

- 8 The Council will not tolerate fraud or corruption in the administration of its responsibilities, whether perpetrated by Members, officers, customers of its services, third party organisations contracting with it to provide goods and/or services, or other agencies with which it has any business dealings. There is a basic expectation that Members and all staff will act with integrity and with due regard to matters of probity and propriety, the requirement to act lawfully and comply with all rules, procedures and practices set out in legislation, the Constitution, the Council's Policy Framework and all relevant professional and other codes of practice. To that end the Council has adopted an anti-fraud and corruption strategy, fraud prosecution policy and whistle-blowing policy along with codes of conduct governing the behaviour of Members and officers.
- 9 All staff and Members of the Council must inform the CIA immediately if they suspect or know of any impropriety, financial irregularity, fraud or corrupt practice. The CIA is responsible for determining the nature of any investigation work required in respect of any allegation of wrong doing, and/or any other action required and may refer matters to the Police or other appropriate external body as he/she sees fit in consultation with the contract client officer (Assistant Director of Resources - Customer Service & Governance)
- 10 The internal Audit & Fraud providers are required to investigate all referrals of fraud at the direction of the CIA and client manager and in doing so have:
 - a) rights of access to all Council premises and property, all data, records, documents, and correspondence relating to any financial matter or any other activity of the Council;
 - b) the right to require any member of staff or Member to provide any information or explanation needed in the course of their investigations;
 - c) the right to prosecute cases of benefit related fraud in the courts;
 - d) the right to refer investigations to the Police in consultation with the relevant Director(s), client manager and CFO.

- 11 In addition, the CIA should to:
- a) refer cases directly to the Police if he/she believes that normal consultation practices would compromise the integrity of the investigation against the interests of the Council or the general public;
 - b) notify the District Auditor of any matter that they would rightly expect to be informed of in order to support the function of an effective and robust external audit service;
 - c) require any officer or member to:
 - make available such documents relating to the accounting and other records of the Council that are necessary for the purpose of the audit;
 - supply any information or explanation considered necessary for that purpose.

Managing risk

- 12 Risk Management is inherent to good management practice and essentially; it is concerned with identifying potential events (risks), establishing what could go wrong (threats) and the potential for success (opportunities) with the aim of trying to achieve the right balance between the two. The outcome from proper risk consideration ensures that managed controls are in place and the effective prioritisation and allocation of potentially scarce resources to the most appropriate area (high risk), to ensure service continuity and performance improvement. Full details of the way that the Council manages its risks are set out in the Risk Management Policy and Strategy and form part of the supplementary guidance to these regulations

Part D

Systems & procedures

Introduction

- 1 Good systems and procedures are essential to the effective management and administration of the Council's financial affairs. This section covers:
 - Accounting systems
 - Income
 - Expenditure
 - Banking arrangements
 - Treasury management
 - Taxation
 - Stock & stores
 - Trading accounts

Accounting systems

- 2 The Council relies on a variety of different financial and accounting systems in controlling and administering the finances of the organisation. It is vital that these systems ensure information is recorded accurately, completely and in a timely manner and that all necessary controls are in place to ensure that all transactions are properly processed and any errors detected promptly and rectified.
- 3 The CFO is responsible for:
 - a) determining the Council's main accounting system for the preparation of the Council's accounts and for monitoring all income and expenditure. The main accounting and budgeting system used at the Council is known as the Financial Management System (FMS);
 - b) determining any other key financial systems which may sit outside the FMS;
 - c) ensuring that all financial systems are sound and properly integrated and interfaced;
 - d) issuing advice, guidance and procedure notes on the use and maintenance of FMS and related financial systems and for ensuring that all finance staff are trained and competent in the using financial systems.
- 4 Directors have devolved responsibility for the finances of their Directorates and must ensure that proper accounting and financial systems exist and incorporate adequate internal controls

to safeguard against waste, loss or fraud. They must also ensure that officers in their Directorates are aware of and have access to copies of these Regulations and any supplementary advice and guidance issued by the CFO.

- 5 Further to this, Directors are specifically responsible for:
- a) ensuring all accounting records are properly maintained and held securely, including any supporting vouchers, documents, contracts etc with financial implications;
 - b) ensuring FMS is used as the prime means of monitoring expenditure and income in their departments and for comparing spend against budgets, except and unless the CFO advises or agrees that alternative arrangements may be made;
 - c) ensuring that FMS is used to accurately record the financial transactions of their departments in accordance with the advice and guidance given by the CFO and in a way that ensures compliance with all legal requirements, proper accounting practice and enables returns to be made to central government, taxation authorities and other relevant bodies and provides a complete audit trail;
 - d) the effective operation of financial systems within their own Directorate to the extent that they are operated and controlled within their Directorate;
 - e) ensuring regular reconciliations between other departmental systems of financial administration with the Council's financial management systems (FMS);
 - f) reporting systems failure to the CFO and consulting with him/her about any changes or new developments;
 - g) ensuring there is a documented and tested disaster recovery plan as part of an agreed business continuity strategy for financial administration;
 - h) ensuring that systems are documented and all staff have been properly trained in their use.

Income

- 6 Income can be a vulnerable asset and effective income collection systems are necessary to ensure that all income due is identified, collected, receipted and banked properly. It is preferable to obtain income in advance of supplying goods or services as this improves the Council's cash flow in line with the Council's Income Policy that forms supplementary guidance to these regulations.
- 7 All cash received must be acknowledged by the issue of an official receipt and all monies then accounted for and paid over to central Cashiers or directly into an approved bank account.

Details of all cash received on a local basis must be forwarded to the CFO for allocation to the correct accounts.

- 8 Income must never be used to directly fund expenditure (ie all transactions must be shown separately in the ledger, both income and expenditure). Officers are directly responsible for the safe custody of any money received until it has been paid into the bank or handed over to another officer. Receipts should be given and retained in such circumstances.
9. Procedures for writing off debts shall be as follows:

Decision maker	Delegated powers & authority	Thresholds
The Executive	Amounts exceeding £200,000 may only be written off on the authority of the Executive. The CFO shall maintain a record of all such write-offs showing attempted recovery action taken and the justification for non-recovery.	Over £200k
Executive Member	Amounts over £10,000 and not exceeding £200,000 on the authority of the Executive Member (Corporate Services) in consultation with the CFO. The CFO shall maintain a record of all such write-offs showing attempted recovery action taken and the justification for non-recovery	Over £10k and up to and including £200K
CFO	Amounts over £5,000 and not exceeding £10,000 on the authority of the CFO in consultation with the Executive Member (Corporate Services). The CFO shall maintain a record of all such write-offs showing attempted recovery action taken and the justification for non-recovery.	Over £5k and up to and including £10k
Chief Officers	Amounts not exceeding £5000 may be written off by any Chief Officer in consultation with the CFO, who shall maintain a record of all such write-offs showing attempted recovery action taken and the justification for non-recovery.	Over £100 and up to and including £5k
Head of Financial Procedures	Amounts not exceeding £100 may be written off by the Head of Financial Procedures, who shall maintain a record of all such write-offs showing attempted recovery action where taken and the justification for non-recovery.	Up to and including £100

