

**Notice of public meeting of  
Cabinet**

**To:** Councillors Alexander (Chair), Crisp, Gunnell, Levene, Looker, Merrett, Simpson-Laing (Vice-Chair) and Williams

**Date:** Tuesday, 12 February 2013

**Time:** **5.00 pm (Please note earlier start time)**

**Venue:** Guildhall, York

**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:

**4:00 pm on Thursday 14 February 2013**, if an item is called in *after* a decision has been taken.

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

**1. Declarations of Interest**

At this point, Members are asked to declare:

- any personal interests not included on the Register of Interests
- any prejudicial interests or
- any disclosable pecuniary interests

which they may have in respect of business on this agenda.

**2. Exclusion of Press and Public**

To consider the exclusion of the press and public from the meeting during consideration of the following:

Annex 1 to agenda item 18 (Disposal of Acres Farm, Naburn) on the grounds that it contains information relating to the financial or business affairs of particular persons. This information is classed as exempt under paragraph 3 of Schedule 12A to Section 100A of the Local Government Act 1972 (as revised by The Local Government (Access to Information) (Variation) Order 2006).

**3. Minutes** (Pages 3 - 12)

To approve and sign the minutes of the last Cabinet meeting held on 8 January 2013.

**4. Public Participation/Other Speakers**

At this point in the meeting members of the public who have registered to speak can do so. The deadline for registering is **5.00pm on Monday 11 February 2013**. Members of the public can speak on agenda items or matters within the remit of the committee.

To register to speak please contact the Democracy Officer for the meeting, on the details at the foot of the agenda.

**5. Forward Plan** (Pages 13 - 20)

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

**6. 2012-13 Performance and Finance Monitor 3** (Pages 21 - 46)

This report sets out the performance of the Council in delivering its Council Plan priorities and report progress on delivering the revenue budget, covering the period 1 October 2012 to 31 December 2012. The report sets out headline performance in the delivery of the Council Plan and projected performance against budget.

**7. Capital Programme - Monitor Three 2012/13** (Pages 47 - 70)

This report inform Members of the likely outturn position of 2012/13 Capital Programme based on the spend profile and information to January 2013; informs of any under or overspends; seeks approval for changes to the programme and informs of any slippage and seeks approval for the associated funding to be slipped to or from the relevant financial years to reflect this.

**8. Treasury Management Monitor 3 and Prudential Indicators 2012/13** (Pages 71 - 92)

This report provides Members with an update on treasury management activities as required through regulations issued under the Local Government Act 2003 and the revised 2011 (Chartered Institute of Public Finance and Accountancy) Code of Practice for Treasury Management (as revised).

**9. Financial Strategy 2013-2018** (Pages 93 - 208)

This report presents the financial strategy 2013-2018, including detailed revenue budget proposals for 2013/14 and 2014/15, and asks Members to recommend to Council approval of the proposals.

**10. Treasury Management Strategy Statement and Prudential Indicators for 2013/14 to 2017/18** (Pages 209 - 244)

This report asks Cabinet to recommend that Council approve the:

- Integrated treasury management strategy statement including the annual investment strategy and the minimum revenue provision policy statement;
- Prudential indicators for 2013/14 to 2017/18
- Revised treasury management policy statement
- Specified and non-specified investments schedule
- Treasury management scheme of delegation and role of the section 151 officer

**11. Capital Programme Budget 2013/14 to 2017/18** (Pages 245 - 272)

This report summarises the current capital programme position covering 2012/13 – 2016/17 reflecting the Capital Monitor 3 report on this agenda, highlights the existing funding position and associated pressures and then presents the new bids received as part of this years Capital Resource Allocation Model (CRAM) process covering the period 2013/14 – 2017/18.

**12. Discretionary & Mandatory Business Rate Relief & Discounts** (Pages 273 - 290)

The purpose of this paper is to provide Cabinet with details of the new power to grant business rate Discounts. It also sets out the changes to existing discretionary and mandatory rate relief when business rates are localised in April 2013. The report provides draft policies and procedures for dealing with both Business Rate Reliefs and Business Rate Discounts for Cabinet approval.

**13. Waste Services - Service Delivery Options 2012/13 and 2013/14** (Pages 291 - 318)

This reports looks at options to enable the Council to meet its statutory and policy targets and continue to provide a high quality waste collection and disposal service that is financially sustainable and provides a robust base for future growth.

**14. Review of City and Environmental Services** (Pages 319 - 344)

The report sets out proposals for amending the City and Environmental Services Directorate to reduce costs; introduce a more coherent and efficient management structure; and to streamline and re-align the Directorate structure to focus on delivery.

**15. Get York Building - Economic Growth, A Case for Change** (Pages 345 - 360)

This report outlines the current state of the building industry within York and the direct role stimulating the house building industry will have on achieving the council's priority to create jobs and grow the economy.

**16. Housing Revenue Account Business Plan 2013 to 2043** (Pages 361 - 408)

This report provides an overview of the new Housing Revenue Account Business Plan for the next 30 years and provides detail of the key priorities for the next five years, including the creation of an investment fund to support the delivery of more affordable new homes.

**17. The Tour de France - Hosting the Grand Départ** (Pages 409 - 416)

This paper outlines proposals for York's participation in the activities supporting the "The Grand Départ" of The Tour de France in Yorkshire in July 2014. It outlines the associated benefits and operational costs and implications and seeks agreement to enter into an arrangement with Welcome to Yorkshire and Leeds City Council, as the lead local authority, to host the second day start of the Grand Depart.

**18. Disposal of Acres Farm, Naburn** (Pages 417 - 426)

This report seeks Cabinet approval for the sale of Acres Farm to the fourth highest bidder following the earlier approval to sell the property given by the Executive on 17 April 2003.

**19. York a Sustainable City Tackling Fuel Poverty** (Pages 427 - 432)

This report highlights the need for specific targeted resources to deliver against the Council's Climate Change Framework and Action Plan and to address fuel poverty in the city.

**20. Urgent Business**

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

Democracy Officer:

Name: Jill Pickering

Contact details:

- Telephone – (01904) 552061
- E-mail – [jill.pickering@york.gov.uk](mailto:jill.pickering@york.gov.uk)

For more information about any of the following please contact the Democratic Services 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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- 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.**

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If you have any further access requirements such as parking close-by or a sign language interpreter then please let us know. Contact the Democracy Officer whose name and contact details are given on the order of business for the meeting.

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interpreter providing sufficient advance notice is given. Telephone York (01904) 551550 for this service.

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### **Holding the Cabinet to Account**

The majority of councillors are not appointed to the Cabinet (39 out of 47). Any 3 non-Cabinet councillors can 'call-in' an item of business following a Cabinet meeting or publication of a Cabinet Member decision. A specially convened Corporate and Scrutiny Management Committee (CSMC) will then make its recommendations to the next scheduled Cabinet meeting, 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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- All public agenda/reports can also be accessed online at other public libraries using this link

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City of York Council

Committee Minutes

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MEETING	CABINET
DATE	8 JANUARY 2013
PRESENT	COUNCILLORS ALEXANDER (CHAIR), CRISP, GUNNELL, LEVENE, LOOKER, MERRETT AND SIMPSON-LAING (VICE- CHAIR)
IN ATTENDANCE	COUNCILLORS BARTON, FITZPATRICK, HEALEY, STEWARD, TAYLOR AND WATSON
APOLOGIES	COUNCILLOR WILLIAMS

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**71. DECLARATIONS OF INTEREST**

Members were invited to declare at this point in the meeting any personal interests, not included on the Register of Interests, or any prejudicial or disclosable pecuniary interests they may have in respect of business on the agenda. No interests were declared.

**72. MINUTES**

RESOLVED: That the minutes of the last meeting of Cabinet held on 4 December 2012 be approved and signed by the Chair as a correct record.

**73. PUBLIC PARTICIPATION/OTHER SPEAKERS**

It was reported that there had been one registration to speak at the meeting under the Council's Public Participation Scheme, and that one Member of Council had requested to speak on an agenda item.

Andrea Dudding spoke in relation to Agenda item 6 (The Co-operative Council: A Community Benefit Society for Libraries and Archives). She reiterated information sent in a letter to Cabinet Members, on behalf of Unison, opposing the proposal to create a community benefit society for the delivery of this service. Recent cuts had left the service unable to find further efficiencies and it was not felt viable to provide future services in

this manner. Unison had not been convinced by the arguments put forward, in particular the weightings provided in the options appraisal and also the lack of certainty in gaining funding. Concern was expressed at the lack of consultation and buy in to the proposals which had left staff feeling fearful and powerless.

Cllr Brian Watson spoke in relation to Agenda item 9 (York Museums Trust Scrutiny Review Final Report) confirming his full support for the topic and the methods undertaken in the scrutiny review. He pointed out that, although a large final report anything less would not have done the subject justice. The Task Group had all worked hard to support the review with the help of officers who had provided all information requested. Finally he thanked Officers for their input and, in particular the Scrutiny Officer who had supported their work.

#### **74. FORWARD PLAN**

Members received and noted details of those items listed on the Forward Plan for the next two Cabinet meetings, at the time the agenda was published.

#### **75. LOCAL GOVERNMENT FINANCE SETTLEMENT UPDATE**

Members received a report which provided an analysis of the Local Government Finance Settlement, announced on 19 December 2012, with the final settlement due at the end of January, and an update on the status of the Leeds City Region (LCR) pool.

Information on the key themes of the new funding system, following changes arising from the 2011 Localism Bill, were set out in detail at paragraph 3 of the report. With the main changes to the settlement for 2013/14 being:

- A loss of £4m compared to the Formula Grant funding received in 2012/13.
- As a tariff authority York would have to levy a rate of 49%, for every £1 of growth in the city, with only 25.5p retained locally.
- The Revenue Support Grant allocation would reduce between £5m and £6m or a loss of 14-16%.
- £20m of cost savings would need to be delivered over the next 2 years.

Following agreement to the Council's participation in the designated Leeds City Region business rates pool the Department for Communities and Local Government had now approved the designated pool. Data relating to the pool was however still being released and Members were therefore asked to allow the Leader, with advice from the Director of CBSS, to make the final decision following receipt of all the information, with a report back to Committee in February.

The Cabinet Member reported on future funding difficulties and the additional cost pressures of Adult Social Care. The retention of business rates locally however would allow the potential of assisting financial growth.

RESOLVED: That Cabinet:

- i) Note the provisional Local Government Finance Settlement figures;
- ii) Agree to the Leader, on the advice of the Director of Customer & Business Support Services, deciding on how to proceed with the council's involvement in the LCR business rates pool.<sup>1</sup>
- iii) Delegate approval of the annual NNDR1 (National Non Domestic Rates) form to the Director of Customer & Business Support Services.<sup>2</sup>

- REASON:
- i) To inform financial planning decisions for the 2013/14 and 2014/15 budgets.
  - ii) So that the council's income from the business rates retention scheme is maximised.
  - iii) So that process for Council Tax and business rates are aligned and so that the council can submit business rates figures to Central Government as and when requested.

Action Required

1. Provide necessary advice to Leader. IF
2. Approve the annual NNDR1 form. IF

**76. THE CO-OPERATIVE COUNCIL: A COMMUNITY BENEFIT SOCIETY FOR LIBRARIES AND ARCHIVES**

Consideration was given to a report which examined the results of an appraisal carried out by Officers into future options for running the Council's Libraries and Archives Service, in response to a Council Plan priority. This included details of the outcome of consultation and the successful application for assistance from the Cabinet Mutual Support Programme.

Details of public consultation undertaken via a questionnaire together with the results were reported at paragraphs 9 to 18 of the report, with the feasibility study, options considered and analysis at paragraphs 19 to 26 and at Annex1.

The vision for the community benefit society would build upon the success of the existing Explore concept with the development of a range of "explore community hubs". Governance of the society would be by way of a legal document and a Board of Directors with membership of the society being open to anyone over the age of 16 years. The business case, development costs and full implications were reported at paragraphs 42 to 72.

The report concluded that the service could benefit from becoming a social enterprise subject to further investigation and development.

The Cabinet Member confirmed that this service was not viable in the long term, in its present form, following recent budget cuts. Widespread consultation had been undertaken and staff involvement had been ongoing and their comments incorporated in the report.

The Leader pointed out that York was the first authority in the country exploring this concept and that they would seek to provide the best service delivery model to provide the service. Following further discussion it was

**RESOLVED:** That Cabinet agree to:

- i) Development of a business plan for a potential community benefit society for the Council's libraries and archive services.
- ii) The establishment of a shadow board for the purpose of taking forward this work.

- iii) Further engagement with the public and with staff on the proposal.
- iv) Present a report back, following the above, to identify whether it would be in the overall interests of the Council to transfer the Libraries and Archives service to a community benefits society. <sup>1</sup>.

REASON: To identify the best delivery model for libraries and archive services in York.

Action Required

1. Develop business plan, establish shadow board and undertake further engagement prior to report back to Cabinet.

CC, FW

**77. ACCESS YORK PARK AND RIDE FUNDING APPLICATION**

Consideration was given to a report which asked Members to approve the submission of the Access York Full Approval application to the Department for Transport (DfT) to enhance the Park & Ride network, critical for the future economic prosperity and environmental wellbeing of the city.

Tenders received, although within the overall project budget allocation, were not however at a level to provide an adequate contingency allowance. In order to cover these minor adjustments to the project a funding increase was recommended. Details of the overall funding provision and the need for DfT approval prior to the end of the 2012/13 financial year, to enable work to commence in March 2013, were set out in paragraphs 6 to 23 of the report.

Depending on when Full Approval for the scheme was received the current Capital Programme profile would require variation with an additional £750k required from the Economic Infrastructure Fund in 2012/13 to ensure delivery of this project. Further information on the budget profile, acceptance of the tender and advance site clearance and utility works were set out at paragraphs 29 to 44.

The Cabinet Member confirmed that this would be the largest transport scheme undertaken in the York area for several decades, serving the A59 corridor including York Central and the British Sugar sites.

RESOLVED: That Cabinet agree to approve the following in relation to this scheme:

- i) Submission of the Full Approval Application to the Department for Transport. <sup>1.</sup>
- ii) An increase in the local contribution to the scheme of up to £750k from the Economic Infrastructure Fund and a re-profile of the Capital Programme where necessary. <sup>2.</sup>
- iii) Commencement of advance site clearance.
- iv) Commencement of advance utility diversions. <sup>3.</sup>
- v) Delegation of the acceptance of the Most Economically Advantageous Tender to the Director of City and Environmental Services in consultation with the Cabinet Member for Transport, Planning and Sustainability. <sup>4.</sup>

REASON: To enable the delivery of the Access York project to programme.

Action Required

- |                                                                            |        |
|----------------------------------------------------------------------------|--------|
| 1. Submit application to DfT.                                              | TC     |
| 2. Arrange for reprofiling of Capital Programme.                           | TC     |
| 3. Arrange for advance site clearance and utility diversions.              | TC     |
| 4. Note delegation of acceptance of tender to Director and Cabinet Member. | TC, DR |

**78. TENANCY STRATEGY**

Members considered a report which confirmed the requirement in the Localism Act 2011 for Local Authorities to publish a tenancy strategy for social rented properties by the end of January 2013.

The draft Strategy (attached at Annex 1 of the report) had been prepared following consultation with a wide range of people and organisations and although intended to last for 5 years it was proposed to provide an annual review.

Consideration was given to the following options with an analysis of each being set out at paragraphs 5 to 14 of the report:

Option one – To adopt the strategy as set out in Annex 1.

Option two – To ask officers to revise the document

The Cabinet Member reported further on the new ways of working and the issues arising.

Following further discussion it was

**RESOLVED:** That Cabinet agree to Option 1, to adopt the Tenancy Strategy as set out in Annex 1 of the report.<sup>1</sup>

**REASON:** The strategy takes into account the views of key stakeholders, including local social landlords and seeks to utilise the new freedoms and flexibilities offered by the Localism Act to address housing needs. It is a requirement for the local authority to have a tenancy strategy.

Action Required

1. Implement guidance contained in Tenancy Strategy.

TB

**79. YORK MUSEUMS TRUST SCRUTINY REVIEW FINAL REPORT**

Consideration was given to the final report of the York Museums Trust (YMT) scrutiny review, attached at Annex 1 of the report.

The background to the review and its remit were set out at paragraphs 3 to 5 with the reviews conclusions and recommendations at paragraphs 6 and 7.

In the absence of Cllr Reid, Cllr Fitzpatrick as Vice Chair of the Scrutiny Committee presented the report and its recommendations following agreement of the full Committee and she commended it for Cabinet approval. She confirmed that although a large report it reflected the considerable work undertaken by the Task Group.

Cllr Taylor, as Chair of the Task Group, confirmed his interest in the topic which had been considered very worthy of investigation. He expressed his appreciation to staff for their help and, in particular, the Scrutiny Officer. He went on to explain how the Group had gone about their work with the outcome being very supportive of the YMT and Cabinet were requested to approve the recommendations.

The Leader questioned whether the remit of the scrutiny review been met and Cllr Taylor confirmed that this was part of an ongoing process and that accreditation standards were being met.

The Cabinet Member thanked the Task Group for their hard work and the production of such an in depth report. With little time to fully digest the contents, including the concerns raised, she requested additional time to review the report to gain a better understanding prior to approval of the recommendations. As the Cabinet Member responsible for this area she required a clear audit trail and evidence base to back up the Committee's recommendations.

Task Group Members reiterated that the recommendations had received the approval of the full Scrutiny Committee but confirmed their willingness to undertake further discussions with the Cabinet Member in order to clarify any ambiguous points. They did however point out that any changes would require the agreement of the full Scrutiny Committee.

Following further discussions it was

RESOLVED: That Cabinet agree to:

- i) Note the contents of the final report.
- ii) Request the Assistant Director (Communities, Culture and Public Realm) to arrange a meeting, at the earliest opportunity, of the Scrutiny Task



Group, the Cabinet Member for Leisure, Culture and Tourism and Officers to go through the review recommendations in more detail to enable a report back to the Leisure, Culture and Overview Committee on 23 January 2013. <sup>1</sup>.

- iii) Delegate approval of the final recommendations of the review to the Cabinet Member for Leisure, Culture and Tourism at a future Decision Session. <sup>2</sup>.

REASON: To conclude the Scrutiny Review in line with CYC Scrutiny procedures and protocols

*[Cllr Levene abstained from the discussion and voting on this report as a previous member of the Scrutiny Task Group]*

Action Required

1. Arrange review meeting, at earliest opportunity, with view to reporting back to LC&T O&S

Committee on 23 January.

CC

Cllr J Alexander, Chair

[The meeting started at 5.00 pm and finished at 6.35 pm].

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**FORWARD PLAN**

**Table 1: Items scheduled on the Forward Plan for the Cabinet Meeting on 5 March 2013**

	<b>Author</b>	<b>Portfolio Holder</b>
<p><b>Smarter York</b>                      Purpose of Report: To update Cabinet on progress with Smarter York.                      Members will be asked to agree a "Smarter Charter".  <i>This item was deferred from November to December Cabinet in order to develop a 'Smarter Charter'</i>  <i>The report was then slipped to the January meeting as the directorate had a large number of other reports being presented to the December meeting. The report will now be taken to Cabinet in March to allow more time for development.</i></p>	Charlie Croft	Cabinet Member for Environmental Services
<p><b>Housing Options and Homelessness Strategy 2013</b>                      Purpose of Report: To review and update York's five year Housing Options and Homelessness Strategy in line with national requirements.                      Members are asked to agree new Housing Options and Homelessness Strategy and action plan.</p>	Becky Ward	Cabinet Member for Health, Housing and Adult Social Services
<p><b>Final report of the End of Life Care Scrutiny Review</b>                      Purpose of Report: To present the Cabinet with the Final Report arising from the End of Life Care Scrutiny Review.                      Members are asked to approve the recommendations arising from the review.</p>	Tracy Wallis	Cabinet Member for Health, Housing and Adult Social Services

<p><b>Neighbourhood Working Update</b></p> <p>Purpose of Report: To update Cabinet on progress with the new Neighbourhood Working model.</p> <p>Cabinet will be asked to note the progress to date.</p> <p><i>This report had slipped from the December to January meeting as the directorate had a large number of other reports being presented to the December meeting.</i></p> <p><i>The report will now be considered by Cabinet at their March meeting to allow for more time for consultation.</i></p>	<p>Charlie Croft</p>	<p>Cabinet Member for Crime and Stronger Communities</p>
<p><b>Final report of Out of Hours Childcare Scrutiny review</b></p> <p>Purpose of Report: To present the Cabinet with the final report arising from the out of hours childcare scrutiny review.</p> <p>Members are asked to approve the recommendations arising from the review.</p>	<p>Tracy Wallis</p>	<p>Cabinet Member for Education, Children and Young People's Services</p>
<p><b>Safer York Partnership Hate Crime Strategy</b></p> <p>Purpose of Report: The Hate Crime Strategy is a multi-agency strategy which, to be successful, requires the support of all key agencies who can contribute to it's delivery. It forms an important part of the CYC Equalities agenda and support of vulnerable communities within the Council Plan.</p> <p>Members are asked to: agree the content of the Hate Crime Strategy and give the commitment of CYC to contributing to its delivery and development.</p> <p><i>The report was slipped to February to allow time to build in comments following the safer York Partnership meeting in December.</i></p> <p><i>At the request of Cabinet, this report will now be considered at the March meeting.</i></p>	<p>Jane Mowat</p>	<p>Cabinet Member for Crime and Stronger Communities</p>

<p><b>Business case for Creation of a Warden Call/CELS Social Enterprise</b></p> <p>Purpose of Report: This Business Plan has been prepared to seek approval from the City of York Council (CYC) Cabinet for the Community Equipment Loan and Telecare Service (CELTAS) to 'spin-out' and become an independent social enterprise, in the form of a Community Interest Company (Company Limited by Guarantee). It covers: •Our vision; •An analysis of the market place we will operate within; •An explanation of the range of services we will offer; •A description of our legal form and our governance arrangements; •An overview of the infrastructure needed to underpin our business; •Our financial forecasts demonstrating the viability of our business; and •An implementation plan outlining how we will establish the new organisation. Our business plan sets out our ambition to build on the established track record of our staff and their outstanding skills and expertise to deliver high quality, professionally delivered Community Equipment Loan and Telecare Services and represents the navigation document for our formation and early period of operation.</p> <p>Members will be asked to approve the Integrated Business Plan for the Community Equipment Loan and Telecare Service (CELTAS) to 'spin-out' of City of York Council (CYC) and become an independent social enterprise.</p> <p><i>The reason this item has slipped to the March Cabinet is to allow more time to consult with customers and continue dialogue with staff.</i></p>	<p>Heather Barden/Graham Terry</p>	<p>Cabinet Member for Health, Housing and Adult Social Service</p>
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**Table 2: Items scheduled on the Forward Plan for the Cabinet Meeting on 2 April 2013**

Title & Description	Author	Portfolio Holder
<p><b>City of York Local Plan Preferred Options</b></p> <p>Purpose of the report: The report will ask that Members approve the City of York Local Plan Preferred Options document, subject to the recommendations of the group, for consultation in late April 2013. Members will be asked to approve the Local Plan Preferred Options document for consultation.</p>	<p>Martin Grainger</p>	<p>Cabinet Member for Transport Planning &amp; Sustainability</p>
<p><b>Developing a Thriving Voluntary Sector</b></p> <p>Purpose of report: To outline the City of York Council's proposed role/obligations as part of a Voluntary Sector Strategy for the City of York.</p> <p>Members are asked to approve the actions identified for CYC within the Citywide strategy.</p> <p><i>This item was slipped from November to the December Cabinet to allow more time for consultation. This report has been slipped to the March meeting to allow further time for consultation. This item has now slipped to the April Cabinet to allow the voluntary sector more time to develop it.</i></p>	<p>Adam Gray</p>	<p>Cabinet Member for Leisure, Culture &amp; Tourism and Cabinet Member for Crime &amp; Stronger Communities</p>

**Table 3: Items slipped on the Forward Plan**

Title & Description	Author	Portfolio Holder	Original Date	Revised Date	Reason for Slippage
<p><b>York800 and 2012: The Legacy</b></p> <p>Purpose of Report: To update Cabinet on events held during 2012 and to plan the legacy.</p> <p>Members are asked: To agree a legacy strategy for both participation in active leisure and for events in the city.</p> <p><i>This report has slipped from the December to January meeting as the directorate has a large number of other reports being presented to the December Cabinet.</i></p> <p><i>A decision will now be taken by Cabinet in February 2013 to allow more time for consulting with partners.</i></p>	Jo Gilliland	Cabinet Member for Leisure, Culture and Tourism	Dec 12	Withdrawn	The report will now be considered by the Cabinet Member as it is more appropriate for a Member Decision Session.
<p><b>Review of Fees &amp; Charges</b></p> <p>Purpose of report: This report presents the financial strategy 2013 - 2018, including detailed revenue budget proposals for 2013/14 and 2014/15</p> <p>Members are asked to: Recommend to Council approval of the proposals.</p>	Debbie Mitchell	Cabinet Member for Corporate Services	Feb 13	Withdrawn	This item has been withdrawn as the Financial Strategy was on twice and will be going to the February Cabinet.

<p><b>Business case for Creation of a Warden Call/CELS Social Enterprise</b></p> <p>Purpose of Report: This Business Plan has been prepared to seek approval from the City of York Council (CYC) Cabinet for the Community Equipment Loan and Telecare Service (CELTAS) to 'spin-out' and become an independent social enterprise, in the form of a Community Interest Company (Company Limited by Guarantee). It covers:</p> <ul style="list-style-type: none"> <li>•Our vision;</li> <li>•An analysis of the market place we will operate within;</li> <li>•An explanation of the range of services we will offer;</li> <li>•A description of our legal form and our governance arrangements;</li> <li>•An overview of the infrastructure needed to underpin our business;</li> <li>•Our financial forecasts demonstrating the viability of our business; and</li> <li>•An implementation plan outlining how we will establish the new organisation. Our business plan sets out our ambition to build on the established track record of our staff and their outstanding skills and expertise to deliver high quality, professionally delivered Community Equipment Loan and Telecare Services and represents the navigation document for our formation and early period of operation.</li> </ul> <p>Members will be asked to approve the Integrated Business Plan for the Community Equipment Loan and Telecare Service (CELTAS) to 'spin-out' of City of York Council (CYC) and become an independent social enterprise.</p>	<p>Heather Barden/ Graham Terry</p>	<p>Cabinet Member for Health, Housing and Adult Social Service</p>	<p>Feb 13</p>	<p>March 13</p>	<p>The reason this item has slipped to the March Cabinet is to allow more time to consult with customers and continue dialogue with staff.</p>
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<p><b>Smarter York</b></p> <p>Purpose of Report: To update Cabinet on progress with Smarter York.</p> <p>Members will be asked to agree a "Smarter Charter".</p> <p><i>This item was deferred from November to December Cabinet in order to develop a 'Smarter Charter'</i></p> <p><i>The report was then slipped to the January meeting as the directorate had a large number of other reports being presented to the December meeting.</i></p>	Charlie Croft	Cabinet Member for Environmental Services	Nov 2012	March 2013	The report will now be taken to Cabinet in March to allow more time for development.
<p><b>Neighbourhood Working Update</b></p> <p>Purpose of Report: To update Cabinet on progress with the new Neighbourhood Working model.</p> <p>Cabinet will be asked to note the progress to date.</p> <p><i>This report had slipped from the December to January meeting as the directorate had a large number of other reports being presented to the December meeting</i></p>	Charlie Croft	Cabinet Member for Crime and Stronger Communities	Dec 2012	March 2013	The report will now be considered by Cabinet at their March meeting to allow for more time for consultation.
<p><b>Developing a Thriving Voluntary Sector</b></p> <p>Purpose of report: To outline the City of York Council's proposed role/obligations as part of a Voluntary Sector Strategy for the City of York. Members are asked to approve the actions identified for CYC within the Citywide</p>	Adam Gray	Cabinet Member for Leisure, Culture & Tourism and Cabinet Member for	Nov 2012	April 2013	This item has now slipped to the April Cabinet to allow the voluntary sector more time to develop it.

<p>strategy.</p> <p><i>This item was slipped from November to the December Cabinet to allow more time for consultation. This report had slipped to the March 2013 meeting to allow further time for consultation.</i></p>		<p>Crime &amp; Stronger Communities</p>			
<p><b>Safer York Partnership Hate Crime Strategy</b></p> <p>Purpose of Report: The Hate Crime Strategy is a multi-agency strategy which, to be successful, requires the support of all key agencies who can contribute to it's delivery. It forms an important part of the CYC Equalities agenda and support of vulnerable communities within the Council Plan.</p> <p>Members are asked to: agree the content of the Hate Crime Strategy and give the commitment of CYC to contributing to its delivery and development.</p> <p><i>The report was slipped to February to allow time to build in comments following the safer York Partnership meeting in December.</i></p>	<p>Jane Mowat</p>	<p>Cabinet Member for Crime and Stronger Communities</p>	<p>Jan 2013</p>	<p>March 2013</p>	<p>At the request of Cabinet, this report will now be considered at the March meeting.</p>



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**Cabinet**

12 February 2013

**Report of the Cabinet Member for Corporate Services****2012-13 Performance and Finance Monitor 3****Purpose**

1. The purpose of this report is to set out the performance of the Council in delivering its Council Plan priorities and report progress on delivering the revenue budget, covering the period 1 October 2012 to 31 December 2012. The report sets out headline performance in the delivery of the Council Plan and projected performance against budget.

**Summary**

2. The effects of the recession and the increasing squeeze on local authority finances has made 2012 a particularly challenging year for the council. Containing spend within budget whilst maintaining service delivery and performance has been more challenging than ever.
3. The government announced in December that the settlement for 2013/14 has been revised to include a further 1% cut in budget for the next financial year. Whilst this has no direct effect on the position for this year, the implications of having to find additional savings by April 2013 requires the council to accelerate existing work and initiate additional changes to enable a balanced budget to be set. All this puts additional pressure on already scarce resources.
4. The impacts of the Welfare Reforms will start to be felt in earnest from April 2013, putting further pressure on the council in its support of the most vulnerable residents. With the UK economy also shrinking by a further 0.3% in the last three months of 2012, there are increasing concerns that the economy could re-enter recession if negative growth is encountered in the first three months of 2013, adding to the challenges that will be faced by the city.
5. York's low council tax and low spend per head compared with other unitary authorities results in a low funding base. As a result, the council has to be rigorously efficient in its use of resources. The Government capping of

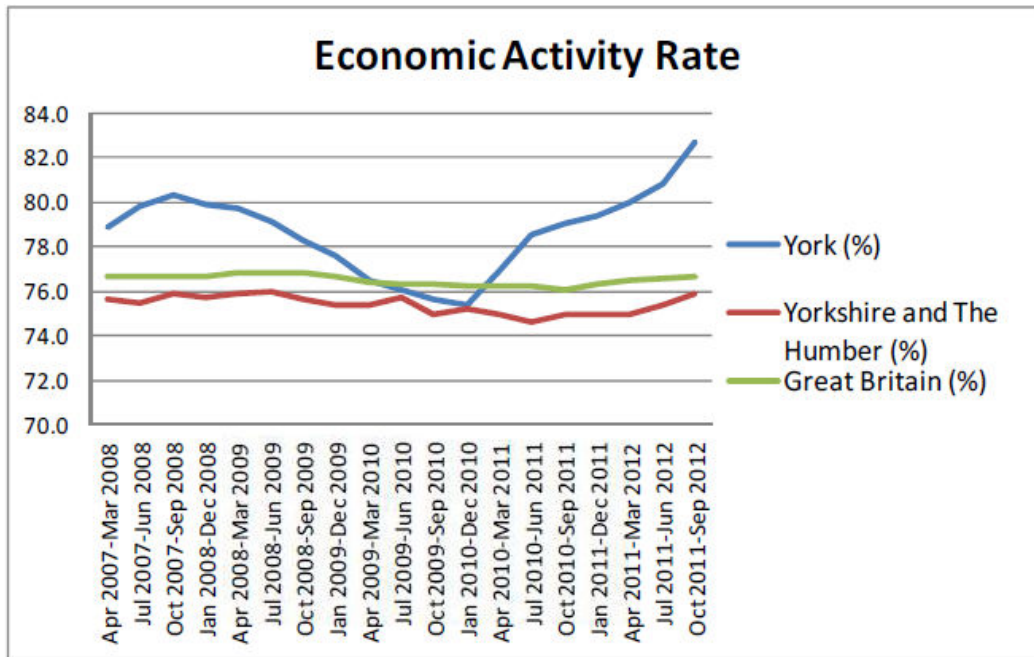
council tax rises at 2% without referendum further restricts the available options when making tough decisions about maintaining services.

6. Despite this challenging context, York and its partners have delivered significant successes in 2012 and maintained strong performance in key areas, including:
  - York has attracted around 800 new jobs to the city this year
  - Workforce skills are ranked 3rd best out of 64 cities.
  - Jobseeker numbers are still well below regional and national averages
  - Resident wage levels being lifted above the national average.
  - Reablement Service overachieving its targets whilst reducing costs.
  - The 'attainment gap' at both Key Stage 2 and Key Stage 4 is falling
  - Reduction in crime predicted to be a further 9.5% this year
7. Significant progress has been made over the last six months to implement mitigation strategies for reducing spend this year. As a result, since Monitor 2 the forecast pressures to have so far reduced by a further £800k and currently stand at £1.7m. Continued action and monitoring is needed to ensure these mitigation strategies continue to deliver the anticipated savings. This extensive work will continue to ensure that the remaining pressures are mitigated by the end of the financial year and that the revenue budget of the council is balanced.

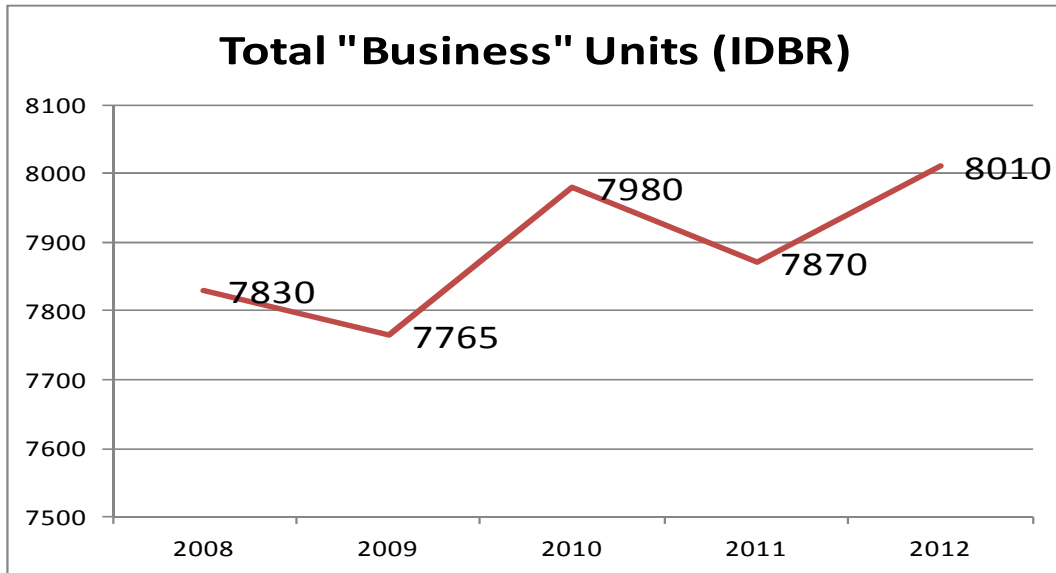
## **Council Plan Performance & Delivery**

### **Create Jobs & Grow the Economy**

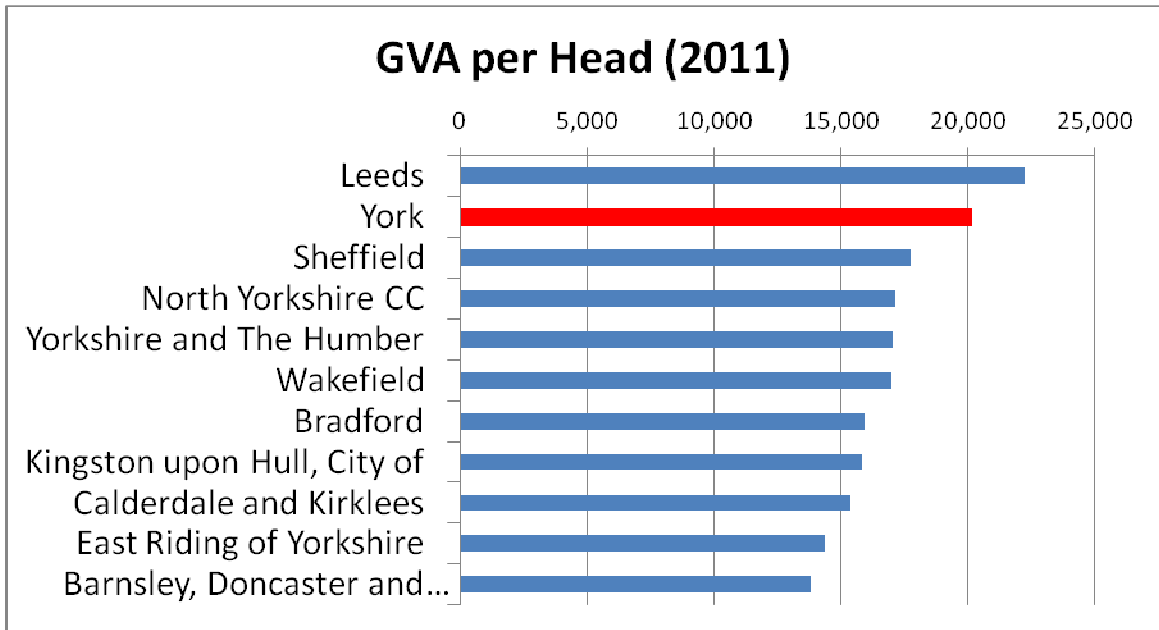
8. This is a priority for the council and is core to ensuring the sustained prosperity of the city and the financial security of the authority. The Global, European and National economic picture is still a fragile one, with the Office for Budgetary Responsibility cutting the UK growth forecasts for the near future and extending the current period of austerity.
9. However, even with a relatively bleak national backdrop, York's economy continues to perform well against the regional and national picture, with stronger than average employment, wage and business growth. York does still have some challenges around the lower paid, part-time employment levels and productivity (GVA) per head and these areas will be the focus of some coordinated work over the coming months to support those most at risk of financial hardship and in-work poverty.
10. The city's economic activity rate illustrates the overall economic picture for the city, performing well in comparison to the regional and national picture.



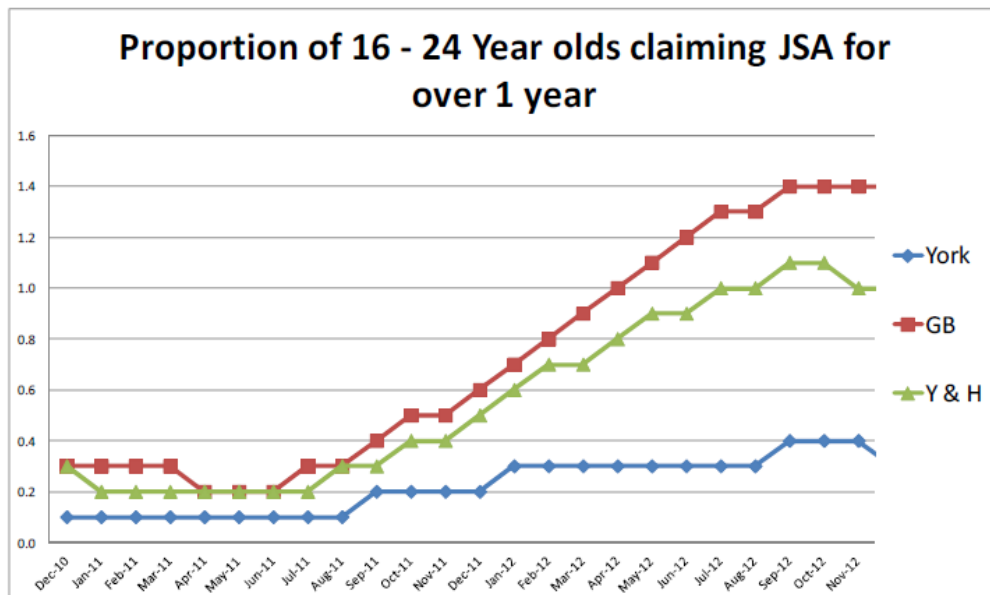
11. The recent release of the 2012 Business Units Data (ONS) is also showing positive signs for York. The city has seen an increase in local Business Units from 7,870 in 2011 to 8,010 in 2012. The ONS Business Demography data also shows an improvement on Business Survival Rates in York, performing better than the regional and national averages.