- 10 The CFO is responsible for making arrangements for the collection of all income due to the Council and approving the procedures, systems and documentation used in its collection. Preparing a corporate Debt Management Policy in consultation with other Directors for approval by the Executive. Regularly reviewing all fees and charges levied by services and ensuring they are set with due regard to comparable market rates, the

legal responsibilities of the organisation, the Income Policy and any relevant social or economic policy objectives set out in the Council's Policy Framework

- 11 Directors are responsible for:
- a) collecting income for which there is budget provision within the budgets for which they are responsible;
 - b) using the systems for the collection and recording of cash and credit income provided by the CFO unless they have the approval of the CFO to make alternative arrangements;
 - c) the proper separation of duties between staff raising accounts and those responsible for income collection;
 - d) collecting all income and initiating all appropriate recovery action for debts that are not paid promptly where local arrangements for doing so have been agreed with the CFO;
 - e) requiring at least two staff to be present when post is opened to ensure any money received in that way is properly identified, recorded and safeguarded;
 - f) issuing official receipts as necessary and maintaining all other documentation for income collection purposes and ensuring controlled stationery is securely stored;
 - g) keeping all income received in secure storage and ensuring cash holdings do not exceed insurance limits;
 - h) ensuring all income is paid fully and promptly into approved bank accounts in the form in which it is received and that all details are properly recorded on paying in slips which are retained for audit trail purposes. Money collected and deposited must be reconciled to the bank account on a regular basis;
 - i) ensuring income is not used to cash personal cheques or used to make other payments;
 - j) supplying the CFO with all details relating to works done, services supplied or other amounts due to be raised through the corporate invoicing system;
 - k) establishing charging policies for the supply of goods and services levied by their Directorate's services and ensuring all fees and charges are set with due regard to income policy, the legal responsibilities of the organisation and any relevant social or economic policy objectives set out in the Council's Policy Framework;
 - l) assisting in the collection of debts originating from their Directorates by providing information and taking any recovery action necessary on a local basis with the agreement of the CFO;

- m) recommending to the CFO all debts to be written off and maintaining records of all sums written off. Once raised on the accounting system, no bona fide debt can be cancelled except by full payment or by being formally written off in the accounts. Credit notes can only be issued to correct a factual inaccuracy or administrative error in the calculation and/or billing of the original debt and must not be used for any other purpose;
 - n) notifying the CFO of any outstanding income due in relation to the previous financial year as soon as possible in line with the annual timetable for the closedown of the accounts determined by the CFO.
- 12 All officers are responsible for the safe custody of any money received until it has been paid into the bank or handed over to another officer.

Expenditure

- 13 Expenditure may be incurred provided there is funding available through normal ordering and invoicing processes, entering into a contract arrangement, through the payment of salaries, wages and allowances or in exceptional circumstances through raising a cheque requisition. Directors, or their nominated representatives, are authorised to incur expenditure on works, goods and services where there is an approved budget for which they are responsible, provided such expenditure is legally incurred and within the Policy Framework. Expenditure must be shown separately to income and expenditure proposals that attract amounts of income must be shown gross in the accounts. The determination of any financial thresholds or bandings referred to by these Regulations must therefore be done with reference to the gross amount.

Ordering works, goods and services

- 14 Directors must use the FMS system except in the case of emergencies or if approval has been given by the CFO to an alternative arrangement.
- 15 Official orders which including e-orders must be issued for all purchases except:
- payments made on the basis of a formal contract;
 - purchases made through petty cash
 - continuous charges for supply (ie periodic accounts for gas, electricity, water etc).

- 16 Official orders electronic or otherwise must be in an approved form as determined by the CFO. They may only be authorised by signatories up to the limits of their delegation as set out in the relevant Directorate schemes of delegation. This record must be accurate, complete and kept up to date. If it is necessary for an oral order to be placed for any good reason, it must be followed up by a official order as soon as it possible to do so. Orders must be clear and specific (ie they should state quantity, price, nature of the goods or service etc so that meaningful comparison between what was ordered and what has been received can be made and the invoice can be matched to the order). Official orders may not be raised for personal or private purchases. Schools have their own ordering procedures and must abide by the regulations set out in the Local Management of Schools scheme.

Payments for works, goods and services

- 17 Payments for works, goods and services must only be made:
- on receipt of an invoice or contract certificate which satisfies VAT regulations, or;
 - where the liability for payment is clearly established and evidenced;
 - in accordance with contractual commitments.
- 18 All Directors must use the FMS system unless they have the approval of the CFO to make alternative arrangements. Officers must ensure payments for works, goods and services are not made unless:
- they are supplied in accordance with an official order, or contract, and the invoice amount/contract certificate is correct;
 - payment is in respect of a periodic account or for a service regularly supplied and the amount invoiced is properly payable.
- 19 Payments in advance must be avoided except where this is the accepted practice for the type of expenditure involved (e.g. leasing payments, travel or conference facility fees). Advance payments in excess of £5,000 can only be made with the approval of the CFO all sums below this amount, which are not accepted practice can be approved by the relevant Director. Where interim or part payments form part of a contract, interim certificates or part invoices must be authorised for payment only after the value of the work done or goods or services received has been confirmed.
- 20 A proper separation of duties between staff responsible for creating contractual commitments (or otherwise ordering works, goods and services) and those authorising invoices for payment

which should in turn be kept separate from staff responsibilities for receiving and checking works, services and goods. Directors must agree alternative arrangements with the CFO if it is not practically possible to maintain an adequate separation of duties for any reason.

- 21 All invoices and receipts must be original documents which comply with VAT regulations (invoices and receipts scanned through the Councils EDRMS system are accepted as original documents). Invoice coding slips for use in exceptional circumstances must be properly completed detailing the correct VAT code, finance ledger codes, sufficient narrative description to allow invoices to be matched and properly described in the ledger and all necessary signatures electronic or otherwise for authorisation and payment.
- 22 Directors must ensure that payments are made in an appropriate timescale that will not unduly disadvantage the Council's cash flow, result in the Council incurring late payment penalties or prejudice the financial position of those to whom the payment is to be made. The performance standard for the payment of invoices is 30 days. This is a Local Performance Indicator that is monitored by CMT and reported to Executive.

Contracting for works, goods and services

- 23 The Contract Procedure Rules are issued as a supplementary guidance document to these regulations and set out the specific procurement rules and procedures to be observed in contracting for the provision of works, goods and services.