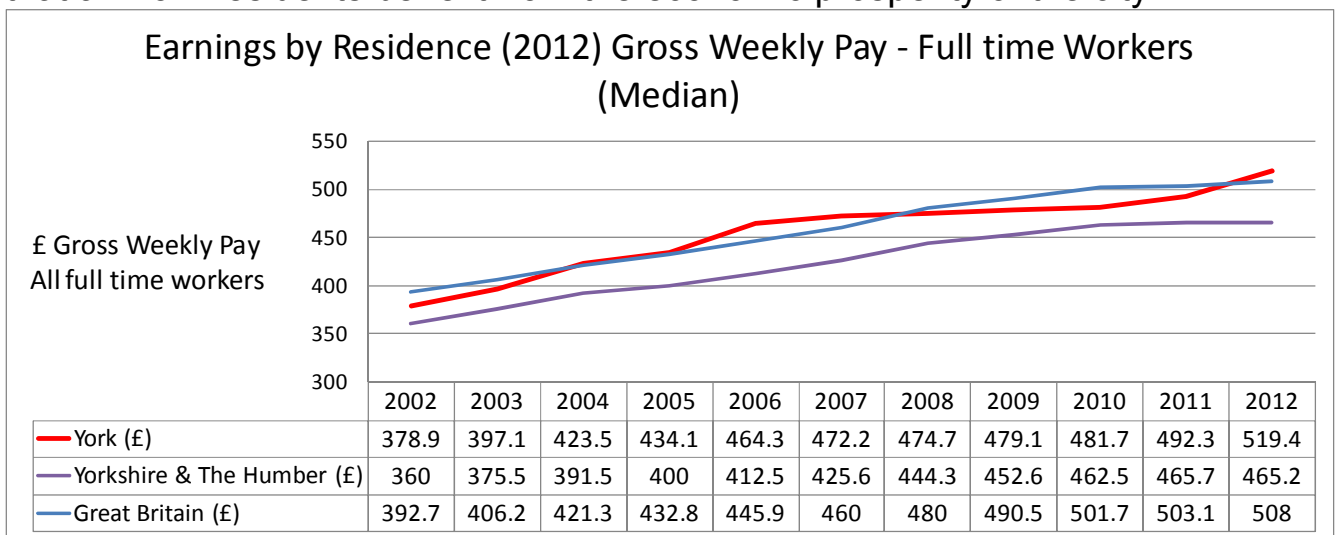
12. The latest productivity (GVA) data per head indicates York's residents have the second highest GVA per head in the region (after Leeds), and well above the regional value.



13. In employment terms, York's economy continues to perform well. Latest figures show that York's unemployment rate was 2.1% in December (JSA claimants) whilst national & regional rates are at much higher levels (3.7% and 4.7% respectively). This represents a continuation of the trend over the last two years of York positively increasing the gap between our local unemployment rate and the regional/national rate. York's percentage of its population on JSA is now on a downward trend and is the lowest number in four years.
  
14. Whilst youth unemployment still remains a challenge, long term youth unemployment (16-24 year-olds) has now levelled off locally and has remained stable at 0.4% from September, and has fallen to 0.3% in December – well below the national & regional figures (currently 1.0% and 1.4%). However these are the highest rates the local authority has seen in recent times and work is ongoing to address this.



15. Housing availability continues to be a challenge for York but the Get York Building Programme is strengthening and positive effects are starting to be seen. In the six months to September 2012 there have been 295 net housing completions and based on information from developers and landowners we estimate that net completions for the whole of the 2012/13 financial year will be in the region of 450-500 completions.
16. However, despite this positive activity, the target to increase the number of affordable homes by 126 is not predicted to be met in year (current forecast 102). Work continues to move on development sites (such as Hungate) in the present challenging market conditions.
17. For the first time since 2007, average earnings for full time workers resident in York have risen above the national average and the gap between York and the region has also increased since 2011. Average earnings for those working in jobs in York have also increased and York now sits second highest in the region for workplace pay, an improvement since 2011 which shows significant progress in this area.
18. However, some clear challenges are emerging with regard to part-time pay rates and wage levels for the lowest paid full time workers – a redefined programme of work is being developed to address these issues and ensure that all York residents benefit from the economic prosperity of the city.



19. In terms of city centre shop vacancies, the shift seen over Q3 is small, but is still a month-on-month reduction over the three months to December. The percentage of vacant city centre shops now stands at 6.11% (as at 1/1/2013). The percentage of vacant shops at the top of the economic cycle in the city centre sat between 5-6%.

20. Footfall in the city centre through Q3 has weakened, with the average year to date in December 2012 being down by 5.6%, this compares to other Historic Towns and Cities down by 4.6% and All Towns and Cities down by 3.4%. Footfall is also down by 7% at the Visitor Information Centre, and the major tourist attractions. This is also reflected in a decrease in car parking transactions and Coach Parking. Bus journeys originating within the area are down by 11% between April and October 2012 compared to the same time period in 2011.
21. The recent set of economic figures released by the Centre for Cities, reinforces that York's strong position nationally, with top ten performance in 9 of the indicators, improvements in performance in 11 indicators (since 2012). The report also confirms the city's challenges around increasing housing supply and business start-ups, highlighting why the York Economic Strategy and |Get York Building programme are so important to the city's development in the coming months and years.
22. The York Economic Strategy is finalised and a delivery plan is now being taken forward to achieve its objectives and Q3 has seen good progress, including:
  - Holding York's second annual business conference
  - Secured a deal with Hiscox to bring 300-500 jobs to the city.
  - Leeds Bradford to Heathrow connection established
  - Commitment made to investing c. £3.5m through Reinvigorate York programme to provide a city centre fit for business
  - Achieved funding for enhanced broadband coverage and wifi through the Super Connected Cities bid and development of the York Core network with City Fibre Holdings
  - Delivered clear proposals for the expansion of Park and Ride
  - Investment agreed in principle for Newgate Market which will improve the offer and potentially enable the development of evening markets
  - Development & agreement of financial inclusion strategy
  - Jobs Fair, attracting 1500 attendees.
23. Working in partnership with other organisations in the region and led by Welcome to Yorkshire, York had a significant role in securing Le Grand Départ of the Tour de France 2014 for Yorkshire. It has now been confirmed that York will host the start of Day 2. The Tour de France has an estimated global audience of 3.5 billion and economic benefit for the region is estimated at £100m and will bring significant benefits to the York economy in 2014.



## Get York Moving

### *Rail:*

24. The Leader and Chief Executive, with representatives of other East Coast mainline (ECML) local authorities, met the Minister of State for Transport on 11th December to press the business case for further investment to improve ECML capacity, reliability and connectivity.
25. Network Rail announced in January investment proposals of £1 billion in new infrastructure and a further £3 billion on operating, renewing and maintaining existing infrastructure on the London North East (LNE) Route from London to Scotland through Yorkshire. York's new Route Operating Centre (ROC), which is expected to employ 475 people and be completed in March 2013, will be central to an overhaul of signalling on the LNE route. York will benefit through jobs being relocated to the city. The proposals also include £179 million on the electrification of TransPennine routes, as well as electrifying the line between Selby and Micklefield to join up with the East Coast Mainline. A further £240 million is to be spent on addressing key bottlenecks on the East Coast Mainline.

### *Cycling and Walking:*

26. The announcement of Day 2 of Le Tour de France starting from York provides significant opportunity for boosting York's already strong cycling culture. The Chief Executive has been appointed senior legacy lead for the region and York will use the event to increase interest and participation in cycling.
27. Phase one of the Clifton Moor cycle and pedestrian improvements between Hurricane Way and Stirling Road is planned to be completed by the end of March. The scheme to develop an outer connecting cycling route in Haxby and Clifton Moor will be delayed, but is still within the Local Sustainability Transport Fund (LSTF) timescales.

### *Traffic:*

28. Access York Phase 1 is progressing, with a new bus planned for Boroughbridge Road. This will enable buses and taxis quicker access into the City Centre and will support the new Park and Ride at Poppleton. Negotiations are ongoing on bus operator procurement and a proposal will be confirmed before a submission for final approval to the DfT in January.
29. The final report on the business case for the freight consolidation centre was received in December 2012 and is currently being reviewed. The next stage will be to undertake a feasibility study to be completed by June 2013, with delivery anticipated in March 2014.

30. Foot street hours are to be extended by an additional 10½ hours per week. This is an 'experimental traffic regulation order' of up to 18 months and would see the pedestrianised zones enforced from 10.30am - 5:00pm every day in order to encourage visitors and residents to stay in the city centre longer and to support the night time economy.
31. Work is underway to reduce through traffic in the city centre. With options being developed for February 2013 to outline modelling results and proposals for taking the scheme forward. As part of the street clutter rationalisation, the first batch of bollards has been removed from the city centre.
32. The business travel planning network was launched in December 2012 with a travel planning conference and contact has been established with 80 businesses. Bids have been received from these businesses for match funding, enquiries received for more information on sustainable travel initiatives and enquires from more businesses to join the network.

*Bus Travel:*

33. The number of bus journeys originating in the authority area (excluding P&R) are down on the same point last year, but are provisional and subject to change. This continues a trend for declining numbers from the previous year. In contrast the number of journeys on Park & Ride services are 11% up on last year. All data is provisional until validated in May 2013.
34. The Cabinet Member for Transport agreed to the re-tendering of services on several routes in January. It was also agreed to work with First Group, Coastliner and other York bus operators to increase the number of people using bus services and to deliver reliability improvements across their services.
35. The next stage in refreshing the Quality Bus Partnership (QBP) and Network review is underway but will roll over into 2013/14 due to reductions in funding in 2012/13, with a likely completion date of December 2014. An overhaul of bus information is underway, including audio-visual displays and Braille and is on track for delivering in March 2013.

**Build Strong Communities**

*Community Engagement:*

36. The community engagement strategy is being developed to enable residents to be more involved in priority setting and problem solving in their communities and to help them shape the services they receive.

37. TANG Hall has been selected as a Big Local Area by the Big Lottery Fund's Big Local Programme. The area secured £1m over the next 10years to invest in projects and schemes that will enhance the local area and improve the quality of life for its residents.

*Stronger Voluntary Sector:*

38. The Council Management Team recently endorsed a commitment to support employees who want to offer their time and skills to volunteer in the community, with all council employees being eligible to request one days paid leave per annum for volunteering work.

*Safer Inclusive Communities:*

39. The York Equality Scheme, "A Fairer York" was launched in December 2012 setting out a vision for an equal, inclusive and welcoming council and city. The scheme focuses on how the council will ensure that everyone enjoys the excellent quality of life York offers and will help councillors and officers manage council business so that residents, visitors, customers and staff can all enjoy good life outcomes, regardless of who they are and the opportunities and challenges that they face.
40. A key action within the scheme was to increase the number of pitches for Gypsy and Travellers and the Homes and Communities Agency have approved funding to expand the Osbaldwick gypsy and traveller site. A draft Gypsy and Traveller strategy is in development and has been informed by consultation events undertaken in November and December 2012.
41. Total crime in York dropped by 10% (1623 crimes) in 2011-12 compared to 2010-11. The first seven months of data available from Iqanta suggest that crime continues to reduce and at present the reduction is predicted to be between 5 and 10%. Public Protection have exceeded their target for cold-calling zones with 263 zones in place and a further 12 are due by March 2013.
42. Anti Social Behaviour officers across North Yorkshire agreed to develop a North Yorkshire-wide 'community call for action' plan to allow members of the public to trigger a review of an anti-social behaviour case. The Community Trigger will give victims and communities the right to require agencies to deal with persistent anti-social behaviour that has previously been ignored.

*Healthy Sustainable Communities:*

43. Further consultation is underway on the Health and Wellbeing Strategy, to support its completion by March 2013. The strategy will set out the priorities and actions for improving the population's health and wellbeing for the next three years and draws on extensive consultation with stakeholders over the summer and evidence from the city's Joint Strategic

Needs Assessment 2012 (JSNA). The five key priorities have been identified as:

- Making York a great place for older people to live
- Reducing health inequalities
- Improving mental health and intervening early
- Enabling all children and young people to have the best start in life
- Creating a financially sustainable local health and wellbeing system

44. The Active York Strategy is currently in draft format and is due for sign off by the Active York board members at the next partnership meeting. A paper outlining the action plans and seeking the council's commitment to the strategy will be presented to Cabinet on completion. Funding of £252,705 from the National Lottery (Sport England's "Inclusive Sport Fund") has also been secured by the Sport and active leisure team to maintain provision of sport and physical activity opportunities for disabled people and those with long term medical conditions in York.
45. The council and city partners have commissioned a national charity to launch England's first Recovery College to support people overcoming alcohol and substance misuse. Modelled on a successful community project run in Glasgow, the Wired into Recovery charity trains people who are successfully recovering from addiction to support others going through the recovery process. York's Recovery College will be led by volunteer graduates of the Glasgow college who have themselves recovered and are now in paid employment.
46. The number of people sleeping rough in York (as recorded on one night in December) has increased significantly from last years figure of 2 to 8. This increase is in line with the national trends in homelessness: national homeless charities advise that the number of people sleeping rough in England has increased, underlining fears that spending cuts and recession are driving up levels of homelessness.
47. The number of homeless households living in temporary accommodation is also increasing (109 vs. 99 last quarter), also reflecting national trends in the current challenging economic climate. A refresh of the Homeless Strategy is underway to tackle issues presented by homelessness and the No Second Night Out pilot is up and running with the primary accommodation providers offering emergency beds to rough sleepers.
48. There are also challenges relating to rent arrears for current tenants (up to 2.98% compared to 2.1% for the same period last year) and the percentage of tenants evicted due to arrears has also been increasing (25 evictions compared to 12).

49. To help mitigate the impact of welfare reform two new Money and Employment Advisors have recently been appointed. Their priority will be to visit customers affected by the bedroom tax being introduced April 2013. The Advisors will also help customers prepare for Universal Credit alongside CAB who are offering debt and benefit outreach services.

*Create Communities where young people flourish:*

50. Youth Support Services were awarded one of 12 Youth Innovation Zone (YIZ) grants to establish a new Youth Sector Partnership in the City. The Partnership will bring together youth work providers from the statutory, voluntary, community, uniformed and faith sectors. Members of the play team are supporting the YIZ by working with young people to develop a website.
51. The Shine programme has increased the number of places (over 50,000) and activities (almost 400) available in the period April - December compared to last year. The number of views of the Shine webpage, and number of new cultural providers registered on the website have also increased this year. The first Shine awards were launched by the Lord Mayor in October 2012 to recognise and celebrate the achievements of children and young people between the ages of 5 to 14 around York.

*Improved Community Infrastructure:*

52. The Get York Building Programme continues, as mentioned above, and is driving up the progress on increasing housing supply in the city. The recent increase in affordable housing is welcome and this programme should see further improvements in this area over the coming year.
53. Cabinet have agreed the development of a business plan for a potential community benefit society for the Council's libraries and archive services and £100,000 of government funding has been secured to assist with this.
54. The procurement phase for the Community Stadium has commenced, which is expected to last 15 months with the contract to be awarded in November 2013.

**Protect the Environment**

*Waste*

55. Waste targets for residual household waste and recycling look unlikely to meet targets set for this year. Although the overall residual levels of waste have come down the proportion sent to landfill is forecast to increase. National data for 2012/13 shows York to be underperforming against regional or national averages. York ranks 13th in the Yorkshire and

Humber for Residual household waste and 260th in England, both slipping places from the previous year (12th and 252nd).

56. The total landfill tax position has improved since Q2, with the forecast for household landfill tax reducing from £3,102,080 in Q2 to £2,979,840 (£122,240) in Q3. However, this is still a 12.5% increase on the previous year.
57. The kerbside recycling improvement project is underway. Cabinet have approved the approach and the deadline for completion is April 2013. The review of the Waste Strategy is still being finalised as it was dependent on the outcome of the recent PFI planning decision.

### *Climate Change*

58. Setting up the Green Deal has been delayed due to the decision being referred to LCR Green Economics Panel for scrutiny. Whilst this isn't expected to cause long term problems, other dependant activities have consequently also been delayed. The LCR model remains the most developed option for York, and may result in 615 – 1,230 homes being offered a Green Deal in the first three years of the scheme through a preferred LCR Green Deal Provider.
59. Working closely with partners, the council has successfully secured three streams of DECC funding:
  - £123,000 government funding to trial installing insulation for solid walls. This will test key elements of the new Green Deal framework.
  - £447,000 to install heating systems and insulation in the homes of vulnerable residents in York and N. Yorkshire who are struggling with rising energy bills
  - £300,000 to pilot six community energy collective switching schemes in the region (including one pilot for York). The pilot will set up a club to encourage residents to work together to switch energy suppliers and find a better energy tariff.
60. To help reduce the council's carbon footprint and costs, a new council-wide Pool Car scheme has been launched and CYC is on target to deliver the Carbon Management Programme target of 25% reduction in emissions by end March 2013. The Green Audit has been completed with projects identified to deliver up to 445t CO<sub>2</sub> of savings. Work is now underway looking at feasibility for these projects.
61. CERT funding has been extended until February 2013 and the council has worked hard with the Yorkshire Energy Partnership to ensure that York Residents can take full advantage of the available funding. The scheme (Wrapping up York) is being promoted by the Yorkshire Energy Partnership

and York private sector householders have received 1205 measures. This equates to more than £341k worth of funding which has been drawn down. Nearly 1100 customers have made referrals following an advert in Your Voice in November 2012. It is anticipated that as a result a further 700 measures will be installed in to customers' homes.

62. Work to create an eco-district at British Sugar including more affordable housing has now been recommenced by the applicant. Workshops were held early November to create timetables for application/development.

#### *Natural and Built Environment*

63. The completion of 124 new student homes on Brownfield sites on Hull Road in September has had a significant positive effect on both the net additional homes and the proportion on previously developed land (76% vs. 69% last year).
64. The Strategic Flood Risk Assessment (SFRA) is being updated and work is ongoing on the Land Flood Risk Strategy. As part of our emergency flood response, teams worked collaboratively around the clock to keep York open for business, including sandbagging and pumping rising flood waters away from homes. In December Cabinet approved the Surface Water Management Plan, funding investigations helping to understand surface water issues and to carry out essential repairs and maintenance on a scheduled basis.

#### *Air Quality*

65. The Low Emission Strategy (LES) was agreed by Cabinet October 2012. This is a package of additional measures to help reduce emissions to air, based on using low emission fuels and technologies. It's main focus will be to transform York into a nationally acclaimed low emission city and the Air Quality Action Plan to deliver the changes is now underway, alongside a marketing strategy.
66. York has made a successful bid to DEFRA for a grant to tackle air pollution. York will receive £94,490 to put towards the implementation of Low Emission Strategy measures and £54,490 for assessing the impact of these and other transport measures. The funding will be used to raise awareness of the health impact of air pollution and promote the use of low-emission vehicles and taxis, to residents.
67. The development of an electric vehicle recharging network is progressing with the Council set to order two trial cars in January. Electric vehicle (EV) charging points are being rolled out at the new Park and Ride sites and various locations through the planning process. Charging points are also being installed at Council car parks and existing Park and Ride sites. This

will give York the first three phase AC charging Pay-As-You-Go network in the country.

### **Protect Vulnerable People**

#### *Increased support for early intervention and prevention:*

68. The Reablement service is now providing double the face to face contact since March and 70% of customers are leaving the service with lower, or no support package (exceeding the of target 60%). The Reablement contract has also been re-negotiated, leading to efficiency savings of £213K per annum.

#### *Resource Allocation System:*

69. Numbers of Personal budgets remains steady and above the Government's new target of 70% (73.11% in December). Customer Contribution Policy was revised and agreed by Cabinet Member in December 2012 and the testing of the new tool for allocating indicative personal budgets is underway.