Payments of salaries, wages & allowances

- 24 Staff costs form the largest item of expenditure made by the Council. It is important that payments are accurate, complete, timely and made in accordance with what is due consistent with the individual conditions of employment and/or the terms of any officer or Member allowance scheme and that such payments are fully recorded and accounted for in the accounting system.
- 25 The CFO is responsible for providing a corporate payroll system for recording all payroll data and generating payments to employees and Members. The system must allow for the proper calculation of all pay and allowances, National Insurance and pension contributions, Income Tax and all other deductions. Directors must use the corporate payroll system for all payments to employees. Directors are responsible for ensuring that all information relating to an employee's entitlement to pay and/or the payment of allowances are forwarded to the Payroll team within agreed timescales or otherwise properly and completely input on a local basis (if that arrangement has been agreed with the CFO). All supporting evidence of entitlement must be provided to payroll at the same time (i.e. signed timesheets,

appointment forms, changes in pay scales, approval for responsibility payments etc). Schools are permitted to make their own payroll arrangements but if they choose to do so they must provide the CFO with all necessary information to provide assurance to the auditors that any alternative system is well controlled, managed and resulting in the correct payments being made to the correct staff.

- 26 Directors must have the approval of the CFO if they wish to pay an individual a wage or salary outside the payroll system. Any such circumstance must be regarded as exceptional and Directors must give careful consideration to the employment status of the individual in doing so (ie self employed, consultant or sub-contractor) and the taxation implications of making alternative arrangements.

Petty cash and disbursements

- 27 The CFO will provide petty cash floats to a maximum amount agreed with Directors for the purpose of meeting minor expenses. Directors are responsible for ensuring all petty cash monies are securely stored and are only used for the purposes intended. VAT receipts must be provided with requests for reimbursements. All receipts and vouchers must be retained and regular reconciliations carried out and recorded by staff responsible for managing petty cash floats.

Banking arrangements

- 28 It is the responsibility of the Executive to approve the banking arrangements of the Council and for the CFO to manage the banking contract on a day to day basis. Council payments must be made by cheque, BACS or other instrument drawn on the Council's bank account by the CFO. Directors must have the prior approval of the CFO to operate local bank accounts and this will only be allowed in exceptional circumstances. Detailed advice on the use and operation of local bank accounts is given in the Council's Guide to Managing Financial Risks and the Local Management of Schools finance manual.
- 29 The CFO is responsible for ensuring regular reconciliations are carried out for all the main bank accounts to the financial records of the Council. Responsibility for the regular reconciliation of local bank accounts resides with the relevant Directors. All cheques on the main bank account are to be ordered and controlled by the CFO who will make arrangements for the safe custody of all blank cheques and the preparation, signing and dispatch of cheques. All withdrawals or transfers with an individual excess of £50,000 must be counter-signed by another authorised signatory to the bank account. Directors must make arrangements for the safe custody of all blank cheques and the preparation, signing and dispatch of cheques for all other local bank accounts.

Treasury Management

- 30 The Council has adopted the recommendations set out in the CIPFA Code of Practice on Treasury Management (the Code) which have been observed in setting out the Council's Treasury Management Strategy and policy statements.
- 31 The CFO is responsible for:
- a) preparing a Treasury Management Strategy setting out the objectives, policies, working practices and controls to be observed in the Council's treasury management activities for approval by the Executive;
 - b) ensuring the implementation of the strategy and its periodic review, reporting progress and any necessary changes to meetings with the Executive Member for Corporate Services on a regular basis;
 - c) all investment, borrowing and credit agreements entered into on behalf of the Council, credit cards, hire purchase arrangements and finance leases will not be approved for use except in very special circumstances;
 - d) approving the set up of any company, joint companies, joint ventures, partnerships or investments;
 - e) the custody of all financial securities which are the property of the Council, or are held in its name;
 - f) the registration of all Council owned stocks, bonds, mortgages and loans;
 - g) effecting all loans in the Council's name to meet its needs on the most economic terms available.
- 32 Directors are responsible for:
- a) ensuring that loans or guarantees are not given to third parties and that interests are not acquired in companies, joint ventures or other enterprises without the approval of Full Council following consultation with the CFO;
 - b) arranging for all trust funds to be held in the name of the Council wherever possible and ensuring that trust funds operate within the law and the specific requirements for each trust. All officers acting as trustees by virtue of the position with the Council shall deposit securities relating to the trust to the custody of the CFO unless the deeds specifically require otherwise;
 - c) arranging the secure administration of funds held on behalf of third parties and partnerships ensuring that the systems and controls for administering such funds are approved by the CFO and subject to regular audit.

Taxation

- 33 The CFO is responsible for ensuring:
- a) the completion of all Inland Revenue returns regarding PAYE;
 - b) the completion of a monthly return of VAT inputs and outputs to HM Revenues & Customs;
 - c) the provision of details to the Inland Revenue regarding the construction industry tax deduction scheme;
 - d) the provision and maintenance of up to date guidance for Council employees on taxation issues in relevant accounting and taxation manuals and through advice provided by the Corporate Accountancy team.
- 34 Directors are responsible for ensuring that:
- a) the correct VAT liability is attached to all income due and that all VAT recoverable on purchases complies with HM Revenues & Customs;
 - b) where construction and maintenance works are undertaken, the contractor fulfils the necessary construction industry scheme (CIS) deduction requirements;
 - c) all persons employed by the Council are added to the Council's payroll and tax deducted from any payments made to them (with approved exceptions agreed by the CFO where the individuals concerned are bona fide self-employed or are employed by a recognised agency);
 - d) all advice and guidance on taxation issued by the CFO is followed and adhered to by staff in their own Directorates.

Stocks & stores

- 35 Directors may hold reasonable levels of stocks and stores of consumable items, materials, equipment and goods for resale. They are responsible for the receipt and custody of stock items and for writing off any items of stock. Directors must take VFM considerations into account in holding stocks and stores and ensure unnecessarily high levels of stocks are not allowed to accumulate. The value of stocks and stores held at the year end must be certified by and authorised officers and forwarded to the CFO.
- 36 Procedures for the disposal of redundant stocks and equipment are set out in the guide to the disposal of assets which forms supplementary guidance to these regulations.

Inventories & asset management

- 37 The Council holds tangible assets in the form of property, vehicles, equipment, furniture and other items worth many millions of pounds. It also makes use of other non-tangible assets such as intellectual property. It is essential to the financial health and well being of the Council that these assets are safeguarded and used efficiently and effectively in supporting the delivery of Council services. All staff are responsible for safeguarding the assets and information used in their day to day activities and must ensure they are aware of their responsibilities in respect of the Data Protection Act, software copyright legislation, and the security of the Council's information systems. These responsibilities are laid out fully in the IT Regulations and E-Communications Policy that form part of the Constitution.
- 38 The CFO is responsible for:
- a) ensuring that an asset register is maintained in accordance with good practice for all fixed assets valued in excess of £5,000 and that asset valuations are made in accordance with the CIPFA/LASAAC Code of Practice on Local Authority Accounting: A Statement of Recommended Practice (the SORP);
 - b) arranging for all insurances and requiring Directors to ensure all assets are kept securely and used efficiently and effectively;
 - c) ensuring compliance with the rules in relation to contractual commitments for the acquisition and disposal of assets set out in these Regulations;
 - d) ensuring advice on the VAT implications of proposed land & building acquisitions and sales is sought at the planning stage;
 - e) ensuring that all asset acquisitions and disposals are properly recorded within asset records and comply with the disposal policy which forms supplementary guidance to these regulations.
- 39 The CFO has formally delegated some of his responsibilities and delegated decision making powers in relation asset management matters, to the Head of Property Services (Corporate Landlord) who acts on his behalf in managing the Council's property portfolio and day to day operations. The Corporate Landlord (CL) is responsible for the proper management of all corporate land and buildings owned by the Council including:
- a) maintaining up to date records of all land and buildings, including valuations in the form of a corporate asset register for the Council and these records must as a minimum be reviewed on an annual basis;

- b) ensuring all rents, charges, fees etc due in respect of properties and land are raised and all income is collected and accounted for in the Council's accounting systems;
 - c) ensuring that all land and buildings are maintained and insured so as to best protect and safeguard the Council's interests;
 - d) ensuring all lessees and other prospective occupiers of Council land and buildings are not allowed to take possession or enter the property until a lease or agreement in a form approved by the CFO has been made;
 - e) the disposal of surplus assets, land and buildings up to the value of £100,000 on behalf of the Council and its Directorates, in consultation with the CFO, the relevant Director(s) and Executive Member for Corporate Services, except where the disposal is not to the highest bidder or there is a significant discrepancy between the estimated sales value and the actual sales figure. All disposals must comply with the Contract Procedure Rules that form supplementary guidance to these regulations and the Rules in Relation to Contractual Commitments set out in the Guide to Managing Financial Risks. All disposals valued in excess of £100,000 must be referred to the Executive for decision;
 - f) the acquisition of all land and buildings on behalf of the Council and its Directorates in consultation with the CFO and having due regard to the provisions of the Asset Management Strategy, Capital Programme and Medium Term Financial Strategy. All acquisitions in excess of £100,000 must be reported to the Executive for approval;
 - g) to act as custodian for all title deeds for the Council;
 - h) arrange for the valuation of all land and buildings as necessary to meet the accounting requirements of the CFO;
 - i) the CFO may chose to resume his/her full responsibilities for asset management at anytime and without notice.
- 40 The Assistant Director of Resources (Transformation and Efficiency) is responsible for purchasing, recording and insuring items of Information Technology equipment (except equipment purchased from schools delegated budgets). Directors are responsible though for ensuring such equipment is kept securely, protected from loss, theft, damage etc.

- 41 In addition, Directors are responsible for:

- a) providing the CL with information and all relevant documentation regarding all assets owned or used in relation to services provided by the Directorate(s) for the purposes of maintaining an up to date and complete asset management register;
- b) ensuring the proper security and safe custody of all assets under their day to day operational control and consult with the CL in any case where security concerns exist or if it is considered that special security arrangements are required;
- c) to record all disposals or part exchange of non-land and building assets, in line with the disposal policy which forms supplementary guidance to these regulations ;
- d) to maintain local inventories recording adequate descriptions of all furniture, fittings, equipment, plant & machinery above £500 and record items of a lower value where the risk is considered to be significant;
- e) reporting all assets that are lost, stolen or destroyed to the Insurance Manager for recording purposes and where necessary the CIA in compliance with the asset disposal policy;
- f) making sure property is only used in the course of the Council's business, unless specific permission has been given by the Director to do otherwise.

Trading accounts

- 42 The CFO is responsible for advising Directors and Members on the establishment of trading accounts and business units.
- 43 Directors are responsible for:
 - a) consulting the CFO where a business unit wishes to enter into a contract with a third party where the contract expiry date exceeds the remaining life of their main contract with the Council. In general such contracts should not be entered into unless they can be terminated within the main contract period without penalty;
 - b) observing all statutory requirements in relation to business units, including the maintenance of a separate revenue account to which all relevant income is credited and all relevant expenditure, including overhead costs are charged and to produce an annual report in support of the final accounts;
 - c) ensuring the same accounting principles are applied in relation to trading accounts as for other services or business units.

Part E

External arrangements

Introduction

- 1 The Council exercises an important community leadership role, helping to orchestrate the contributions of various stakeholders in discharging its statutory responsibilities for promoting and improving the economic, social and environmental well-being of the area.

Partnerships & joint working

- 2 The CFO must satisfy him/herself that the accounting arrangements for all partnerships and joint ventures are proper and appropriate, including all audit and inspection requirements. He/she must also consider overall corporate governance arrangements and any legal and taxation issues when partnerships are arranged with external bodies. He/she must ensure all known risks are appraised before entering into agreements with external bodies and seek to ensure VFM is obtained.
- 3 The CFO is also be responsible for advising on the funding and financing of a project including:
 - a) financial viability in current and future years;
 - b) risk appraisal and risk management arrangements;
 - c) resourcing and taxation;
 - d) audit, security and control requirements;
 - e) carry forward arrangements.
- 4 Directors are responsible for:
 - a) maintaining local registers of partnerships and entered into with external bodies in accordance with procedures specified by the CFO and providing information about those to the Head of Paid Service as required;
 - b) ensuring that a risk management assessment has been carried out before entering into agreements with external bodies;
 - c) ensuring that such agreements and arrangements do not impact adversely upon the services provided by the Council;
 - d) ensuring that all agreements and arrangements are properly documented;

- e) providing appropriate information to the CFO to enable relevant entries to be made in the Council's Statement of Accounts concerning material items;
- f) ensuring that the appropriate approvals are obtained before any negotiations are concluded in relation to work with external bodies.

External funding

- 5 External funding can prove a very important source of additional income to an authority, but funding conditions need to be carefully examined before entering into any agreement to ensure they are compatible with the aims and objectives of the Council. Councils are being encouraged to provide seamless service delivery by working closely with other agencies and service providers (both public and private). Funds from external agencies such as the National Lottery and the single regeneration budget can provide additional resources for services. However, whilst the scope for funding has increased, it is usually linked to increasingly tight specifications and may not be flexible enough to meet the aims and objectives of the Council ambitions and plans.
- 6 The CFO is responsible for:
 - a) ensuring that all external funding is received and properly recorded in the Council's accounts;
 - b) match funding requirements are considered prior to entering into any agreement and that future revenue budgets reflect these requirements;
 - c) ensuring all audit requirements are met.
 - d) Provision of standard application documentation for discretionary grants.
- 7 Directors are responsible for ensuring that:
 - a) all claims for funds are made by the due date;
 - b) the project progresses in accordance with the agreed project plan and all expenditure is properly incurred and recorded.

Work for third parties

- 8 Current legislation enables the Council to provide a range of services to other bodies. Such work may enable a unit to maintain economies of scale and existing expertise. Arrangements must be put in place to ensure that any risks associated with undertaking such work is minimised and that the work is done *intra vires*. All work should be properly costed in

accordance with the advice and guidance of the CFO and done on the basis of a proper contract according to the Contract Procedure Rules set out as supplementary guidance to these Regulations.