#### *Joined up Working with Health:*

70. Development days are underway for new Neighbourhood Care Teams (including CYC staff) to deliver integrated working around GP practice clusters. Numbers being supported to leave hospital safely are still high, with a peak in November of an additional 40 referrals compared to October.

#### *Elderly Persons Homes:*

71. Six of the seven council homes have now been inspected and all are compliant with the regulations. The review of accommodation is ongoing, looking at the future of elderly care provided within the city.

#### *Admissions - Permanent (65+):*

72. From a good position in Q2 there has been an increase in admissions to EPHs over the winter months. A number of factors may be causing this, including increased frailty for people discharged from hospital, a push from mental health colleagues to reduce non-acute delayed discharges in mental health units and budget controls to ensure the most cost effective support is offered to people needing 24 hour care.

#### *Looked After Children & Children's Social Care:*

73. The LAC Support Service commenced operation on 3 December 2012 as planned, under the supervision of a newly appointed practice manager and indications of early cost savings are already being seen. Whilst the number of Looked After Children has increased by 7 in Q3 to 253 there are indications that early intervention work is having an impact, with a



significant reduction in new entrants to case, and a third less legal applications, so it is expected that numbers will reduce again by April.

74. In the past year there had also been a concern around the numbers of children in care with more than 3+ moves but Q3 figures are now in line with the target, reflecting attention to short term placement stability.
75. The latest available NEET rate continues to perform very well, with notable reductions of young people NEET after Yr 11 and leaving Danesgate, although there is still a challenge around Learner with Learning Difficulties or Disabilities NEET.
76. The Integrated family Support Service (IFS) project is fully up and running. They are now engaged with over 100 Families, many of whom are eligible for funding through the 'Troubled Families' Payment by Results scheme. Overall child poverty has also reduced by 0.4%, equivalent to 130 children.

#### *Schools:*

77. The gap between children eligible for Free School Meals those not has narrowed at both KS2 and KS4 in 2012. KS2 L4+ in English and maths combined, gap narrowed from 33% in 2011 to 27% in 2012, but recent data places York in the bottom quartile.
78. Danesgate have received an improved outcome from their recent Ofsted inspection, moving from 'Satisfactory' to 'Good'. Nine primary schools were inspected by Ofsted, with five moving out of 'Requiring Improvement' to 'Good'. All these schools served the more deprived areas of York, showing an increase in education provision for those who have more need.
79. All parents of year 8 and year 9 pupils leaving Burnholme received their 1st preference of new school.

#### **Finance Monitor**

80. There is strong evidence that York is performing well in delivering its priorities but financial performance is challenging. Following the extensive £21m savings programme in the 2011-12 budget, the 2012-13 budget requires a further £10.75m of savings in order to reach a balanced position. The forecasts outlined in this report reflect a prudent view of how that challenge is currently being met.
81. During the period of the governments deficit reduction programme in particular, when large savings programmes are being implemented, the in year monitoring reports have consistently predicted a continued significant

level of financial pressures which have been successfully addressed during the year resulting in a balanced end of year position.

82. The council's net General Fund budget for 2012-13 is just over £122m. An overview of the finance forecast, on a directorate by directorate basis, is outlined in Table 1 below.

Directorate	2012/13 Net Budget	Reworked 2011/12 Outturn	Monitor 2 position	Latest forecast	Movement
	£'000	£'000	£'000	£'000	£'000
Adults, Children & Education	70,335	+1,523	+2,948	+2,678	-270
City & Environmental Services	20,129	+140	+673	+894	+221
Communities & Neighbourhoods	15,243	+212	+525	+232	-293
Customer & Business Support Services	18,144	-367	-	-200	-200
Office of the Chief Executive	2,864	-90	-	-	-
<b>DIRECTORATE BUDGETS</b>	<b>126,716</b>	<b>+1,418</b>	<b>+4,146</b>	<b>+3,604</b>	<b>-542</b>
Central Budgets	-4,481	-1,767	-1,633	-1,883	-250
<b>GROSS BUDGET</b>	<b>122,235</b>	<b>-349</b>	<b>+2,513</b>	<b>+1,721</b>	<b>-792</b>

Note: Central Budgets includes the use of £599k contingency

Table 1: Finance Overview

83. The mid year forecasts indicate that the council faces financial pressures of £1,721k, an improvement of £792k compared to the £2,513k reported at monitor 2.
84. This improvement is as a result of the mitigation strategies identified and outlined under each Directorate heading in the following sections. These proposals are not without risk as, clearly, the financial position of the health sector or severe weather over the winter months could increase pressure on a number of budgets. However, Council Management Team will continue to monitor the financial position alongside the delivery of mitigating savings with a view to containing the pressures within the overall approved budget for the council.
85. Evidence from other authorities shows that many councils are experiencing either the same or greater level of financial pressures at this point.

### Directorate Financial Performance

86. The following sections provide further information on the financial outturn of each directorate as outlined in Table 1 above.

## **Adults, Children & Education**

87. The Adults, Children and Education directorate is reporting mid-year financial pressures of £2,678k, an improvement of £270k since Monitor 1. The pressures are split between Adult Social Services (£2,216k) and Children's Services (£482k). There was growth of £2,000k included in the Adult and Children's Social Care budgets for 2012/13 but despite this it remains challenging to address the increase in demand for services.

### **Adult Social Care**

88. Pressure on Adult Social Care budgets is, of course, very much a national and a topical issue. In the last couple of months, one Council (Barnet) has attracted national publicity for publishing a graph that shows that within 20 years, its entire budget will be swallowed up by social care costs. The LGA has also conducted a more recent modelling exercise that predicts a 29% shortfall between revenue and spending pressures by the end of the decade.
89. A further piece of work by the LGA indicated that Adult Care costs for York could increase 33% by 2020 and that being the case, even with a 2% increase in council tax each year, Adult Care would still account for half the council's expenditure in the 2019/20 financial year.
90. The latest figures for demographic trends indicate that there has been an increase of over 30% in the number of over 85's between the 2001 and 2011 census data. Further projections indicate a further 9% increase in over 85's by 2015 and 21% by 2020 with a 35% increase in over 90's by 2020. This means not just an increase in the numbers of older people requiring care, but also more people having complex and more costly care needs for longer periods of time.
91. The strategy to address these trends and their incumbent pressures has been to develop early interventions that address needs early and prevent the escalation into more complex care needs and more expensive care packages. As a result, over the last three years an extra 1100 people now receive social care support which exactly matches the growth in the number of people supported by telecare or in receipt of community equipment alone. Whilst the total number of people supported by social care packages is not increasing, those that have a care package have more complex needs and so the costs of the packages are increasing. Local health provision is under strain and increasingly social care is being asked to support people who would previously have received health care support. With developments in medical science young people with complex needs are living for longer and moving from children's services to adult

services, where they can need intensive support to keep them safe and able to live a full life. 35 young people have moved from children's to adult services in the last 2 years, which is a trend we would not have seen even 5 years ago.

92. There is also a shared ambition across local government and health agencies to see health care delivered closer to home. This is underlined in York by the need to work as a community to address the budget deficit within the local health care system. The North Yorkshire and York Review highlighted the need for more joined up working and the need to reduce hospital admissions and lengths of stay. This approach does mean that more people will require social care support and this is currently an area of major concern as early discharge from hospital leads to people with complex care needs requiring very expensive care within their community.
93. The council has seen increasing numbers referred from the hospital for discharge support over the last two years:
  - a. Average of 125 a month in 2010-11
  - b. Average of 135 a month 2011-12 and this trend is continuing
94. People are leaving hospital on average 7 days earlier this year. This means that they require more social care for longer. This is a positive indicator for delivery of the care closer to home strategy, but progress in one part of the system brings pressures in other parts. Top level discussions are taking place with the GP commissioners and the Hospital Trust to consider this problem and seek mitigations.
95. Homecare – The Homecare service has been substantially redesigned and has been successful in signposting customers with low level needs to other forms of provision. This has meant that the number of customers has remained stable despite the growth in the number of potential customers, but it does also mean that the customers receiving the service have more complex needs. This is one reason why, despite unit costs going down following the outsourcing of the service weekly, spend on our home care contracts has increased from £54k a week in July 2011 to £82k a week in November 2012. In March 2011 there were 553 customers receiving an average 7 hours per week of home care. There are currently 720 customers on the tiered contracts receiving an average of 8 hours per week. This results in a forecast financial pressure of some £2,891k.
96. Residential and Nursing Care - The number of admissions to care homes has increased (see para 71). The increasing ability to support people at home for longer means people are needing more intensive support as they enter care homes. This is leading to higher costs in nursing homes and, for some residents, additional 1:1 support to keep them safe. In addition,

unbudgeted fee increases of 1% have been approved in April and October. All these factors have resulted in a forecast financial pressure of £197k.

97. Demographic pressures are also evident in Adult Transport with a forecast overspend of £224k.
98. Vacancies in small day services (£209k) and a range of other minor variations help offset the overall forecast Adult Services overspend.

### **Children Services**

99. The strategy in York has been to invest in preventative services and to support greater early intervention in the belief that this will lead to a reduction in the overall population of young people in care over time. There are some encouraging signs that that this approach is succeeding, with the intake having reduced since it's 2007-9 peak with approximately 20% fewer over 2009-11 than over 2007-9 and some 25% fewer admissions in April-July 2012 than in same four months of 2011.
100. New services have been introduced which are impacting upon the increased number of cases being seen associated with drug and alcohol misuse and domestic violence and our greater targeting of support and the expansion of services such as intensive family support teams specifically aimed at those on the edge of care, give ground for further optimism. We also know that the new front door arrangements are supporting early interventions, coordinated across multiple agencies.
101. However, the financial pressure on the budget for children's services has continued into 2012/13, despite the additional resources of £500k provided in this year's budget. The current pressure reflects various costs associated with the increase in the total number of looked after children which had stood at 253 by the end of the third quarter.
102. Most notably, local foster placements have increased from 174 to 179 (£165k) and Independent Fostering Agency placements have increased from 13 to 16 (£146k). This has had a corresponding impact on support budgets, including staffing (£273k), leaving care costs (£82k), legal fees (£21k) and adoption agency fees (£78k).
103. The Council does continue to benefit from our ability to retain the significant majority of placements in local high quality family settings – compared to authorities with 30% of placements with (more expensive) Independent Fostering Agencies, York continues to have less than 10% in such placements.

104. Overall, our target of safely reducing the care population by the end of 2013/14 is ambitious but appears to be deliverable given the performance in relation to early intervention and managing those on the edge of care.
105. A higher than expected LACSEG Academy refund (£397k) helps offset the forecast overspend.

### **Adults, Children and Education Mitigation Options**

106. All areas of the directorate have been reviewed and work is ongoing within the Directorate Management Team to progress on a range of mitigation proposals, although this is not without some potential impact on customers and services.
107. Vacancy freeze measures are being strictly enforced across the directorate, including relief staff and short term cover. Other expenditure will only be incurred to meet statutory obligations, or where the well being of a vulnerable adult or child could be compromised.
108. Contracts for care provision are being reviewed and opportunities taken to reduce the level of contracted spend where possible, and demand allows.
109. Options for utilising reserves and grants will be taken where a consequent general fund revenue saving can be generated.
110. Charges for services are being reviewed to consider the options for increased income generation.
111. Vacant beds within our Elderly Persons Homes will be used whenever possible for planned respite care.
112. All options to delay the start of planned investment in new or revised services will be considered.
113. Decision making processes for care packages and support are being reviewed to ensure high cost arrangements are thoroughly scrutinised. All high cost packages have to be authorised by a Spend Panel, including The Assistant Director, Group Managers and Commissioning & Contracts Manager to ensure the needs are evidenced and eligible and that the costs are in line with market rates.
114. Discussions with partner agencies, including health, will continue to ensure that costs are effectively managed and controlled across whole systems.

## **City & Environmental Services**

115. The City & Environmental Services directorate is reporting financial pressures of £894k, a deterioration of £221k since Monitor 2.
116. The costs of the recent significant flooding events during the period October to December has resulted in additional costs for the directorate of an estimated £210k. These costs include the filling and distribution of sandbags as well as provision of labour to support the flood relief effort.
117. A number of pressures exist across the Highways, Waste & Fleet service. Savings proposals are being developed to deliver these but in the meantime there is a shortfall in Commercial Waste income (£447k). Savings identified for 2012/13 around changes to terms and conditions, increases in productivity, waste round rationalisation, Household Waste Recycling Centre policy and garden waste collections are yet to be delivered but are offset by a range of one off underspends (£52k), as well as unachieved savings from previous years related to the Fleet Review, Agency Staff, Area Based Working, Internal Trading and Procurement (£436k).
118. Work is ongoing to deliver these savings within Highways, Waste and Fleet as the service is modernised however it is acknowledged that they will not be fully delivered until later financial years and in the meantime compensatory savings have been identified across the directorate.
119. Elsewhere in the Directorate there is a shortfall in Building Control and Land Charges income (£263k), however this is being offset by holding vacancies in the service area (£151k). There is also a £245k shortfall in parking income which has been impacted by recent bad weather, the continued effects of the economic downturn and the temporary closure of the Haymarket car park whilst archaeological works were undertaken. This has been offset by savings on the cost of Concessionary Fares passes, bus service review and Taxicard usage (£413k).
120. The Council is supporting the ongoing Minster Piazza project with funding of £500k. This is funded by a capital budget agreed at 2012/13 budget council (£250k) and an earmarked revenue reserve £250k agreed by Members in September 2007. The work on the project is capital and it is proposed that the council makes a £250k contribution to the project from the Local Transport Plan in 2012/13 rather than the revenue reserve. This will lead to a reduction in funding available for Local Transport Schemes however will provide mitigation towards the Directorate overspend.

### **Communities & Neighbourhoods**

121. The Communities & Neighbourhoods directorate is forecasting financial pressures of £232k, an improvement of £293k from the monitor 2 report. The majority of the pressures are attributable to unachieved savings from 2011/12. A number of these savings whilst undelivered in 2011/12 will be delivered during 2012/13 as a result of ongoing work.
122. Since the first budget monitor there has been a review of all budgets across the Directorate. Savings have arisen from a combination of strict vacancy controls, cutting back on expenditure on training courses, repairs and maintenance, equipment and transport expenditure. It has also been necessary to cease the use of relief staff at Libraries. It is also proposed that the February version of Shine is only available electronically. Further work is still being undertaken with the aim of bringing the outturn into line with budget.
123. Elsewhere in the directorate, no further significant pressures are being anticipated at this time.

### **Customer & Business Support Services**

124. The Customer & Business Support Services directorate is forecasting an underspend of £200k, compared to a balanced position at monitor 2. This underspend is due to strict cost control on a range of budgets and vacant posts held across the directorate.

### **Office of the Chief Executive**

125. The Office of the Chief Executive directorate is currently forecasting that it will contain expenditure within budget. The directorate will continue to try and identify other under spends which could assist in mitigating the council wide position.

### **Corporate Budgets**

126. These budgets include Treasury Management activity and other corporately held funds and an underspend of £1.8m is forecast.
127. At present, it is anticipated that there will be a £500k underspend due to reduced interest paid on borrowing and increased interest earned due to higher than anticipated cash balances and the volatility in financial markets which has allowed for the Council to take advantage of favourable interest rates. Pension strain costs to date have been lower than anticipated in the financial year resulting in an in year underspend of £100k. There is a



saving of £84k on organisation review due to the reduction of 2 Assistant Director posts being achieved earlier than budgeted. Yorwaste have been successful in receiving a refund of some Landfill Tax paid over a number of years, and the council's share of this is £600k.

128. The forecast underspend also assumes that the current contingency of £599k will be fully set aside to meet in year expenditure pressures. This will not be allocated to a particular service at present, but will continue to be held centrally to offset the overall council position.

### **Dedicated Schools Grant**

129. In the DSG area there is a projected underspend of £349k against a budget of £107,405k, primarily due to lower than expected costs related to SEN Out of City Placements. Due to the nature of the DSG, any underspend must be carried forward and added to the following year's funding with overspends either being funded from the general fund or reducing the following year's funding allocation.

### **Housing Revenue Account (HRA)**

130. The current working balance on the HRA is £11,880k and the estimated variance against this is an underspend of £246k, which is due to number of variations across the service, including a number of staff vacancies and increased income from Registered Social Landlords.
131. Following the HRA Self Financing Review, in March 2012 Cabinet agreed a 5 year financial plan. The full HRA Business Plan which sets out details of priorities for the future, including opportunities for using a HRA development fund to support delivery of new council housing is elsewhere on this agenda.
132. Options being considered as part of the Get York Building programme range from commissioning and building new council homes, to utilisation of the HRA to establish joint ventures / Special Purpose Vehicles to work in partnership with private developers to bring forward development of new affordable homes.

### **Financial Controls**

133. The Audit Commission reviews the council's arrangements for securing economy, efficiency and effectiveness on an annual basis. The most recent states that "The Council has generally low service costs per head of population, low management and back office costs and low Council Tax levels, when compared to others. Performance reports, scrutiny reviews

and other reports to members contain comparative information so there is generally a sound awareness of how costs and quality of service compare with others”.

134. Whilst continued determination to control costs from teams across the council should see an improved position as the financial year progresses, further mitigation will need to be identified to contain the expenditure within the approved budget by the end of the financial year. As strategies are identified the reported forecast will be amended in line with the council's stringent financial monitoring, a course of action that has been successful in previous years.
135. Strict expenditure controls are now being put in place across the council, with only very exceptional expenditure being allowed. This includes any spend on filling vacant posts, use of relief staff, training, travel, repairs and maintenance or general supplies and services, unless required for health and safety reasons or to protect vulnerable adults and children. Expenditure will be monitored closely to ensure compliance across all departments.
136. The council's management team will continue to monitor the financial position of the council on a monthly basis with a view to bringing the final outturn in on budget.
137. Should the financial pressures not reduce sufficiently, or proposed mitigation strategies not deliver the improvement required, escalation of the issues will be raised by Director of Customer & Business Support Services to Members outside of the standard reporting schedule.

### **Reserves**

138. The February 2012 Budget Report to Council stated that the minimum level for the General Fund reserve should be £6.1m (or 5% of the net budget). As part of that report, it was also agreed that £250k was added to the reserve to provide an appropriate and prudent level of headroom.
139. Members have to be mindful that any overspend would have to be funded from this reserve reinforcing the need to contain expenditure within budget. Should this happen the Director of Customer & Business Support Services would have no option but to recommend to Council that the reserve is reinstated to at least its minimum required level which would have implications on future budget setting cycles.

## **Analysis**

140. The analysis of the financial position of the council is included in the body of the report.

## **Consultation**

141. There has been extensive consultation with Trade Union groups on the ongoing implications of the council's financial situation.

## **Council Plan**

142. The information and issues included in this report demonstrate progress on achieving the priorities set out in the Council Plan.

## **Implications**

143. The implications are:

- Financial - dealt with in the body of the report.
- Human Resources - there are no specific human resource implications to this report.
- Equalities – equalities impact assessments have been undertaken for all savings proposals and are accounted for at all stages of the financial planning and reporting process.
- Legal - there are no legal implications to this report.
- Crime and Disorder - there are no specific crime and disorder implications to this report.
- Information Technology - there are no information technology implications to this report.
- Property - there are no property implications to this report.

## **Risk Management**

144. The risk management processes embedded across the council continue to contribute to managing the risk issues associated with major projects and key areas of service delivery.

## **Recommendations**

145. Members are asked to:

- a. Note performance against the council plan
- b. Note the current projected pressures of £1,721k

- c. Approve the strategies in place to mitigate the forecast as outlined in the body of the report

*Reason: In order to ensure expenditure is kept within budget.*

<b>Authors:</b>	<b>Cabinet Member &amp; Chief Officer Responsible for the report:</b>		
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	<b>Report Approved</b>	√	<b>Date</b> 31 January 2012
<b>Wards Affected:</b> All			
<b><i>For further information please contact the authors of the report</i></b>			



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**Cabinet****12 February 2013****Report of the Cabinet Member for Corporate Services****Capital Programme – Monitor Three 2012/13****Report Summary**

1. The purpose of this report is to:

- Inform Members of the likely outturn position of 2012/13 Capital Programme based on the spend profile and information to January 2013;
- Inform the Cabinet of any under or overspends
- Seek approval for changes to the programme
- Inform the Cabinet of any slippage and seek approval for the associated funding to be slipped to or from the relevant financial years to reflect this.