- 9 The relevant Executive Member(s) are responsible for approving the contractual arrangements for work undertaken on behalf of a third party or external bodies. The CFO is responsible for issuing guidance with regard to the financial aspects of any third party contracts and the maintenance of the contracts register. Directors are responsible for:
- a) ensuring that the approval of the Executive Member is obtained before any negotiations are concluded to work for third parties;
 - b) maintaining a register of all such contracts entered into with third parties in accordance with procedures specified by the CFO;
 - c) ensuring that appropriate insurance arrangements have been made;
 - d) ensuring that the Council is not put at risk from any bad debts;
 - e) ensuring that no contract will be subsidised by the Council;
 - f) ensuring that the service has the appropriate expertise to undertake the contract;
 - g) ensuring that such contracts do not impact adversely upon the services provided to the Council;
 - h) providing appropriate information to the CFO to allow entries to be made in the Council's final Statement of Accounts.
 - i) ensuring that there is no conflict of interest with any third party provider

Annex A

Summary of Delegation & Reporting

Revenue Virements

Decision maker	Delegated powers & authority	Thresholds
The Executive	To approve virements between Service Plans in excess of £500k (either individually or in aggregate for the financial year)	Over £500k up to the cash limits set by the Budget
	To approve allocations of resources from approved contingencies and reserves	As set by the annual Budget
	To make recommendations to Full Council for the release of budget resources in excess of the approved contingencies and reserves	As set by the annual Budget
	To approve virements from within existing Service Plans or between Service Plans into new or otherwise unplanned functions and activities if savings are available to be re-directed into the new activity	Over £500k
Directors	To approve virements within or between Service Plans within their Directorates in excess of £100k and up to £500k (either individually or in aggregate for the financial year) in consultation with the relevant Executive Member	Over £100k and up to £500k
	To approve virements from within existing Service Plans or between Service Plans within their Directorates into new or otherwise unplanned functions and activities if savings are available to vire into the new activity	Over £100K and Up to £500k in consultation with the relevant Executive Member
	To approve virements between directorates in consultation with the relevant directors	Up to and including £50K in consultation with the relevant Executive Member
Other Chief Officers	To approve virements within their Service Plans up to £100k (either individually or in aggregate for the financial year)	Up to £100k

Capital Virements

Decision maker	Delegated powers & authority	Thresholds
The Executive	To approve individual virements between schemes in excess of £500k	Over £500k
	To re-phase approved scheme expenditure between years in excess of £500k for each scheme	Over £500k
Directors	To approve individual virements between schemes in excess of £100K up to a maximum of £500k in consultation with the relevant Executive Member	Over £100K and Up to and including £500k
	To approve individual virements between schemes up to a maximum of £100k	Up to and including £100k

Venture Fund Bids

Up to and including £50K
Over £50K

CFO & Leader of Council
Executive

Payment in Advance

Up to and including £5K
Over £5K

Relevant Director
CFO

Disposal of Surplus Assets (Land & Buildings)

Up to and including £100K
Over £100K

Head of Property Services (CL) in
Consultation with CFO (Para 39 Page 45)
Executive

Acquisition of Assets (Land & Buildings)

Up to and including £100K
Over £100K

Head of Property Services (CL) in
Consultation with CFO (Para 39 Page 45)
Executive

Debt Write-Off

Decision maker	Delegated powers & authority	Thresholds
The Executive	Amounts exceeding £200,000 may only be written off on the authority of the Executive. The CFO shall maintain a record of all such write-offs showing attempted recovery action taken and the justification for non-recovery.	Over £200k
Executive Member	Amounts over £10,000 and not exceeding £200,000 on the authority of the Executive Member (Corporate Services) in consultation with the CFO. The CFO shall maintain a record of all such write-offs showing attempted recovery action taken and the justification for non-recovery	Over £10k and up to and including £200K
CFO	Amounts over £5,000 and not exceeding £10,000 on the authority of the CFO in consultation with the Executive Member (Corporate Services). The CFO shall maintain a record of all such write-offs showing attempted recovery action taken and the justification for non-recovery.	Over £5k and up to and including £10k
Chief Officers	Amounts not exceeding £5000 may be written off by any Chief Officer in consultation with the CFO, who shall maintain a record of all such write-offs showing attempted recovery action taken and the justification for non-recovery.	Over £100 and up to and including £5k
Head of Financial Procedures	Amounts not exceeding £100 may be written off by the Head of Financial Procedures , who shall maintain a record of all such write-offs showing attempted recovery action where taken and the justification for non-recovery.	Up to and including £100

Glossary of terms

Common terms

Budget	<i>A plan expressed in financial terms</i>
Cost centre	<i>A budgeting level which usually reflects a whole service area, or main sub-category of a service. It encompasses a number of standard 'subjective' coding areas such as those used for staffing related costs, supplies & services, income etc</i>
Capital	<i>The organisation's total assets less its liabilities</i>
Capital expenditure	<i>Expenditure to acquire fixed assets that will be of use for more than the year in which they are acquired and which adds to the Council's tangible assets rather than simply maintaining existing ones</i>
Revenue	<i>Income or expenditure, arising from or spent on, day to day activities and short lived commodities or consumables</i>
Service plan	<i>A plan setting out the priorities and service ambitions</i>
Virement	<i>A transfer of resources between or within approved cost centres for both revenue and capital purposes</i>

Acronyms

CFO	<i>The Chief Finance Officer</i>
CIA	<i>The Chief Internal Auditor</i>
CL	<i>Corporate Landlord</i>
FMS	<i>The principal budgeting and financial information management system used at the Council</i>
ITT	<i>Invitation to tender</i>
MEAT	<i>Most Economically Advantageous Tender</i>
MO	<i>The Monitoring Officer</i>
NI(C)	<i>National Insurance (contributions)</i>
PAYE	<i>Pay as you earn</i>
VFM	<i>Value for Money</i>
VAT	<i>Value Added Tax</i>

Organisations

CIPFA	<i>The Chartered Institute of Public Finance Accountancy</i>
SOLACE	<i>Society of Local Authority Chief Executives</i>
The Audit Commission	<i>Quasi autonomous non-governmental body charged with the independent audit of public sector organisations in the Local Government and Health arena</i>
The District Auditor	<i>Independently appointed person responsible for the external audit of the Council. The District Auditor has various statutory powers and responsibilities for public reporting of the audit</i>

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Executive

6 October 2009

Report of the Assistant Director (Lifelong Learning and Culture)

Swimming Facilities**Summary**

1. This report has been produced in response to the resolution agreed by Council at its meeting on 9 July, which asked the Executive member for Leisure, Culture & Social Inclusion to bring, to the next Council meeting in October 2009, a report that:
 - Sets out a clear program of the meeting dates for the University Swimming Pool Steering Group for the remainder of the municipal year
 - Outlines a clear and final completion date for the University Pool
 - Identifies a mechanism for the closing of the reported funding gap for the University Pool, and
 - Outlines the Council's strategy to provide a pool in a City Centre location if completion at the University site by 2011 is not feasible and that that strategy has a clear and timely completion date

Background

2. The Council has an agreed vision for its swimming facilities:
 - We should have facilities that encourage all York citizens to swim
 - Sufficient sports facilities should be available for casual (pay as you go) use
 - Swimming should include opportunities for:
 - fun activities, especially for children and families
 - open swimming for casual users
 - courses and lessons
 - clubs
 - time for regular fitness and competitive swimmers
 - There should be a good quality environment for sports activities (wet and dry), which is bright, safe and clean
 - All school children should be able to achieve the National Curriculum requirements for swimming
 - Facilities should be accessible to all

The City's pools between them need to cover the full range of requirements: Facilities for local competitions, schools use, club development, teaching, fitness swimming, and family swimming.