2. The 2012/13 – 2016/17 capital programme was approved by Council on 14th February 2012. Since then amendments have taken place as reported to Cabinet in the 2011/12 Capital Programme Outturn report on 17 July 2012, the Capital Programme Monitor 1 report on 4 September 2012 and the Capital Monitor 2 report on 6 November 2012. The changes made as a result of the above papers have resulted in a current approved capital programme for 2012/13 of £69.033m, financed by £27.438m of external funding, and internal funding of £41.595m. Table 1 illustrates the movements from the start budget to the current approved position at monitor 2.

	<b>Gross Budget £m</b>	<b>External Funding £m</b>	<b>Internal Funding £m</b>
Original Budget Approved by Council at 14 Feb 2012	<b>76.112</b>	<b>36.572</b>	<b>39.540</b>
Amendments from 2011/12 Outturn report	(9.045)	(8.291)	(0.754)
Amendments from 2012/13 Monitor 1 report	(1.964)	0.706	(2.670)
Amendments from 2012/13 Monitor 2 report	3.930	(1.549)	5.479
<b>Current Approved Capital Programme</b>	<b>69.033</b>	<b>27.438</b>	<b>41.595</b>

**Table 1 Current Approved Capital Programme**

### **Consultation**

3. The capital programme was developed under the Capital Resource Allocation Model (CRAM) framework and agreed by Council on 23 February 2012. Whilst the capital programme as a whole is not consulted on, the individual scheme proposals and associated capital receipt sales do follow a consultation process with local Councillors and residents in the locality of the individual schemes.

### **Summary of Key Issues**

4. A decrease of £11.752m is detailed in this monitor that results in a revised capital programme budget from £69.033m to £57.281m.
5. The decrease of £11.752m is made up of:
- Under spends of £1.126m (see paragraph 45 for details).
  - Net re-profiling of £10.626m of schemes from the current year to future years.
6. Table 2 outlines the variances reported against each portfolio area. It should be noted that the portfolios have been aligned with the new Council Structure from 1<sup>st</sup> April 2012.

Directorate	Department	Current Approved Budget £m	Revised Capital Budget £m	Variance £m
ACE	Children's, Education and Skills	10.262	5.844	(4.418)
ACE	Adult Social Services	1.307	0.906	(0.401)
CES	Strategic Planning & Transport	9.107	7.816	(1.291)
CES	Community Stadium	2.864	0.635	(2.229)
CES	Economic Development	0.058	0.058	0.000
CANS	Housing & Comm Safety	11.814	10.550	(1.264)
CANS	Culture, Leisure & Public Realm	2.148	2.060	(0.088)
CES	Highways, Fleet & Waste	7.476	7.476	0.000
CBSS	Asset Management	4.841	2.618	(2.223)
CBSS	Admin Accom	14.030	14.030	0.000
CBSS	IT Development Plan	1.612	1.612	0.000
CBSS	Contingency	0.214	0.376	0.162
CBSS	Economic Infrastructure Fund	3.300	3.300	0.000
	<b>Total</b>	<b>69.033</b>	<b>57.281</b>	<b>(11.752)</b>

**Table 2 Capital Programme Forecast Outturn 2012/13**

7. To the mid point in January 2013 there was £30.209m of capital spend representing 54% of the revised budget.

### Options

8. Members can consider the variations to the existing capital programme and choose to approve or reject the proposals contained within the report. Members can choose to approve or reject the recommendations made to Council as a result of the amendments contained in this report.

## Analysis

9. A summary of the key exceptions and implications on the capital programme are highlighted below.

### **ACE - Children's, Education and Skills Services**

#### **Re-profiling**

10. The DfE maintenance programme of works are projected to spend £3.135m in year with all the major schemes planned for 2012/13 having been completed. These include: new boilers at Copmanthorpe Primary; phase 2 of roof repair schemes at Danesgate and Lord Deramore's Primary; replacement of 2 TCUs at Elvington Primary; phase 2 of the boiler replacement at Fulford School; a roof repair scheme at Yearsley Grove Primary; elevational treatments at Haxby Road Primary and Fishergate Primary' plus some smaller electrical upgrade work, and kitchen improvements. Reactive emergency work has been required at Millthorpe School to replace the boilers along with smaller works at other schools. The requirement to reprofile budget of £363k relates in part to retentions on schemes which will not be paid until 2013/14 (approximately £150k) and in part due to not all of the contingency having been spent yet. Due to the state of some of the schools, it has been deemed prudent to hold a contingency to deal with emergencies over the winter period. Any unused contingency in year will be considered with schemes identified in the following financial year.
11. Basic need allocations are paid to local authorities annually, and notification of each year's allocation is only received by LA's towards the end of the financial year. The LA is waiting to be notified by the DfE of the allocation for 2013/14. As the authority is experiencing demographic pressures in a number of areas across the city it is important that the use of this basic need funding is considered carefully in conjunction with the priorities set out in the CYC School Place Planning Framework 2013 document, which has been agreed with the York Education Partnership. Some funding (totalling £200k) has been spent in 2012/13 at Archbishop Holgate's to provide accommodation for the transfer of Burnholme Pupils (£104k), and at Fishergate for the creation of larger classroom spaces (£50k). The majority of the funding will be spent in 2013/14 and future years. The local authority is currently working with clusters of schools to develop



schemes.. It is therefore requested as part of this monitor that £2.210m will be re-profiled to 13/14 from 12/13.

12. The Knavesmire Primary School Expansion and Refurbishment scheme was funded from the additional Basic Need allocation that was made available to the local authority in November 2011. As the pressure on primary school places was most acute in the south bank area the funding was allocated to the scheme to expand Knavesmire Primary school.
13. Originally the funding for the scheme was earmarked for 2012/13 pending the outcome of the detailed feasibility study and the completion of the planning and design stages of the overall scheme. The scheme was subsequently developed as three phases, of which Phase 1 (the creation of two additional classrooms through internal remodelling), has now been completed on time and within budget. Phase 2 is currently underway and will provide four additional classrooms and a new, larger hall in time for September 2013. Phase 3, which will provide a new mezzanine floor in the existing hall and improve the entrance and reception area of the school, has already been tendered and will commence immediately following the completion of Phase 2, in September 2013. The initial allocation of the expenditure (2012/13) now requires amendment to reflect the three phases of the scheme with £1.663m proposed to be moved to 13/14 to reflect this.
14. Other minor variances are made within delegated authority and shown in the attached annex.

### **ACE – Adult Social Services**

15. As part of this report it is proposed to move the Health and Safety Works at Social Services Establishments budget of £381k (under the EPH infrastructure Works) and re-profile to 13/14 in line with the expected rate of progress on the project and the April report to Cabinet.
16. Other minor variances are made within delegated authority and shown in the attached annex

**CES – Strategic Planning and Transport & Economic Development**

**Re-profiling & Additions**

17. The Better Bus Area fund scheme is forecast to have works to the value of £450k complete in 12/13 with a request to re-profile budget of £225k from 12/13 to 13/14. The request for re-profiling is to allow greater time to complete the feasibility work to ensure the most effective schemes are delivered.
18. The Local Transport Plan (LTP) programme of works is forecast to spend £2.328m in 12/13, the request to re-profile funding of £450k is to take account of delays in the developer led scheme to deliver the second stage of the James St Link Road and re-profiling of Local Sustainable Transport Funds into 13/14. The LSTF funding has been re-profiled to provide more time to develop the most effective Haxby Road to Clifton Moor Cycling scheme and to tie in with available LTP match funding. The level of works within the LTP will be amended by £527k in 13/14 to reflect the increased contribution to the Access York scheme.
19. The York City Walls - Repairs & Renewals programme of works is forecast to spend £72k in 12/13 with £204k of funding to be re-profiled to 13/14, reflecting the reprogramming of improvements to Walmgate Bar.
20. Following the receipt of tenders for the Access York scheme a number of changes to reflect the Full Approval application submitted to the DfT on the 18<sup>th</sup> January 2013 have been made. Subject to approval in the standard 6 week evaluation timescale the main works could commence by the end of March with completion being achievable by Easter 2014. Accordingly the expenditure profile and latest known funding proposals have been reflected through this monitoring report taking the total scheme value to £22.666m (inclusive of 11/12 spend)
21. Other minor variances are made within delegated authority and shown in the attached annex

### **CES – Community Stadium**

22. The Community Stadium project requires budgets to be re-profiled to 13/14 to reflect the Councils contribution to the athletics track not being required until 13/14. The delay is due to the finalisation of legal terms and agreement of detailed specification for the facilities.

### **CES – Highways, Fleet & Waste**

#### **Re-profiling**

23. The Highways resurfacing and reconstruction programme of works is projected to spend £2.640m in 12/13 following a request to re-profile £100k of 12/13 budget to 13/14 to reflect the latest schedule. The Special Bridge Maintenance programme is requesting budget of £100k to be brought forward to 12/13 from 13/14.

### **CANS – Housing & Community Safety**

24. The Modernisation of Local Authority Homes schemes (HRA) are forecast to spend £1.548m in year that reflects a small under spend on minor schemes and a request to re-profile funding from 12/13 to 13/14 totalling £167k. This is in relation to the soundproofing schemes and it has taken the team longer than anticipated to identify problem blocks.
25. The Major Repairs Allowance (HRA) schemes are forecast to spend £4.042m in 12/13 reflecting an under spend of £691k as a result of a retendering exercise on heating and tenants choice schemes.
26. The Building Insulation Programme (Gfund) of works is forecast to spend £630k in 12/13 reflecting a request of £198k to be re-profiled from 12/13 to 13/14 with the remaining units to be completed in spring.
27. The Disabled Facilities Grant (Gfund) scheme is forecast to spend £800k in 12/13, £187k under budget due to a lower than expected number of referrals from occupational therapy. This will result in a 12/13 in year under spend. It is recommended that the under spend is moved to the capital contingency to provide sufficient capacity to address unbudgeted overspends and pressures. Referrals have

increased again now so the expectation is that in 13/14 expenditure will be in line with the budget.

### **CANS – Culture, Leisure and Public Realm**

#### **Re-profiling / Adjustments**

28. The York Explore Phase 2 scheme sees phase 1 of initial development stage works complete in year and requires a budget of £141k to be realigned to reflect stage 2 commencing in 13/14. Additional funding of £506k has recently been confirmed from the Heritage Lottery Fund and has been profiled to 14/15 in line with development plans, this takes the scheme value to over £2.150m
29. The Energise Gym Expansion scheme has been completed in this year and has come in under budget by £225k. The scheme has been delivered to the original specification and the resultant under spend will mean a reduction in the cost of servicing the borrowing for the scheme being paid for from the leisure centres revenue budget.
30. Other minor changes under £100k are made within delegated authority and shown in the attached annex including new schemes under the Parks and Open Spaces Development Bootham Allotments, Chapman's Pond, Leeman Road Gardens, Acomb Green and Sports/play areas totalling £76k funded entirely by S106.

### **CBSS - Administrative Accommodation**

#### **Adjustments / Re-profiling**

31. The projected expenditure for the administrative accommodation project has not changed at monitor 3. The overall project budget remains at the £43.8m approved at Executive June 2008. Work continues to progress on West Offices and employees across the Council are on target to transfer to the new building at the beginning of February 2013.

### **CBSS – Asset management**

#### **Re-profiling & Adjustments**

32. The two schemes currently being undertaken at the Councils Hazel Court site (Security Gate/Reception and the Office of the Future works) are being tendered under a single procurement to ensure

value for money and reduce duplication of resource. The two schemes are currently projecting to have a combined in year spend of £575k reflecting requests to re-profile budget into 13/14 from 12/13 of £250k.

33. The Fire Safety and Adaptations schemes and the Removal of Asbestos schemes are not projected to spend in this financial year. Both schemes will need to be re-profiled into 13/14. The Fire Safety and Adaptations work has been used to fund improvements to primarily to the Elderly Persons Homes (EPH), with the EPH review currently being undertaken this budget will be moved to 13/14 with the overall EPH report being taken to Cabinet in early 13/14. Schemes requiring funding for asbestos removal in 12/13 have not been identified and the budget will be re-profiled to 13/14.
34. Work on the 3 Riverbank repairs schemes has progressed in year and it is forecast that £362k will be spent in year. Due to adverse weather conditions re-profiling of £878k is required to 13/14 from 12/13 with work anticipated to commence in May 2013.
35. The Holgate Park land and demolition scheme is projected to spend a combined £1.6m in year reflecting the acquisition of the site. It is requested that £384k for the scheme be re-profiled to 13/14 and the funding may be required to help deliver the necessary building clearance. A more informed view will be possible once the asbestos survey has been completed.
36. The Critical repairs and contingency budget requires £350k to be re-profiled to 13/14 from 12/13 to reflect the hold put on the Guildhall roof repair in line with the review of the site for alternative use that is currently being undertaken.
37. Other minor variances are made within delegated authority and shown in the attached annex

**CBSS – IT Development Plan / Contingency / Economic Infrastructure Fund (EIF)**

**IT Development Plan**

38. The IT development plan is projected to spend £1.612m in 12/13 with no variations to report at Monitor 3.

### Contingency - Adjustment

39. The Capital contingency exists to deal with in year unforeseen demands on the capital programme and to allow flexibility to respond to non major requests for new funding. £25k has been allocated from the contingency to the Strensall Community, Youth and Sports Association scheme, following the successful completion of the under lease and licence. The decision to fund the £25k contribution to the scheme was made at the 2009/10 Capital Outturn report reported to the Executive and approved on the 20 July 2010.
40. It is requested that the resulting spare funding made available by the under spend on the DFG schemes set out in paragraph 26 is moved to the capital contingency to provide sufficient capacity to address unbudgeted overspends and pressures.

### Economic Infrastructure Fund – Adjustment

41. The Economic Infrastructure Fund remains at the £28.5m as approved at Budget Council in February 2012. The changes shown on Annex A as part of this report are internal fund movements (between EIF sub schemes) to reflect the latest know spend profiles on the major schemes of Access York Phase 1, the Better Bus Fund and Reinvalidate York as approved through the EIF reports to Cabinet. Table 3 shows the overall spend and commitment profile of the EIF over the existing 5 year programme.

	<b>12/13</b>	<b>13/14</b>	<b>14/15</b>	<b>15/16</b>	<b>16/17</b>	<b>Total</b>
<b>Available Funding</b>	<b>3,300</b>	<b>5,800</b>	<b>6,800</b>	<b>6,800</b>	<b>5,800</b>	<b>28,500</b>
<b>Total Allocations</b>	1,973	8,993	2,133	136	136	<b>13,372</b>
Allocations Approved	1,973	6,343	2,133	136	136	<b>10,722</b>
Allocations Pending		2,650				<b>2,650</b>
<b>Balance Remaining</b>	<b>1,327</b>	<b>(3,193)</b>	<b>4,667</b>	<b>6,664</b>	<b>5,664</b>	<b>15,128</b>

**Table 3 - Summary EIF – Overall values of Approvals/Proposals**

42. Table 3 indicates in 13/14 a level of over commitment of the EIF in a single year, at this stage no re-profiling is recommended as a number

of schemes spend profiles need to become clearer during 13/14. Annex B sets out the name and profile of the individual schemes that make up the allocations pending and approved above.

## Summary

43. As a result of the changes highlighted above the revised 5 year capital programme is summarised in Table 4.

<b>Gross Capital Programme</b>	<b>2012/13</b>	<b>2013/14</b>	<b>2014/15</b>	<b>2015/16</b>	<b>2016/17</b>	<b>Total</b>
	<b>£m</b>	<b>£m</b>	<b>£m</b>	<b>£m</b>	<b>£m</b>	<b>£m</b>
<b>Current Programme</b>	<b>69.033</b>	<b>46.756</b>	<b>31.628</b>	<b>19.792</b>	<b>19.461</b>	<b>186.670</b>
<b>Adjustments :</b>						
ACE - Children's Education & Skills	(4.418)	4.446				0.028
ACE – Adult Services	(0.401)	0.447				0.046
CANS –Culture, Leisure & Public Realm	(0.088)	(0.141)	0.506			0.277
CANS – Housing & Community Safety	(1.264)	0.365				(0.899)
CES – Highways, Fleet & Waste						0.000
CES – Strategic Planning & Transport	(1.291)	1.857	(1.266)			(0.700)
CES - Community Stadium	(2.229)	2.229				0.000
CES - (Economic Development)						0.000
CBSS – Asset Management	(2.223)	2.248				0.025
CBSS - IT Development Plan						0.000
CBSS – Administration Accommodation						0.000
Miscellaneous	0.162					0.162

(Contingency)						
Economic Infrastructure Fund						0.000
<b>Revised Programme</b>	<b>57.281</b>	<b>58.207</b>	<b>30.868</b>	<b>19.792</b>	<b>19.461</b>	<b>185.609</b>

**Table 4 Revised 5 Year Capital Programme**

### Funding the 2012/13 – 2016/17 Capital Programme

44. The revised 2012/13 capital programme of £57.281m is currently being funded from £21.227m external funding and £36.054m of internal funding. The internal controlled funding is comprised of revenue contributions, revenue reserves, prudential borrowing, right to buy housing capital receipts and general capital receipts.

45. Table 5 shows the projected call on Council resources going forward.

	2012/13	2013/14	2014/15	2015/16	2016/17	Total
	£m	£m	£m	£m	£m	£m
<b>Gross Capital Programme</b>	<b>57.281</b>	<b>58.207</b>	<b>30.868</b>	<b>19.792</b>	<b>19.461</b>	<b>185.609</b>
Funded by:						
<b>External Funding</b>	<b>21.227</b>	<b>36.347</b>	<b>19.131</b>	<b>10.140</b>	<b>11.719</b>	<b>98.564</b>
<b>Council Controlled Resources</b>	<b>36.054</b>	<b>21.860</b>	<b>11.737</b>	<b>9.652</b>	<b>7.742</b>	<b>87.045</b>
<b>Total Funding</b>	<b>57.281</b>	<b>58.207</b>	<b>30.868</b>	<b>19.792</b>	<b>19.461</b>	<b>185.609</b>

**Table 5 – 2012/13 –2016/17 Capital Programme Financing**

46. The Council controlled figure is comprised of a number of resources that the Council has ultimate control over how it chooses to apply them, these include Right to Buy receipts, Revenue Contributions, Borrowing, Reserves (including Venture Fund) and Capital Receipts.

47. The under spend of £1.126m in 12/13 reported as part of this monitor is comprised of a number of schemes and relates the following sources of funding:

- Government funded grants -£701k
- Developers Contributions -£137k
- Revenue Contributions from existing departmental budgets +£17k



- Departmental Borrowing -£305k (made up of -£225k Energise Gym Expansion and -£80k Yearsley Pool Energy Improvements)

48. It should be recognised that capital receipts which form part of the Council Controlled Resources should be considered at risk of not being realised within set time frames and are estimated values until the receipt is received. The capital programme is predicated on a small number of large capital receipts, which if not achieved would cause significant funding pressures for the programme. The Director of Customer and Business Support closely monitors the overall funding position to ensure that the capital programme remains balanced. Any issues with regard to financing will be reported as part of the standard reporting cycle to the Cabinet.

### **Council Plan**

49. The capital programme is decided through a formal process, using a Capital Resource Allocation Model (CRAM). CRAM is a tool used for allocating the Council's scarce capital resources to schemes that contribute toward the achievement of the Council Plan. The Capital Asset Board (CAB) meet monthly to ensure the capital programme targets the Councils Plan. The Capital programme addresses all 5 priorities of the Council Plan due to its varied and numerous schemes as shown in the main body of the report.

### **Implications**

#### **Financial Implications**

50. The financial implications are considered in the main body of the report.

#### **Human Resources Implications**

51. There are no HR implications as a result of this report

#### **Equalities Implications**

52. There are no equalities implications as a result of this report

#### **Legal Implications**

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

## **Crime and Disorder**

54. There are no crime and disorder implications as a result of this report.

## **Information Technology**

55. There information technology implications as a result of this report are contained in the main body of the report.

## **Property**

56. The property implications of this paper are included in the main body of the report.

## **Risk Management**

57. The capital programme is regularly monitored as part of the corporate monitoring process. In addition the Capital Asset Board meets monthly to plan, monitor and review major capital schemes and considers all the associated impacts of the scheme.