3. To inform its strategy the Council previously carried out an analysis of supply and demand for swimming facilities using Sport England's model. This shows that we have a current demand for an additional twelve, 25m lanes of swimming space in the city. By 2015 this is likely to have increased in line with the projected population increase such that there will be demand for a further pool. When the results are broken down geographically it is clear that the demand is greatest in the South and East of the city.

Consultation

4. Extensive consultation has been undertaken over the years in which the Council's pools strategy has been developed: with citizens through city-wide exercises, with user groups, clubs, other institutions in the city, with the Amateur Swimming Association, and with Active York.
5. Active York's sport and active leisure plan for the city identifies that "The city has no swimming facilities that meet modern competitive requirements or dedicated training facilities. This need, coupled with the need for public swimming facilities, can logically be met by the provision of a publicly accessible county standard pool (25m, 8 lane (or more) pool with training / teaching pool)." It comments that, "The development of a county standard pool would create a logical home for the city's competitive swimming club and would allow the existing and new community pools to cater predominantly for community and fitness users."
6. Other consultees have also identified the desire for a competition facility to ensure that local swimmers can achieve their potential. An even more important factor emerging from consultation is a pool that is available at all times when people want to use it.

The Current Strategy

7. The above factors indicate the need for a flexible space which can be divided to accommodate a mix of uses and maximise the amount of public, casual swimming time. This would best be provided by a county standard pool (also known as a short-course competition standard pool).
8. In response to this analysis the Council confirmed its current swimming facilities strategy in October 2007. The strategy was designed to:
 - Deliver the vision for swimming set out in paragraph 2 above
 - Provide effectively for all the city's needs in a coherent way avoiding head on competition between Council facilities and the pool that the University of York is required to build under its section 106 agreement (as this could leave both the Council and the University with pools that are not financially viable)
 - Be deliverable within the capital resources currently available to the Council

- Maximise the potential of partnership working in order to achieve best value for money for Council Tax payers
 - Aim to reduce the Council's revenue subsidy requirement
 - Provide for further development of the strategy from 2012 on to address additional demand arising from an increased population beyond 2015
9. In the light of these points members agreed to:
- Reconfirm the Council's commitment to delivering the required county standard pool through partnership with the University of York to deliver a pool of that standard together with associated sports facilities by 2011. The Council would contribute £2m in return for public access to the facility
 - Pursue options to develop a city centre pool beyond 2012 that:
 - o provides for the additional demand anticipated by 2015
 - o is commercially viable and does not require revenue subsidy
 - o draws in capital from development gain and other commercial sources
 - o does not compete with or jeopardise the University of York pool
 - Commit to the requirement for this city centre pool in planning future development sites
10. These commitments built upon earlier decisions to:
- Refurbish Yearsley swimming pool
 - Proceed with a new community pool on the Oaklands site as a replacement for Edmund Wilson swimming pool
11. Since October 2007:
- Yearsley swimming pool has re-opened following an extensive refurbishment and modernisation programme
 - Construction of the new community swimming pool at Oaklands sports centre has commenced and the facility is on course to be completed this month. It will open in early December
 - The Council has embraced the opportunity to provide free swimming to under 16s and over 60s
 - The University Pool Steering Group has drawn up a detailed business plan and outline design for a 25m competition standard pool on the new campus to be delivered in partnership with the Council

The University Swimming Pool

12. The University of York's Section 106 agreement requires:
- The construction of a competition standard swimming pool
 - Provision of indoor sports provision equivalent to 12 badminton courts and 3 tennis courts together
 - Outdoor sports facilities
- with a scheme for the provision of public access.

13. The Council's £2m contribution would ensure a comprehensive, publicly accessible programme covering clubs, general swimming, schools, classes, family sessions, targeted sessions, galas, etc. in state-of-the-art accommodation. The Council's agreement with the University of York is based on the following principles for the pool, that it should:
 - Be accessible to all York citizens and members of the University, including club use
 - Encourage participation by promoting the benefits of a healthy active lifestyle
 - Provide facilities for a range of abilities and actively encourage participation by all members of the communities
 - Promote use by people with disabilities
 - Be designed and maintained as a high quality environment
 - Have a flexible charging and admissions policy that promotes the maximum use of the facilities during the day and encourages widening participation
 - Be financially self-sufficient including an allowance for sufficient ongoing maintenance and renewal
 - Have an independent identity

14. The Steering Group met 6 times between February 2007 and November 2008. With an independent chair, it included a wide range of University, Council and community representatives together with a representative of the Amateur Swimming Association. It commissioned expert advice from Strategic Leisure Ltd. and signed off a final report in November 2008. This report includes a detailed analysis of the available options and an outline business plan for a fully accessible community facility. It recommends the construction of:
 - A 25m x 17m 8-lane pool x 1.1m to 2.5m deep (competition standard)
 - Health and fitness facilities
 - Dance / aerobics / martial arts studio
 - Training Pool 25m x 10.5m 4 lane pool x 1.1m to 1.2m deep
 - Movable floor + bulkhead for half length of pool

15. With the production of this final report the work of the Steering Group is complete; there would be no purpose to any further meetings. Implementation of the report now rests with the University.

16. The University has commissioned FaulknerBrowns Architects to undertake a design study and cost plan for the project. Their report has identified the preferred location for the facilities and produced outline designs for what would be a new landmark building for the University and the city (see extracts from the report at the Annex).

17. It was originally envisaged that the pool would be completed in 2011. However, alongside the first phases of developing the new campus the University has had to expand its capital programme to take on additional projects related to statutory compliance on legacy buildings. This has caused it to draw more heavily upon capital borrowing than had been expected. This has happened in the context of the economic downturn and a reduction in the grant funding available.

18. In these circumstances the University has been forced to reprioritise its capital planning. It has also had to emphasise the importance of the business case providing a break-even in order for the project to be brought forward. A completion date in 2011 is contingent upon the business plan delivering financial balance. The University has worked closely with the Council to investigate additional funding sources. This is problematic, however, at a time when the run up to the 2012 games is dominating the priorities for sports funding.
19. The University allocated £5m within their Capital plans to which the Council has agreed to add £2m. The FaulknerBrowns study estimates base line costs at £11m. The scheme also includes sporting facilities which would deliver revenue support for the pool development. The £4m funding gap remains, however.
20. The University and the Council have commenced a review to evaluate the opportunities that may be presented by different funding arrangements for example through a joint venture company. This could prove more cost effective in terms of borrowing, particularly in the context of the University's current expansion investment at Heslington East.
21. The S106 legal agreement requires the provision of the sports facilities (including swimming pool) on the Heslington East campus, as outlined in paragraph 12. Implementation would be in accordance with an agreed programme of works. At this time there is no agreed programme relating to the implementation of these facilities. Planning permission would be required for the proposed new swimming pool.