## **Recommendations**

58. The Cabinet is requested to:

- Recommend to Full Council the adjustments in the Capital programme of an overall decrease of £11.752m in 2012/13 with re-profiling of budget from 2012/13 to 2013/14 and 2014/15 of £10.626m as detailed in the report and contained in Annex A.
- Note the 2012/13 revised budget of £57.281m as set out in paragraph 6 and Table 2.
- Note the restated capital programme for 2012/13 – 2016/17 as set out in paragraph 43, Table 4 and detailed in Annex A.
- Note the re-profiling and adjustments of the Economic Infrastructure fund to align to spend and approval as set out in the Economic Infrastructure reports to Cabinet noting the overall fund remaining at £28.5m and Annex B showing current EIF position.

Reason: to enable the effective management and monitoring of the Council's capital programme

**Contact Details**

<b>Authors:</b>	<b>Cabinet Member &amp; Chief Officer Responsible for the report:</b>		
Ross Brown Principal Accountant Ext 1207	Councillor Julie Gunnell Cabinet Member for Corporate Services		
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	<b>Report Approved</b>	√	<b>Date</b> 22/01/13
<b>Wards Affected:</b> All			
<i>For further information please contact the authors of the report</i>			

<b>Specialist Implications:</b>
<b>Legal</b> – Not Applicable
<b>Property</b> – Philip Callow Head of Asset and Property Management Extension - 3362
<b>Information Technology</b> – Not Applicable

**Background Papers:**

Budget Control 1213 Monitor 3  
Departmental Capital Pro-forma

**Annexes**

Annex A –Capital Programme 12/13 to 16/17  
Annex B – Summary Economic Infrastructure Fund 12/13 – 16/17

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	2012/13	2012/13	2012/13	2012/13	2012/13	2013/14	2012/13	2012/13	2014/15	2012/13	2012/13
	Mon 3	Mon 3	Revised	Mon 3	Mon 3	Revised	Mon 3	Mon 3	Revised	Mon 3	Mon 3
	Adj	Reprofile	Budget	Adj	Reprofile	Budget	Adj	Reprofile	Budget	Adj	Reprofile
	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000
<b>ACE - Children's, Education and Skills</b>											
<b>NDS Devolved Capital</b>			476			475			475		
- External Funding	0	0	476	0	0	475	0	0	475	0	0
- Internal Funding	0	0	0	0	0	0	0	0	0	0	0
<b>Targeted Capital Fund 14-19 Diploma</b>			949			0			0		
- External Funding	0	0	949	0	0	0	0	0	0	0	0
- Internal Funding	0	0	0	0	0	0	0	0	0	0	0
<b>DIE Maintenance</b>	-10	-363	3,135		363	2,696			2,553		
- External Funding	-10	-363	3,135	0	363	2,696	0	0	2,553	0	0
- Internal Funding	0	0	0	0	0	0	0	0	0	0	0
<b>Schools Access Initiative</b>			2			0			0		
- External Funding	0	0	0	0	0	0	0	0	0	0	0
- Internal Funding	0	0	2	0	0	0	0	0	0	0	0
<b>Primary School Strategic Programme</b>			185			0			0		
- External Funding	0	0	185	0	0	0	0	0	0	0	0
- Internal Funding	0	0	0	0	0	0	0	0	0	0	0
<b>Joseph Rowntree One School Pathfinder</b>			218			0			0		
- External Funding	0	0	218	0	0	0	0	0	0	0	0
- Internal Funding	0	0	0	0	0	0	0	0	0	0	0
<b>Applefields School - Co Location</b>			53			0			0		
- External Funding	0	0	53	0	0	0	0	0	0	0	0
- Internal Funding	0	0	0	0	0	0	0	0	0	0	0
<b>Basic Need</b>		-2,210	200		2,210	4,544			2,334		
- External Funding	0	-2,210	200	0	2,210	4,544	0	0	2,334	0	0
- Internal Funding	0	0	0	0	0	0	0	0	0	0	0
<b>MUGA at Burnholme School</b>	38		88			0			0		
- External Funding	0	0	50	0	0	0	0	0	0	0	0
- Internal Funding	38	0	38	0	0	0	0	0	0	0	0
<b>Looked After Childrens Contact Centre</b>		-210	38		210	210			0		
- External Funding	0	-20	38	0	20	20	0	0	0	0	0
- Internal Funding	0	-190	0	0	190	190	0	0	0	0	0
<b>Knavemire Expansion</b>		-1,663	500		1,663	1,663			0		
- External Funding	0	-1,663	500	0	1,663	1,663	0	0	0	0	0
- Internal Funding	0	0	0	0	0	0	0	0	0	0	0
<b>TOTAL GROSS EXPENDITURE</b>	28	-4,446	5,844	0	4,446	9,588	0	0	5,362	0	0
<b>TOTAL EXTERNAL FUNDING</b>	-10	-4,256	5,804	0	4,256	9,398	0	0	5,362	0	0
<b>TOTAL INTERNAL FUNDING</b>	38	-190	40	0	190	190	0	0	0	0	0
<b>ACE - Adult Services</b>											
<b>Joint Equipment Store</b>		-20	85		20	125			105		
- External Funding	0	0	0	0	0	0	0	0	0	0	0
- Internal Funding	0	-20	85	0	20	125	0	0	105	0	0
<b>Disabled Support Grant</b>			140			150			160		
- External Funding	0	0	0	0	0	0	0	0	0	0	0
- Internal Funding	0	0	140	0	0	150	0	0	160	0	0
<b>Telecare Equipment</b>			250			250			250		
- External Funding	0	0	0	0	0	0	0	0	0	0	0
- Internal Funding	0	0	250	0	0	250	0	0	250	0	0
<b>Health and Safety Works at Social Services Establishments</b>	-381		50	46		46			0		
- External Funding	-381	0	50	46	0	46	0	0	0	0	0
- Internal Funding	0	0	0	0	0	0	0	0	0	0	0
<b>Adult Services Community Space</b>			100			0			0		
- External Funding	0	0	100	0	0	0	0	0	0	0	0
- Internal Funding	0	0	0	0	0	0	0	0	0	0	0
<b>EPH Infrastructure Works</b>	381	-381	281		381	381			0		
- External Funding	381	-381	281	0	381	381	0	0	0	0	0
- Internal Funding	0	0	0	0	0	0	0	0	0	0	0
<b>TOTAL GROSS EXPENDITURE</b>	0	-401	906	46	401	952	0	0	515	0	0
<b>TOTAL EXTERNAL FUNDING</b>	0	-381	431	46	381	427	0	0	0	0	0
<b>TOTAL INTERNAL FUNDING</b>	0	-20	475	0	20	525	0	0	515	0	0
<b>CANS - Culture, Leisure and Public Realm</b>											
<b>York Pools Strategy -</b>			157			0			0		
- External Funding	0	0	0	0	0	0	0	0	0	0	0
- Internal Funding	0	0	157	0	0	0	0	0	0	0	0
<b>Milfield Lane Comm Sports Centre</b>			380			0			0		
- External Funding	0	0	10	0	0	0	0	0	0	0	0
- Internal Funding	0	0	370	0	0	0	0	0	0	0	0
<b>Children's Play Lottery Bid</b>			8			0			0		
- External Funding	0	0	8	0	0	0	0	0	0	0	0
- Internal Funding	0	0	0	0	0	0	0	0	0	0	0
<b>Library Self-Issue Equipment</b>			2			0			0		
- External Funding	0	0	0	0	0	0	0	0	0	0	0
- Internal Funding	0	0	2	0	0	0	0	0	0	0	0
<b>York Explore Phase 2</b>		141	153		-141	1,493	506		506		
- External Funding	0	93	93	0	-93	1,068	506	0	506	0	0
- Internal Funding	0	48	60	0	-48	425	0	0	0	0	0
<b>Oaklands Sports Hall Floor Replacement</b>			3			0			0		
- External Funding	0	0	0	0	0	0	0	0	0	0	0
- Internal Funding	0	0	3	0	0	0	0	0	0	0	0
<b>Barbican Auditorium</b>			86			0			0		
- External Funding	0	0	86	0	0	0	0	0	0	0	0
- Internal Funding	0	0	0	0	0	0	0	0	0	0	0
<b>Energise Gym Expansion</b>	-225		455			0			0		
- External Funding	0	0	0	0	0	0	0	0	0	0	0

	2012/13	2012/13	2012/13	2012/13	2012/13	2013/14	2012/13	2012/13	2014/15	2012/13	2012/13
	Mon 3	Mon 3	Revised	Mon 3	Mon 3	Revised	Mon 3	Mon 3	Revised	Mon 3	Mon 3
	Adj £000	Reprofile £000	Budget £000	Adj £000	Reprofile £000	Budget £000	Adj £000	Reprofile £000	Budget £000	Adj £000	Reprofile £000
-Internal Funding	-225	0	455	0	0	0	0	0	0	0	0
<b>Yearsley Pool Energy Improvements</b>	<b>-80</b>	<b>0</b>	<b>296</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
- External Funding	0	0	0	0	0	0	0	0	0	0	0
-Internal Funding	-80	0	296	0	0	0	0	0	0	0	0
<b>Closed Cycle Circuit - York Sports Village</b>	<b>0</b>	<b>0</b>	<b>200</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
- External Funding	0	0	0	0	0	0	0	0	0	0	0
-Internal Funding	0	0	200	0	0	0	0	0	0	0	0
<b>City Art Gallery Refurb and Extension</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>250</b>	<b>0</b>	<b>0</b>	<b>250</b>	<b>0</b>	<b>0</b>
- External Funding	0	0	0	0	0	0	0	0	0	0	0
-Internal Funding	0	0	0	0	0	250	0	0	250	0	0
<b>Rowtree Park DDA</b>	<b>0</b>	<b>0</b>	<b>60</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
- External Funding	0	0	0	0	0	0	0	0	0	0	0
-Internal Funding	0	0	60	0	0	0	0	0	0	0	0
<b>Rowtree Park Café Project</b>	<b>0</b>	<b>0</b>	<b>150</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
- External Funding	0	0	0	0	0	0	0	0	0	0	0
-Internal Funding	0	0	150	0	0	0	0	0	0	0	0
<b>Parks and Open Spaces Development</b>	<b>76</b>	<b>0</b>	<b>110</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
- External Funding	76	0	110	0	0	0	0	0	0	0	0
-Internal Funding	0	0	0	0	0	0	0	0	0	0	0
<b>York Theatre Royal</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>250</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
- External Funding	0	0	0	0	0	0	0	0	0	0	0
-Internal Funding	0	0	0	0	0	250	0	0	0	0	0
<b>TOTAL GROSS EXPENDITURE</b>	<b>-229</b>	<b>141</b>	<b>2,060</b>	<b>0</b>	<b>-141</b>	<b>1,993</b>	<b>506</b>	<b>0</b>	<b>756</b>	<b>0</b>	<b>0</b>
<b>TOTAL EXTERNAL FUNDING</b>	<b>76</b>	<b>93</b>	<b>307</b>	<b>0</b>	<b>-93</b>	<b>1,068</b>	<b>506</b>	<b>0</b>	<b>506</b>	<b>0</b>	<b>0</b>
<b>TOTAL INTERNAL FUNDING</b>	<b>-305</b>	<b>48</b>	<b>1,753</b>	<b>0</b>	<b>-48</b>	<b>925</b>	<b>0</b>	<b>0</b>	<b>250</b>	<b>0</b>	<b>0</b>
<b>CANS - Highways, Fleet and Waste</b>											
<b>Waste Infrastructure Capital Grant (WICG)</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
- External Funding	0	0	0	0	0	0	0	0	0	0	0
-Internal Funding	0	0	0	0	0	0	0	0	0	0	0
<b>Highway Resurfacing &amp; Reconstruction (Struct Maint)</b>	<b>0</b>	<b>-100</b>	<b>2,640</b>	<b>0</b>	<b>100</b>	<b>2,406</b>	<b>0</b>	<b>0</b>	<b>2,434</b>	<b>0</b>	<b>0</b>
- External Funding	0	0	1,790	0	0	1,756	0	0	1,684	0	0
-Internal Funding	0	-100	850	0	100	650	0	0	750	0	0
<b>Special Bridge Maintenance (Struct maint)</b>	<b>0</b>	<b>100</b>	<b>100</b>	<b>0</b>	<b>-100</b>	<b>300</b>	<b>0</b>	<b>0</b>	<b>200</b>	<b>0</b>	<b>0</b>
- External Funding	0	0	0	0	0	0	0	0	0	0	0
-Internal Funding	0	100	100	0	-100	300	0	0	200	0	0
<b>Replacement of Unsound Lighting Columns</b>	<b>0</b>	<b>0</b>	<b>1,000</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
- External Funding	0	0	500	0	0	0	0	0	0	0	0
-Internal Funding	0	0	500	0	0	0	0	0	0	0	0
<b>Carbon Reduction in Street Lighting</b>	<b>0</b>	<b>0</b>	<b>200</b>	<b>0</b>	<b>0</b>	<b>200</b>	<b>0</b>	<b>0</b>	<b>200</b>	<b>0</b>	<b>0</b>
- External Funding	0	0	0	0	0	0	0	0	0	0	0
-Internal Funding	0	0	200	0	0	200	0	0	200	0	0
<b>City Centre Damaged Bins Replacement</b>	<b>0</b>	<b>0</b>	<b>72</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
- External Funding	0	0	0	0	0	0	0	0	0	0	0
-Internal Funding	0	0	72	0	0	0	0	0	0	0	0
<b>Single Occupancy Recycling Containers</b>	<b>0</b>	<b>0</b>	<b>43</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
- External Funding	0	0	0	0	0	0	0	0	0	0	0
-Internal Funding	0	0	43	0	0	0	0	0	0	0	0
<b>DCSF Wave 2 PlaybuilderFunding</b>	<b>0</b>	<b>0</b>	<b>12</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
- External Funding	0	0	12	0	0	0	0	0	0	0	0
-Internal Funding	0	0	0	0	0	0	0	0	0	0	0
<b>Flood Pump Resilience</b>	<b>0</b>	<b>0</b>	<b>31</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
- External Funding	0	0	0	0	0	0	0	0	0	0	0
-Internal Funding	0	0	31	0	0	0	0	0	0	0	0
<b>Fleet Vehicles</b>	<b>0</b>	<b>0</b>	<b>3,213</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
- External Funding	0	0	110	0	0	0	0	0	0	0	0
-Internal Funding	0	0	3,103	0	0	0	0	0	0	0	0
<b>Highways Drainage Works</b>	<b>0</b>	<b>0</b>	<b>165</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
- External Funding	0	0	0	0	0	0	0	0	0	0	0
-Internal Funding	0	0	165	0	0	0	0	0	0	0	0
<b>TOTAL GROSS EXPENDITURE</b>	<b>0</b>	<b>0</b>	<b>7,476</b>	<b>0</b>	<b>0</b>	<b>2,906</b>	<b>0</b>	<b>0</b>	<b>2,834</b>	<b>0</b>	<b>0</b>
<b>TOTAL EXTERNAL FUNDING</b>	<b>0</b>	<b>0</b>	<b>2,412</b>	<b>0</b>	<b>0</b>	<b>1,756</b>	<b>0</b>	<b>0</b>	<b>1,684</b>	<b>0</b>	<b>0</b>
<b>TOTAL INTERNAL FUNDING</b>	<b>0</b>	<b>0</b>	<b>5,064</b>	<b>0</b>	<b>0</b>	<b>1,150</b>	<b>0</b>	<b>0</b>	<b>1,150</b>	<b>0</b>	<b>0</b>
<b>CANS - Housing &amp; Community Safety</b>											
<b>Modernisation of Local Authority Homes</b>	<b>-21</b>	<b>-167</b>	<b>1,548</b>	<b>0</b>	<b>167</b>	<b>849</b>	<b>0</b>	<b>0</b>	<b>701</b>	<b>0</b>	<b>0</b>
- External Funding	0	0	0	0	0	0	0	0	0	0	0
-Internal Funding	-21	-167	1,548	0	167	849	0	0	701	0	0
<b>Assistance to Older &amp; Disabled People</b>	<b>0</b>	<b>0</b>	<b>320</b>	<b>0</b>	<b>0</b>	<b>300</b>	<b>0</b>	<b>0</b>	<b>300</b>	<b>0</b>	<b>0</b>
- External Funding	0	0	0	0	0	0	0	0	0	0	0
-Internal Funding	0	0	320	0	0	300	0	0	300	0	0
<b>MRA Schemes</b>	<b>-691</b>	<b>0</b>	<b>4,042</b>	<b>0</b>	<b>0</b>	<b>5,200</b>	<b>0</b>	<b>0</b>	<b>4,997</b>	<b>0</b>	<b>0</b>
- External Funding	-691	0	4,042	0	0	5,200	0	0	4,997	0	0
-Internal Funding	0	0	0	0	0	0	0	0	0	0	0
<b>Local Authority Homes</b>	<b>0</b>	<b>0</b>	<b>1,088</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
- External Funding	0	0	563	0	0	0	0	0	0	0	0
-Internal Funding	0	0	525	0	0	0	0	0	0	0	0
<b>Water Mains Upgrade</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>3,199</b>	<b>0</b>	<b>0</b>	<b>1,333</b>	<b>0</b>	<b>0</b>
- External Funding	0	0	0	0	0	0	0	0	0	0	0
-Internal Funding	0	0	0	0	0	3,199	0	0	1,333	0	0
<b>Building Insulation Programme</b>	<b>0</b>	<b>-198</b>	<b>630</b>	<b>0</b>	<b>198</b>	<b>1,053</b>	<b>0</b>	<b>0</b>	<b>845</b>	<b>0</b>	<b>0</b>
- External Funding	0	0	0	0	0	0	0	0	0	0	0
-Internal Funding	0	-198	630	0	198	1,053	0	0	845	0	0
<b>Housing Grants &amp; Associated Investment (Gfund)</b>	<b>0</b>	<b>0</b>	<b>76</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
- External Funding	0	0	0	0	0	0	0	0	0	0	0