Options

22. The Council resolution introduces an alternative way forward, should completion of the pool at the University site by 2011 prove not to be feasible. This option would be to pursue a city centre pool at an earlier date, in place of the University pool, (whereas the current strategy treats a city centre pool as an additional development from 2015 onwards).

Analysis

23. If the Council were to adopt this alternative way forward and seek to provide a pool in the city centre it would be faced with the need to build a county standard facility in order to fulfil the needs identified in the Council's strategy. There are a number of key issues to consider with this:
 - Availability of sites
 - Affordability
 - Impact on the University's pool

Sites:

24. In order to understand what sites may be available the Head of Property Services commissioned Wm Saunders Architects in 2007 to produce a standard pool design based on the following components:
 - 25m pool with teaching pool
 - Plant room
 - Changing village

- Reception area
 - Viewing / vending area
 - Gym
 - Crèche
 - Dance / aerobics studio
 - Staff facilities
25. The accommodation could be provided over 2 floors which gives a minimum land take of approximately 2,820 m² for an 8 lane competition pool. (Parking facilities are not included except for disabled parking bays, cycle parking, and drop-off space.
26. The number of sites likely to be available within the centre of York are limited. Saunders were challenged to respond to the brief outlined above in relation to a hypothetical site within the city centre currently in use as a car park. (The largest available land holdings in council ownership within the city are car parks). Saunders were asked to explore the implications of the design in terms of design and order of cost.
27. The design will need to provide a quality that is acceptable within the city centre. The hypothetical scheme considered by Saunders including the re-provision of car parking under the development, sited within the city centre was estimated at £11-12m for a competition standard pool.
28. The Head of Property Services cannot currently identify any city centre sites in the Council's ownership that could feasibly accommodate such a pool. In the longer term development sites may become available though certainly not ahead of the timeframe within which the University intends to develop its pool.

Funding:

29. Sources of capital funding available to fund a scheme of this size in the current market environment are limited:
- a) The Capital Programme: The 5 year capital programme was approved at Full Council in February 2009 for 09/10 to 13/14, which included £2m for the Council's contribution to the University Pool scheme. The capital programme is reviewed every year as part of the Capital Resources Asset Management process which identifies available resources for new schemes. This year the economic situation has led to limited resources being available and funding is extremely tight. It is unlikely that further funding of £10m could be found to meet the hypothetical scheme considered by Saunders estimated at £11-£12m.
- b) Capital disposals: In the current market environment the sale of capital assets is likely to result in a lower capital receipts being realised than would be the case if the market was more buoyant. Therefore consideration needs to be given to the timing of capital receipts. This leads to a lower level of funding being available to fund schemes in the capital programme. There is also a limited number of sites available for sale. Most sales are as part of a rationalisation of existing facilities with the receipt often required to contribute to the capital cost of improved asset provision or are already allocated to fund other schemes in the capital programme.

- c) External Funding: There is no longer a sports lottery fund which could support local authority facilities and it is unlikely that there will be any new capital grants available for a pool in the foreseeable future.
 - d) Private Sector Finance: There may be potential for PFI funding in the future although there is no certainty that credits will become available. It is unlikely that private sector finance will be available for a competition standard pool.
 - e) Development Gain: Opportunities may exist as part of major developments within York, most notably York North West and Castle Piccadilly.
 - f) Partnership approach to another major organisation or institution in York willing to contribute to such a development: Discussions to date have shown no indication of capital being available.
 - g) Create the revenue stream necessary to support the required level of borrowing for a major development: To fund £10m, (the additional amount required over and above the £2m already allocated in the capital programme) would require a revenue stream of around £936k p.a. for 15 years. This equates to around a 0.86% increase on Council Tax. In light of the current budget position it is unlikely that additional funding of this magnitude could be found.
30. A city centre pool would expose the Council to the likelihood of having to provide an operating subsidy. The business plan for the University facilities aims to break even largely through the provision of income generating sports and fitness facilities along side the pool. It is most unlikely that there would be space to provide a comparable range of facilities in the city centre.

Impact on the University of York's Pool:

31. The University is required to build its facilities under its Section 106 obligation. It would therefore be unwise for the Council to proceed at this stage with a pool in the city centre which would ultimately compete with the University's facilities, and potentially leave the city with two facilities that were not financially viable.

Conclusions

32. The above analysis suggests that a city centre competition standard pool is not a realistic option because:
- There is no site immediately available for it
 - It is not affordable
 - It would compete head on with the pool that the University is required to build at Heslington East campus under their Section 106 obligation
33. Any city centre option would more realistically be seen as longer term, to provide the additional swimming capacity required beyond 2015. To be achievable such a facility:
- i) would need to be deliverable without major Council capital investment
 - ii) would need to work in the context of one of the city's major development sites

- ii) must stimulate new types of demand and create new markets so that it does not compete head on with the planned University facilities and does not require significant revenue subsidy
34. A delivery model would be needed that could fund a public leisure facility mainly through developers' and landowners' contributions.

Corporate Priorities

35. Swimming facilities are relevant to the following aims in the Council's Corporate Strategy:
- Inspire residents and visitors to free their creative talents and make York the most active city in the country. We will achieve this by providing high quality sporting and cultural activities for all
 - We want to be a city where residents enjoy long, healthy and independent lives. For this to happen we will make sure that people are supported to make healthier lifestyle choices

Implications

36. **Financial:** See paragraphs 29 and 30 above.
37. **Legal:** The Council has agreed a "statement of intent" with the University of York for the development of the pool and sports facilities but has not entered into any binding legal agreement.
38. **Property:** Property implications are as contained in the report.
39. There are no **Human Resources, Crime and Disorder, or Information Technology** implications.

Risk Management

40. The key risk with the current strategy surrounds the identified difficulties in closing the funding gap for the University of York facilities. This means that these facilities may not be deliverable by 2011. However, the alternative strategy of the Council pursuing a city centre pool at this time has greater risks of a funding shortfall together with the risk of a revenue subsidy requirement.

Recommendations

41. The Executive is recommended to:
- continue its commitment to the partnership with the University of York to deliver a publicly accessible competition standard pool on the new campus
 - ask officers to continue to work with the University to develop a funding plan for the University pool and sports facilities
 - continue to plan for a future city centre pool beyond 2015 by developing an affordable delivery model
 - report to Council accordingly

Reason: To meet the city's identified need for swimming facilities.

Annex: Outline designs for the Swimming Pool and associated sports facilities at the Heslington Campus.

Contact Details

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Report Approved ✓ **Date** 24.09.09.

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Wards affected: All

For further information please contact the author of the report.