	2012/13	2012/13	2012/13	2012/13	2012/13	2013/14	2012/13	2012/13	2014/15	2012/13	2012/13
	Mon 3	Mon 3	Revised	Mon 3	Mon 3	Revised	Mon 3	Mon 3	Revised	Mon 3	Mon 3
	Adj	Reprofile	Budget	Adj	Reprofile	Budget	Adj	Reprofile	Budget	Adj	Reprofile
	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000
-Internal Funding			76			0			0		
<b>Disabled Facilities Grant (Gfund)</b>	-187		800			1,075			1,125		
- External Funding	0	0	512	0	0	600	0	0	650	0	0
-Internal Funding	-187	0	288	0	0	475	0	0	475	0	0
<b>Air Quality Monitoring (Gfund)</b>			125			0			0		
- External Funding	0	0	125	0	0	0	0	0	0	0	0
-Internal Funding	0	0	0	0	0	0	0	0	0	0	0
<b>Crematorium (Gfund)</b>			1,601			36			0		
- External Funding	0	0	0	0	0	0	0	0	0	0	0
-Internal Funding	0	0	1,601	0	0	36	0	0	0	0	0
<b>Travellers Site Improvements (Gfund)</b>			220			0			0		
- External Funding	0	0	0	0	0	0	0	0	0	0	0
-Internal Funding	0	0	220	0	0	0	0	0	0	0	0
<b>Empty Homes (Gfund)</b>			100			100			100		
- External Funding	0	0	0	0	0	0	0	0	0	0	0
-Internal Funding	0	0	100	0	0	100	0	0	100	0	0
<b>TOTAL GROSS EXPENDITURE</b>	-899	-365	10,550	0	365	11,812	0	0	9,401	0	0
<b>TOTAL EXTERNAL FUNDING</b>	-691	0	5,242	0	0	5,800	0	0	5,647	0	0
<b>TOTAL INTERNAL FUNDING</b>	-208	-365	5,308	0	365	6,012	0	0	3,754	0	0
<b>CES - Strategic Planning &amp; Transport</b>											
<b>Better Bus Area Fund</b>	-	225	445		225	1,320			0		
- External Funding	0	-225	445	0	225	1,320	0	0	0	0	0
-Internal Funding	0	0	0	0	0	0	0	0	0	0	0
<b>Local Transport Plan (LTP)</b>		-450	2,328	-527	450	2,277	27		2,432		
- External Funding	0	-450	2,026	-527	450	2,277	27	0	2,432	0	0
-Internal Funding	0	0	302	0	0	0	0	0	0	0	0
<b>York City Walls - Repairs &amp; Renewals (City Walls)</b>		-204	72		204	294			90		
- External Funding	0	0	0	0	0	0	0	0	0	0	0
-Internal Funding	0	-204	72	0	204	294	0	0	90	0	0
<b>Access York</b>	-213	-119	3,250	223	1,202	13,390	-210	-1,083	1,828		
- External Funding	-213	-119	3,250	223	1,330	12,466	-210	-1,211	1,700	0	0
-Internal Funding	0	0	0	0	-128	924	0	128	128	0	0
<b>Minster Piazza</b>			250			0			0		
- External Funding	0	0	0	0	0	0	0	0	0	0	0
-Internal Funding	0	0	250	0	0	0	0	0	0	0	0
<b>Leeman Road Flood Defences</b>			1,356			0			0		
- External Funding	0	0	0	0	0	0	0	0	0	0	0
-Internal Funding	0	0	1,356	0	0	0	0	0	0	0	0
<b>CCTV Digital Infrastructure</b>			95			0			0		
- External Funding	0	0	10	0	0	0	0	0	0	0	0
-Internal Funding	0	0	85	0	0	0	0	0	0	0	0
<b>Pay on Exit Car Parking Pilot</b>		-80	20		80	80			0		
- External Funding	0	0	0	0	0	0	0	0	0	0	0
-Internal Funding	0	-80	20	0	80	80	0	0	0	0	0
<b>TOTAL GROSS EXPENDITURE</b>	-213	-1,078	7,816	-304	2,161	17,361	-183	-1,083	4,350	0	0
<b>TOTAL EXTERNAL FUNDING</b>	-213	-794	5,731	-304	2,005	16,063	-183	-1,211	4,132	0	0
<b>TOTAL INTERNAL FUNDING</b>	0	-284	2,085	0	156	1,298	0	128	218	0	0
<b>CES - Community Stadium</b>			0			0			0		
<b>Community Stadium</b>		-2,229	635		2,229	3,229			0		
- External Funding	0	0	0	0	0	0	0	0	0	0	0
-Internal Funding	0	-2,229	635	0	2,229	3,229	0	0	0	0	0
<b>TOTAL GROSS EXPENDITURE</b>	0	-2,229	635	0	2,229	3,229	0	0	0	0	0
<b>TOTAL EXTERNAL FUNDING</b>	0	0	0	0	0	0	0	0	0	0	0
<b>TOTAL INTERNAL FUNDING</b>	0	-2,229	635	0	2,229	3,229	0	0	0	0	0
<b>CES - Economic Development</b>			0			0			0		
<b>Small Business Workshops</b>			58			0			0		
- External Funding	0	0	0	0	0	0	0	0	0	0	0
-Internal Funding	0	0	58	0	0	0	0	0	0	0	0
<b>TOTAL GROSS EXPENDITURE</b>	0	0	58	0	0	0	0	0	0	0	0
<b>TOTAL EXTERNAL FUNDING</b>	0	0	0	0	0	0	0	0	0	0	0
<b>TOTAL INTERNAL FUNDING</b>	0	0	58	0	0	0	0	0	0	0	0
<b>CBSS - Asset Management</b>											
<b>Works at Hungate Land Site</b>			65			0			0		
- External Funding	0	0	0	0	0	0	0	0	0	0	0
-Internal Funding	0	0	65	0	0	0	0	0	0	0	0
<b>EcoDepot Security Gate / Reception</b>		-100	107		100	100			0		
- External Funding	0	0	0	0	0	0	0	0	0	0	0
-Internal Funding	0	-100	107	0	100	100	0	0	0	0	0
<b>Property Key Components (H&amp;S)</b>			0			0			0		
- External Funding	0	0	0	0	0	0	0	0	0	0	0
-Internal Funding	0	0	0	0	0	0	0	0	0	0	0
<b>Health &amp; Safety / DDA</b>			4			0			0		
- External Funding	0	0	0	0	0	0	0	0	0	0	0
-Internal Funding	0	0	4	0	0	0	0	0	0	0	0
<b>Fire Safety Regulations - Adaptations</b>		-108	0		108	108			0		
- External Funding	0	0	0	0	0	0	0	0	0	0	0
-Internal Funding	0	-108	0	0	108	108	0	0	0	0	0
<b>Removal of Asbestos</b>		-132	0		132	132			0		
- External Funding	0	0	0	0	0	0	0	0	0	0	0
-Internal Funding	0	-132	0	0	132	132	0	0	0	0	0
<b>Mansion House External Repairs</b>			0			0			0		

	2012/13		2012/13	2012/13		2013/14	2012/13		2014/15	2012/13		2012/13	
	Mon 3	Mon 3	Revised	Mon 3	Mon 3	Revised	Mon 3	Mon 3	Revised	Mon 3	Mon 3	Mon 3	Mon 3
	Adj £000	Reprofile £000	Budget £000	Adj £000	Reprofile £000	Budget £000	Adj £000	Reprofile £000	Budget £000	Adj £000	Reprofile £000	Adj £000	Reprofile £000
- External Funding	0	0	0	0	0	0	0	0	0	0	0	0	0
- Internal Funding	0	0	0	0	0	0	0	0	0	0	0	0	0
<b>Hungate / Peasholme Relocation</b>		-20	0		20	20			0			0	0
- External Funding	0	0	0	0	0	0	0	0	0	0	0	0	0
- Internal Funding	0	-20	0	0	20	20	0	0	0	0	0	0	0
<b>Property Compliance (Asbestos and Fire regs)</b>			0			0			0			0	0
- External Funding	0	0	0	0	0	0	0	0	0	0	0	0	0
- Internal Funding	0	0	0	0	0	0	0	0	0	0	0	0	0
<b>Riverbank Repairs - Scarborough to Clifton Bridge</b>		-261	300		261	261			0			0	0
- External Funding	0	0	0	0	0	0	0	0	0	0	0	0	0
- Internal Funding	0	-261	300	0	261	261	0	0	0	0	0	0	0
<b>Riverbank Repairs – Blue Bridge Slipway</b>		-44	62		44	44			0			0	0
- External Funding	0	0	0	0	0	0	0	0	0	0	0	0	0
- Internal Funding	0	-44	62	0	44	44	0	0	0	0	0	0	0
<b>Riverbank Repairs – Marygate</b>		-573	0		573	573			0			0	0
- External Funding	0	0	0	0	0	0	0	0	0	0	0	0	0
- Internal Funding	0	-573	0	0	573	573	0	0	0	0	0	0	0
<b>Photovoltaic Energy Programme</b>		-25	160		25	125			100			0	0
- External Funding	0	0	0	0	0	0	0	0	0	0	0	0	0
- Internal Funding	0	-25	160	0	25	125	0	0	100	0	0	0	0
<b>Parliament Street Toilet Demolition</b>		-33	60		33	33			0			0	0
- External Funding	0	0	0	0	0	0	0	0	0	0	0	0	0
- Internal Funding	0	-33	60	0	33	33	0	0	0	0	0	0	0
<b>29 Castlegate Repairs</b>		-33	0		33	33			0			0	0
- External Funding	0	0	0	0	0	0	0	0	0	0	0	0	0
- Internal Funding	0	-33	0	0	33	33	0	0	0	0	0	0	0
<b>Decent Home Standards Works</b>			69			0			0			0	0
- External Funding	0	0	0	0	0	0	0	0	0	0	0	0	0
- Internal Funding	0	0	69	0	0	0	0	0	0	0	0	0	0
<b>Fishergate Postern</b>		-35	20		35	35			0			0	0
- External Funding	0	-35	0	0	35	35	0	0	0	0	0	0	0
- Internal Funding	0	0	20	0	0	0	0	0	0	0	0	0	0
<b>Castle Mills Car Park</b>			12			0			0			0	0
- External Funding	0	0	0	0	0	0	0	0	0	0	0	0	0
- Internal Funding	0	0	12	0	0	0	0	0	0	0	0	0	0
<b>Holgate Park Land – York Central Land and Clearance</b>		50	-384	1,166		384			0			0	0
- External Funding	0	0	0	0	0	0	0	0	0	0	0	0	0
- Internal Funding	50	-384	1,166	0	384	384	0	0	0	0	0	0	0
<b>Holgate Park Land Building Clearance - York Central</b>		-50	0			0			0			0	0
- External Funding	0	0	0	0	0	0	0	0	0	0	0	0	0
- Internal Funding	-50	0	0	0	0	0	0	0	0	0	0	0	0
<b>Hazel Court - Office of the Future Improvements</b>			468		150	150			0			0	0
- External Funding	0	0	0	0	0	0	0	0	0	0	0	0	0
- Internal Funding	0	-150	468	0	150	150	0	0	0	0	0	0	0
<b>Strensall and Towthorpe</b>		25	25			0			0			0	0
- External Funding	0	0	0	0	0	0	0	0	0	0	0	0	0
- Internal Funding	25	0	25	0	0	0	0	0	0	0	0	0	0
<b>Critical Repairs and Contingency</b>		-350	100		350	350			0			0	0
- External Funding	0	0	0	0	0	0	0	0	0	0	0	0	0
- Internal Funding	0	-350	100	0	350	350	0	0	0	0	0	0	0
<b>TOTAL GROSS EXPENDITURE</b>	<b>25</b>	<b>-2,248</b>	<b>2,618</b>	<b>0</b>	<b>2,248</b>	<b>2,348</b>	<b>0</b>	<b>0</b>	<b>100</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>TOTAL EXTERNAL FUNDING</b>	<b>0</b>	<b>-35</b>	<b>0</b>	<b>0</b>	<b>35</b>	<b>35</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>TOTAL INTERNAL FUNDING</b>	<b>25</b>	<b>-2,213</b>	<b>2,618</b>	<b>0</b>	<b>2,213</b>	<b>2,313</b>	<b>0</b>	<b>0</b>	<b>100</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>CBSS - IT equipment</b>			1,612			750			750			0	0
- External Funding	0	0	0	0	0	0	0	0	0	0	0	0	0
- Internal Funding	0	0	1,612	0	0	750	0	0	750	0	0	0	0
<b>TOTAL GROSS EXPENDITURE</b>	<b>0</b>	<b>0</b>	<b>1,612</b>	<b>0</b>	<b>0</b>	<b>750</b>	<b>0</b>	<b>0</b>	<b>750</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>TOTAL EXTERNAL FUNDING</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>TOTAL INTERNAL FUNDING</b>	<b>0</b>	<b>0</b>	<b>1,612</b>	<b>0</b>	<b>0</b>	<b>750</b>	<b>0</b>	<b>0</b>	<b>750</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>CBSS - Admin Accommodation</b>			14,030			1,468			0			0	0
- External Funding	0	0	0	0	0	0	0	0	0	0	0	0	0
- Internal Funding	0	0	14,030	0	0	1,468	0	0	0	0	0	0	0
<b>TOTAL GROSS EXPENDITURE</b>	<b>0</b>	<b>0</b>	<b>14,030</b>	<b>0</b>	<b>0</b>	<b>1,468</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>TOTAL EXTERNAL FUNDING</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>TOTAL INTERNAL FUNDING</b>	<b>0</b>	<b>0</b>	<b>14,030</b>	<b>0</b>	<b>0</b>	<b>1,468</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Miscellaneous</b>			376			0			0			0	0
- External Funding	0	0	0	0	0	0	0	0	0	0	0	0	0
- Internal Funding	162	0	376	0	0	0	0	0	0	0	0	0	0
<b>TOTAL GROSS EXPENDITURE</b>	<b>162</b>	<b>0</b>	<b>376</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>TOTAL EXTERNAL FUNDING</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>TOTAL INTERNAL FUNDING</b>	<b>162</b>	<b>0</b>	<b>376</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Economic Infrastructure Fund</b>													
<b>Access York Phase 1</b>			133	750		2,770			347				
- External Funding	0	0	0	83		83			0				
- Internal Funding	0	0	133	667		2,687			347				
<b>Better Bus Fund</b>			700			770			0				
- External Funding	0	0	0			0			0				



	2012/13		2012/13	2012/13		2013/14	2012/13		2014/15	2012/13	
	Mon 3	Mon 3	Revised	Mon 3	Mon 3	Revised	Mon 3	Mon 3	Revised	Mon 3	Mon 3
	Adj	Reprofile	Budget	Adj	Reprofile	Budget	Adj	Reprofile	Budget	Adj	Reprofile
	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000
-Internal Funding			700			770			0		
<b>Re-Invigorate York</b>			500			1,300			1,200		
- External Funding			0			90			0		
-Internal Funding			500			1,210			1,200		
<b>EIF central fund</b>			1,967		-750	960			5,253		
- External Funding	0	0	1,300	-83	0	1,627	0	0	1,800	0	0
-Internal Funding	0	0	667	-667	0	-667	0	0	3,453	0	0
<b>TOTAL GROSS EXPENDITURE</b>	0	0	3,300	0	0	5,800	0	0	6,800	0	0
<b>TOTAL EXTERNAL FUNDING</b>	0	0	1,300	0	0	1,800	0	0	1,800	0	0
<b>TOTAL INTERNAL FUNDING</b>	0	0	2,000	0	0	4,000	0	0	5,000	0	0
<b>Gross Expenditure by Department</b>											
ACE - Children's, Education and Skills	28	-4,446	5,844	0	4,446	9,588	0	0	5,362	0	0
ACE - Adult Services	0	-401	906	46	401	952	0	0	515	0	0
CANS - Culture, Leisure and Public Realm	-229	141	2,060	0	-141	1,993	506	0	756	0	0
CANS - Highways, Fleet and Waste	0	0	7,476	0	0	2,906	0	0	2,834	0	0
CANS - Housing & Community Safety	-899	-365	10,550	0	365	11,812	0	0	9,401	0	0
CES - Strategic Planning & Transport	-213	-1,078	7,816	-304	2,161	17,361	-183	-1,083	4,350	0	0
CES - Community Stadium	0	-2,229	635	0	2,229	3,229	0	0	0	0	0
CES - Economic Development	0	0	58	0	0	0	0	0	0	0	0
CBSS - Asset Management	25	-2,248	2,618	0	2,248	2,348	0	0	100	0	0
CBSS - IT equipment	0	0	1,612	0	0	750	0	0	750	0	0
CBSS - Admin Accomodation	0	0	14,030	0	0	1,468	0	0	0	0	0
Miscellaneous	162	0	376	0	0	0	0	0	0	0	0
Economic Infrastructure Fund	0	0	3,300	0	0	5,800	0	0	6,800	0	0
<b>Total by Department</b>	<b>-1,126</b>	<b>-10,626</b>	<b>57,281</b>	<b>-258</b>	<b>11,709</b>	<b>58,207</b>	<b>323</b>	<b>-1,083</b>	<b>30,868</b>	<b>0</b>	<b>0</b>
<b>Total External Funds by Department</b>											
ACE - Children's, Education and Skills	-10	-4,256	5,804	0	4,256	9,398	0	0	5,362	0	0
ACE - Adult Services	0	-381	431	46	381	427	0	0	0	0	0
CANS - Culture, Leisure and Public Realm	76	93	307	0	-93	1,068	506	0	506	0	0
CANS - Highways, Fleet and Waste	0	0	2,412	0	0	1,756	0	0	1,684	0	0
CANS - Housing & Community Safety	-691	0	5,242	0	0	5,800	0	0	5,647	0	0
CES - Strategic Planning & Transport	-213	-794	5,731	-304	2,005	16,063	-183	-1,211	4,132	0	0
CES - Community Stadium	0	0	0	0	0	0	0	0	0	0	0
CES - Economic Development	0	0	0	0	0	0	0	0	0	0	0
CBSS - Asset Management	0	-35	0	0	35	35	0	0	0	0	0
CBSS - IT equipment	0	0	0	0	0	0	0	0	0	0	0
CBSS - Admin Accomodation	0	0	0	0	0	0	0	0	0	0	0
Miscellaneous	0	0	0	0	0	0	0	0	0	0	0
Economic Infrastructure Fund	0	0	1,300	0	0	1,800	0	0	1,800	0	0
<b>Total External Funds by Department</b>	<b>-838</b>	<b>-5,373</b>	<b>21,227</b>	<b>-258</b>	<b>6,584</b>	<b>36,347</b>	<b>323</b>	<b>-1,211</b>	<b>19,131</b>	<b>0</b>	<b>0</b>
<b>Total CYC Funding required by Department</b>											
ACE - Children's, Education and Skills	38	-190	40	0	190	190	0	0	0	0	0
ACE - Adult Services	0	-20	475	0	20	525	0	0	515	0	0
CANS - Culture, Leisure and Public Realm	-305	48	1,753	0	-48	925	0	0	250	0	0
CANS - Highways, Fleet and Waste	0	0	5,064	0	0	1,150	0	0	1,150	0	0
CANS - Housing & Community Safety	-208	-365	5,308	0	365	6,012	0	0	3,754	0	0
CES - Strategic Planning & Transport	0	-284	2,085	0	156	1,298	0	128	218	0	0
CES - Community Stadium	0	-2,229	635	0	2,229	3,229	0	0	0	0	0
CES - Economic Development	0	0	58	0	0	0	0	0	0	0	0
CBSS - Asset Management	25	-2,213	2,618	0	2,213	2,313	0	0	100	0	0
CBSS - IT equipment	0	0	1,612	0	0	750	0	0	750	0	0
CBSS - Admin Accomodation	0	0	14,030	0	0	1,468	0	0	0	0	0
Miscellaneous	162	0	376	0	0	0	0	0	0	0	0
Economic Infrastructure Fund	0	0	2,000	0	0	4,000	0	0	5,000	0	0
<b>Total CYC Funding required</b>	<b>-288</b>	<b>-5,253</b>	<b>36,054</b>	<b>0</b>	<b>5,125</b>	<b>21,860</b>	<b>0</b>	<b>128</b>	<b>11,737</b>	<b>0</b>	<b>0</b>

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**Table 1 -Summary EIF - Approvals/Recommendations**

	12/13	13/14	14/15	15/16	16/17	Total
	£000	£000	£000	£000	£000	£000
<b>Total Available</b>	3,300	5,800	6,800	6,800	5,800	<b>28,500</b>
<b>Total Allocations</b>	1,974	8,993	2,133	136	136	<b>13,372</b>
<b>Allocations Approved</b>	1,974	6,343	2,133	136	136	<b>10,722</b>
<b>Allocations Pending</b>	-	2,650	-	-	-	<b>2,650</b>
<b>Balance Remaining</b>	1,327	- 3,193	4,667	6,664	5,664	<b>15,129</b>

**Table 2 - EIF summary by project**

	12/13	13/14	14/15	15/16	16/17	Total
	£000	£000	£000	£000	£000	£000
<b>Approved</b>						
- Park & Ride	133	2,770	347	-	-	<b>3,250</b>
- Better Bus Fund	700	770	-	-	-	<b>1,470</b>
- Reinvigorate York - All	700	1,300	1,500	-	-	<b>3,500</b>
- Newgate Market Refurbishment	100	1,514	-	-	-	<b>1,614</b>
- Targeting Growth in Key Sectors	40	40	-	-	-	<b>80</b>
- Tour de France - Campaign	25	25	-	-	-	<b>50</b>
- Growth Analysis	30	-	-	-	-	<b>30</b>
- Officer delivery team	86	86	86	86	86	<b>430</b>
- Financial Inclusion Policy and Action Plan	50	100	150	-	-	<b>300</b>
- Promoting York	50	50	50	50	50	<b>250</b>
- MIPIM 2013	25	-	-	-	-	<b>25</b>
- Xmas Stimulus Package	35	-	-	-	-	<b>35</b>
- Arts Barge Project	-	100	-	-	-	<b>100</b>
- Living Wage	-	338	-	-	-	<b>338</b>
<b>Total</b>	<b>1,974</b>	<b>7,093</b>	<b>2,133</b>	<b>136</b>	<b>136</b>	<b>11,472</b>

**Approved - Subject to Business Case/ Cabinet Consideration**

- Digital and Media Arts Hub
- Tour de France - Campaign

**Total**

	£000	£000	£000	£000	£000	£000
- Digital and Media Arts Hub	-	1,400	-	-	-	<b>1,400</b>
- Tour de France - Campaign	-	500	-	-	-	<b>500</b>
<b>Total</b>	-	<b>1,900</b>	-	-	-	<b>1,900</b>

**Approved (All) Total**

<b>1,974</b>	<b>8,993</b>	<b>2,133</b>	<b>136</b>	<b>136</b>	<b>13,372</b>
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## **Cabinet**

### **Report of the Cabinet Member for Corporate Services**

#### **Treasury Management Monitor 3 and Prudential Indicators 2012/13**

##### **Summary**

1. This Council is required through regulations issued under the Local Government Act 2003 and the revised 2011 (Chartered Institute of Public Finance and Accountancy) Code of Practice for Treasury Management (as revised) to provide members with an update on treasury management activities at least twice a year.
2. This report therefore ensures this council is implementing best practice in accordance with the Code. It updates on the Treasury Management activities for the period 1 April 2012 to 31 December 2013 and reviews:
  - Economic Background
  - Annual Investment Strategy
  - Investment portfolio
  - Borrowing portfolio
  - Compliance with Prudential Indicators

##### **Background**

3. The Council's Treasury Management function is responsible for the effective management of the Council's investments, cash flows, its banking, money market and capital transactions; the effective control of the risks associated with those activities; and the pursuit of optimum performance consistent with those risks.