Background Papers:

Leisure Facilities Strategy: Report to the Executive, 7 February, 2006

Review of the Leisure Facilities Strategy (Swimming): Report to the Executive, 23 October 2007

York's Sport & Active Leisure Plan – file held by the report author

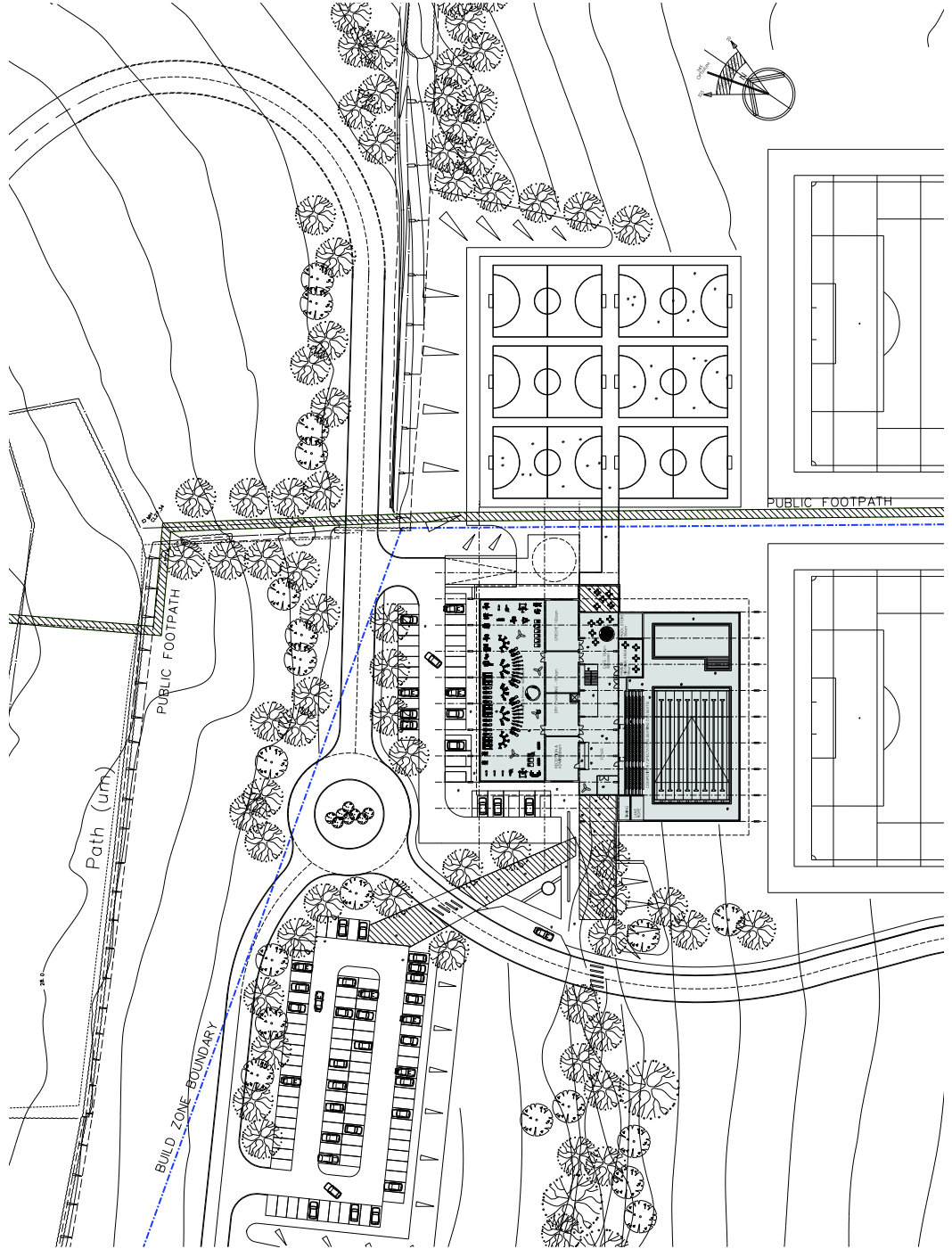
Facilities modelling data – file held by the report author

Wm Saunders city centre pool study – file held by the Head of Property Services

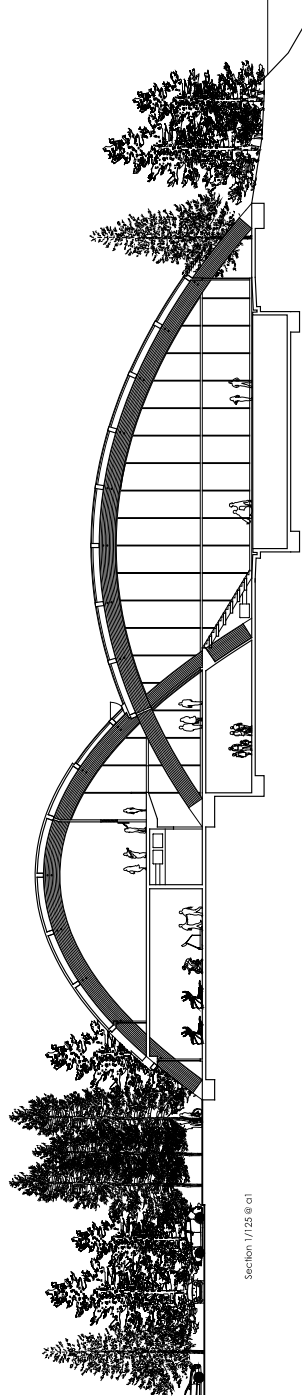
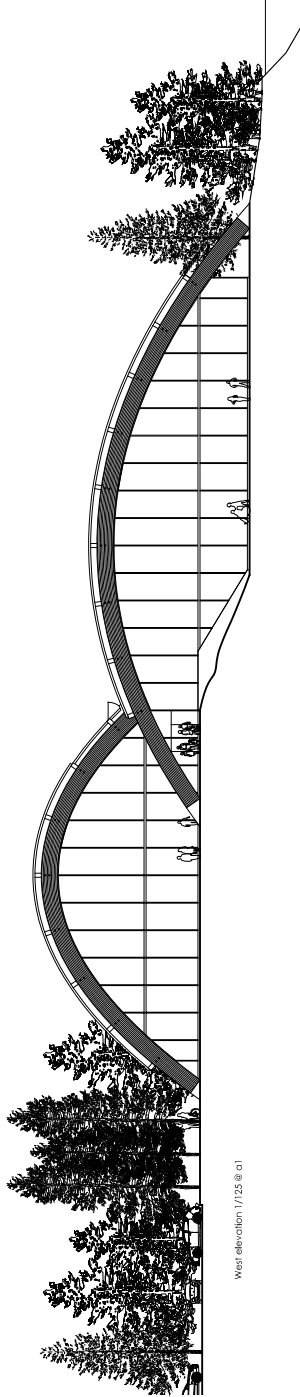
University Pool Steering Group papers – file held by the report author

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5.0 Drawings and Illustrations



Elevations



Daytime Visualisation