##### **Economic Background and Analysis**

4. The Council's treasury management activities have operated within the following economic background:
  - a) Gross Domestic product (GDP) which measures the growth of the economy fell by 0.3% in quarter 4 of 2012. The

downgrade is mainly prompted by weakness in the Country's dominant service sector and the unwinding of the boost from the Olympic Games in the summer. This contraction is a concern as we move in 2013 as 2 consecutive quarters of negative growth results in a technical recession;

- b) Retail sales weakened but spending off the high street held up;
  - c) Employment continued to rise, albeit at a slower pace. Annual growth of overall average earnings dropped from 1.8% in June to 1.3% in October. Given the rate of inflation over this period, real pay continued to fall on an annual basis;
  - d) Inflation remained stubbornly above the MPC's 2% target; October's jump in university tuition fees, hefty rises in utility prices at the end of the 2012 and a pick-up in food price inflation following poor harvests, mean that inflation is likely to hover between 2.5% and 3% for the best part of 2013. The announcement in November that Mark Carney, the current Governor of the Bank of Canada, and who will take on the Governorship of the Bank of England from June 2013, raised speculation that the MPC's current 2% inflation target may be reformulated;
  - e) The MPC paused its programme of asset purchases, with quantitative easing remaining at £375bn;
  - f) Equity prices in the UK and overseas largely continued to rise over the course of the fourth quarter, with the FTSE 100 picking up from 5,820 to 5,898. Over the period gilt prices fell, causing 10-year gilt yields to rise from about 1.55% to 1.80%
  - g) The US economy continued to recover at a modest pace and In the Eurozone, market sentiment continued to be steadied by the ECB's pledge to buy "unlimited" quantities of peripheral government's sovereign debt
5. From the economic overview described above the environment in which treasury management operates remains volatile. Sector – the Council's treasury management advisers – undertook a review of its interest rate forecasts following the issue of the latest Bank of England Inflation Report for November 2012. In the August Inflation Report, the Bank changed its position significantly in as much as it markedly downgraded its forecasts for the strength and speed of recovery in GDP growth whereas previously it had consistently been forecasting a strong recovery to over 3% p.a. In its November Report, the Bank has continued

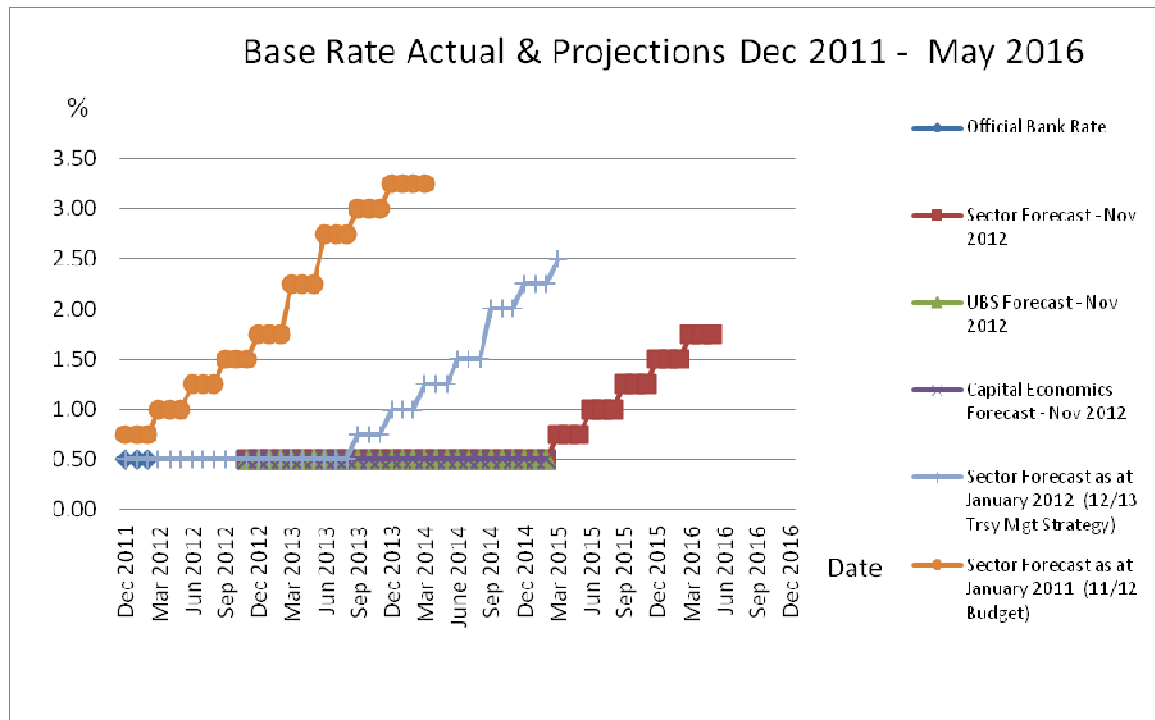
this shift towards pessimism in the speed and strength of recovery; it is now only forecasting growth at around 1% in 2013 and 2% in 2014. These developments have pushed back Sector's expectations of the timing of the eventual start of increases in Bank Rate from Q4 2014 to Q1 2015, as well as the pace of rises in gilt yields. Table 1 is Sector's Interest Rate forecast:

	Mar-13	Jun-13	Sep-13	Dec-13	Mar-14	Jun-14	Sep-14	Dec-14	Mar-15
Bank rate	0.50%	0.50%	0.50%	0.50%	0.50%	0.50%	0.50%	0.50%	0.75%
5yr PWLB rate	1.50%	1.50%	1.60%	1.60%	1.70%	1.70%	1.80%	2.00%	2.20%
10yr PWLB rate	2.50%	2.50%	2.60%	2.60%	2.70%	2.70%	2.80%	3.00%	3.20%
25yr PWLB rate	3.80%	3.80%	3.80%	3.80%	3.90%	3.90%	4.00%	4.10%	4.30%
50yr PWLB rate	4.00%	4.00%	4.00%	4.00%	4.10%	4.10%	4.20%	4.30%	4.50%

**Table 1: Sector's – Treasury Management Advisers – Interest Rate Forecast**

6. Economic forecasting remains difficult with so many external influences weighing on the UK. Equity prices staged a significant rise during the second half of 2012 and the start of January, accompanied by a fall in bond prices and a rise in bond yields. 2013 is likely to see a tug of war between bond and equity prices as ebbs and flows in investor confidence and fears cause recurring spikes and falls in their prices.
7. The overall balance of risks to economic recovery in the UK remains weighted to the downside. Sector believes that the longer run trend is for gilt yields and PWLB rates to rise due to the high volume of gilt issuance in the UK, and the high volume of debt issuance in other major western countries. Although the prospect of further QE is likely to keep gilt yields lower than they would otherwise be in the near term, this programme is not everlasting. At some stage, the expectation of a conclusion to QE will add to the upside pressure on gilt yields
8. Figure 1 below shows the actual and projection of the bank base rate, which has remained at historically low levels since April 2009. Sector latest bank base rate forecast is November 2012 and this is compared to the January 2012 and January 2011 forecast. Other economists latest forecast are also shown for November 2012. The graph highlights the delay in the expectation of the increase in the Bank Base rate which is as a

result of the decision to expand quantitative easing and deterioration of growth prospects.



**Figure 1: Base Rate 2012 to 2016 - latest forecast Nov 2012**

## Annual Investment Strategy

9. Treasury Management Strategy Statement for 2012/13 was approved by Council on 23 February 2012. The Council's Annual Investment Strategy, which is incorporated in the Strategy, outlines the Council's investment priorities as follows:

- security of capital
- liquidity
- yield

The Council will aim to achieve the optimum return (yield) on investments commensurate with the proper levels of security and liquidity.

10. Investments are placed with highly credit rated financial institutions using the creditworthiness matrices described in the Treasury Management Strategy, which includes sovereign credit ratings from the rating agencies and the credit default swap (CDS) overlay information provided by Sector.

11. During the period under review, the unsettled economic climate and heightened credit concerns made it appropriate to keep investments short term with a maximum duration of three months.



This limit applies to all entities in which the Council is considering investing, except for the following institutions:

- (a) UK Government and related entities such as Local Authorities – suggested limit remains at 5 years.
- (b) UK semi-nationalised institutions e.g. Lloyds / RBS – suggested limit remains at 1 year. UK ownership provides considerable conform to investors.
- (c) Money market Funds – suggested limit remains at 1 year.

12. Investments held during the first nine months of 2012/13 in accordance with Sector's Creditworthiness matrices and changes to Fitch and Moody's credit ratings, remained within the Council's approved credit criteria limits contained in the Annual Investment Strategy.

### **Investment Portfolio**

13. Investment rates available in the market have continued at historical low levels. The average level of funds available for investment purposes in the nine months of 2012/13 was £42.936m (£58.085m in 11/12). The level of funds available is largely dependent on the timing of the Council's cash flow as a result of precept payments, receipt of grants, borrowing and progress on the Capital Programme. These funds are therefore available on a temporary basis dependant on cash flow movement.

14. The average level of funds has fallen compared to a year ago due to using the Council's surplus funds to support capital expenditure rather than taking external borrowing. Investment rates are lower than borrowing rates, therefore it is beneficial to take less borrowing and reduce the investment portfolio.

15. There are no funds currently invested for periods of a year or more due to the limited institutions available for investment in the current market environment; in accordance with the credit criteria policy.

16. Investment activity during the first nine months of 2012/13 earned a rate of return of 1.50% (1.22% in 11/12). This is 1.09% (0.74% in 11/12) better than the average 7 day London Inter-Bank Deposit rate (LIBID) of 0.41% (0.48% in 11/12) and 1.00% (0.72% in 11/12) higher than the average base rate for the period of 0.50%. The interest earned to date in 2012/13 is in line with the treasury management budget.

17. The average rate of return is higher in 2012/13 than it was a year ago due to the Council being able to take advantage of higher interest rates offered by banks in the early part of 2012/13. These investment interest rates were available as banks needed to hold higher cash reserves on their balance sheets in accordance with Government regulations. To attract funds from institutions, they offered higher interest rates.

18. Figure 2 shows the interest rates available on the market between 7 days and 1 year and also the rate of return that the Council has achieved for the first nine months of 2012/13. It shows that favourable / competitive interest rates have been obtained for investments whilst ensuring the required liquidity and security of funds for the Council.

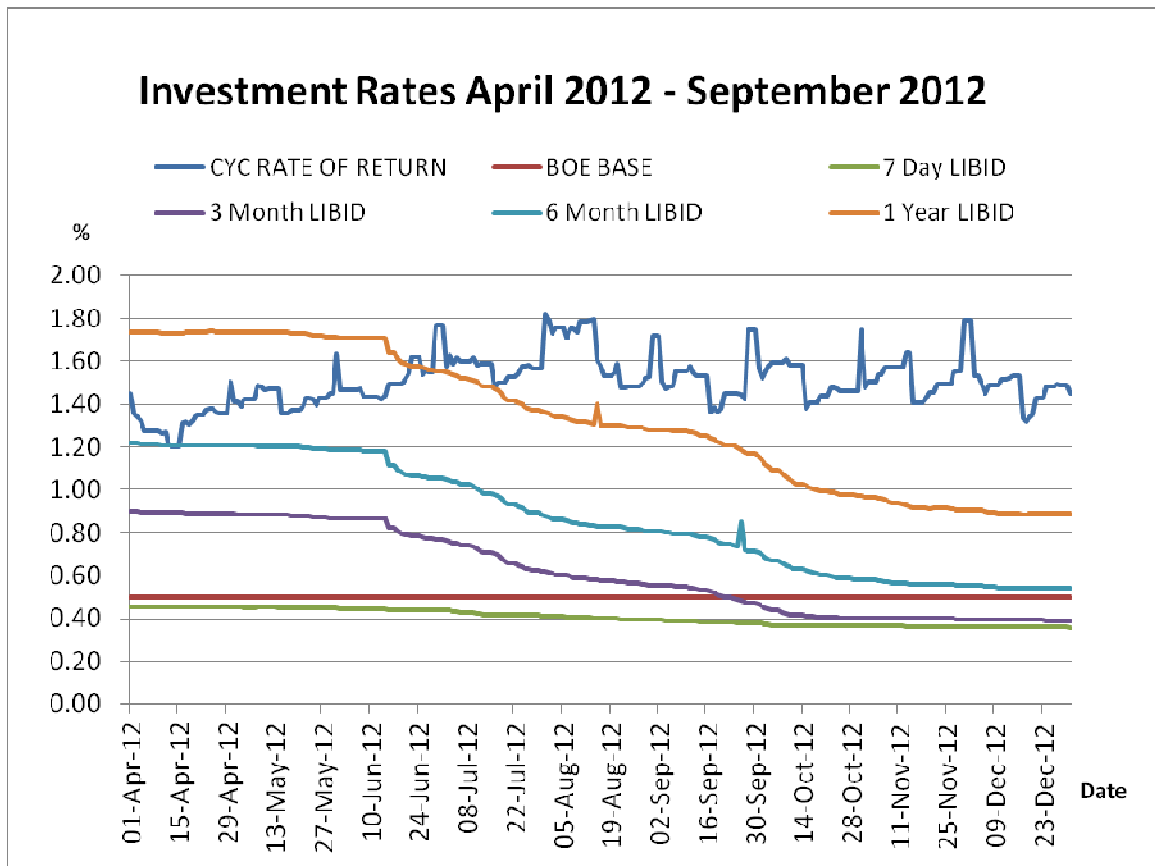
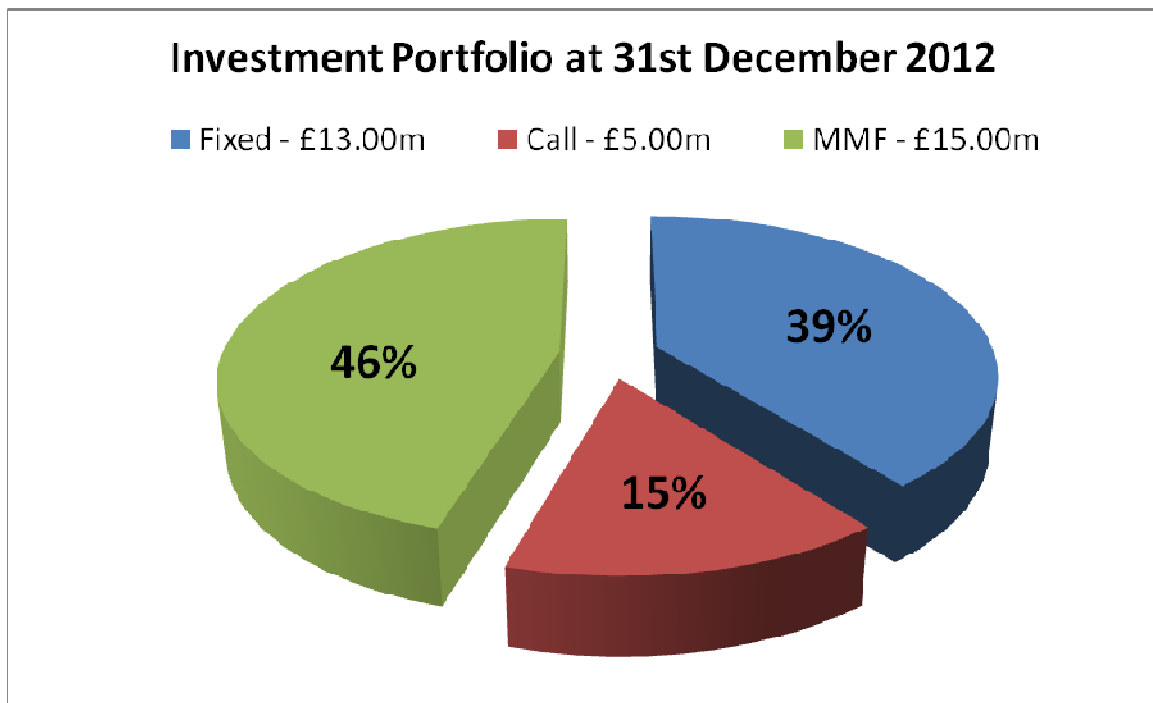


Figure 2 CYC Investments vs Money Market Rates

19. The higher rate of return on investment activity compared to the average LIBID rate and base rate for the period is due to the treasury team continuing to monitor the market and taking advantage of opportunities when they become available, whilst ensuring the security of the council's funds.

20. Figure 2 also shows the interest rates available for investment have markedly fallen in the last quarter of 2012. There are two major reasons for this. The main reason is the excess liquidity being provided to the market by Central Banks, such as the £80bn made available to UK Banks through the Funding for Lending Scheme at rates of around 0.5%. In return for the cheaper funding, banks must use this liquidity for onward lending for mortgages and loans to businesses in an aim to boost the availability of credit and potential for increased spending/growth in the wider economy. Banks therefore have access to cheaper funding which in turn has driven down market rates significantly in the last quarter.
21. The second important factor is a growing expectation that the economic recovery will be slow and prolonged and therefore bank rates and short-term rates will stay lower (i.e. at 0.5%), for longer. This has dragged down market rates as well to match future market expectations.
22. Figure 3 shows the investments in the portfolio are diversified and include deposits in short term call accounts, fixed term investments and money market funds.



**Figure 3 Diversified Investment Portfolio at 31 December 2012**

### **Borrowing Portfolio**

23. The Council undertakes long term borrowing in accordance with the investment requirements of the capital programme and all borrowing is therefore secured against its asset base.
24. The level of borrowing taken by the Council is determined by the Capital Finance Requirement (the Councils underlying need to borrow for capital expenditure purposes). Borrowing needs to be affordable, sustainable and prudent and the treasury management budget supports the borrowing finance costs in the longer term.
25. Under regulation, the Council can borrow in advance of need in line with its future borrowing requirements in accordance with the Capital Financing Requirement. The markets will continue to be closely monitored to ensure that advantage is taken of favourable rates in 2012/13 and the increased borrowing requirement is not as dependant on interest rates in any one year.
26. On the reverse side, the Council's level of borrowing can also be below the Capital Financing Requirement. This would mean that instead of increasing the Council's level of borrowing, surplus funds held for investment purposes would be utilised instead, decreasing the level of surplus funds being available for investment. In the current interest rate environment where investment rates are below borrowing rates consideration is given to the value of taking borrowing or whether it is better for the council to keep investment balances lower. This is referred to in paragraph 15 above.
27. Therefore, to minimise investment risk, no new borrowing has been taken during 2012/13 and it is anticipated that no further borrowing will be undertaken during this financial year. Rates continue to be monitored in this volatile opportunistic environment.
28. Sector – the Council's treasury management advisers - forecast that overall future Public Works Loans Board (PWLB) rates will rise, although there is still expected to be volatility in the market over the coming months.
29. At Monitor 2, it was explained that the Government has introduced a "certainty rate" from 1 November 2012 which enables local authorities to access cheaper borrowing rates from the PWLB - a reduction of 20 basis points. Therefore, Sector's 25 year PWLB target rate for new long term borrowing for the

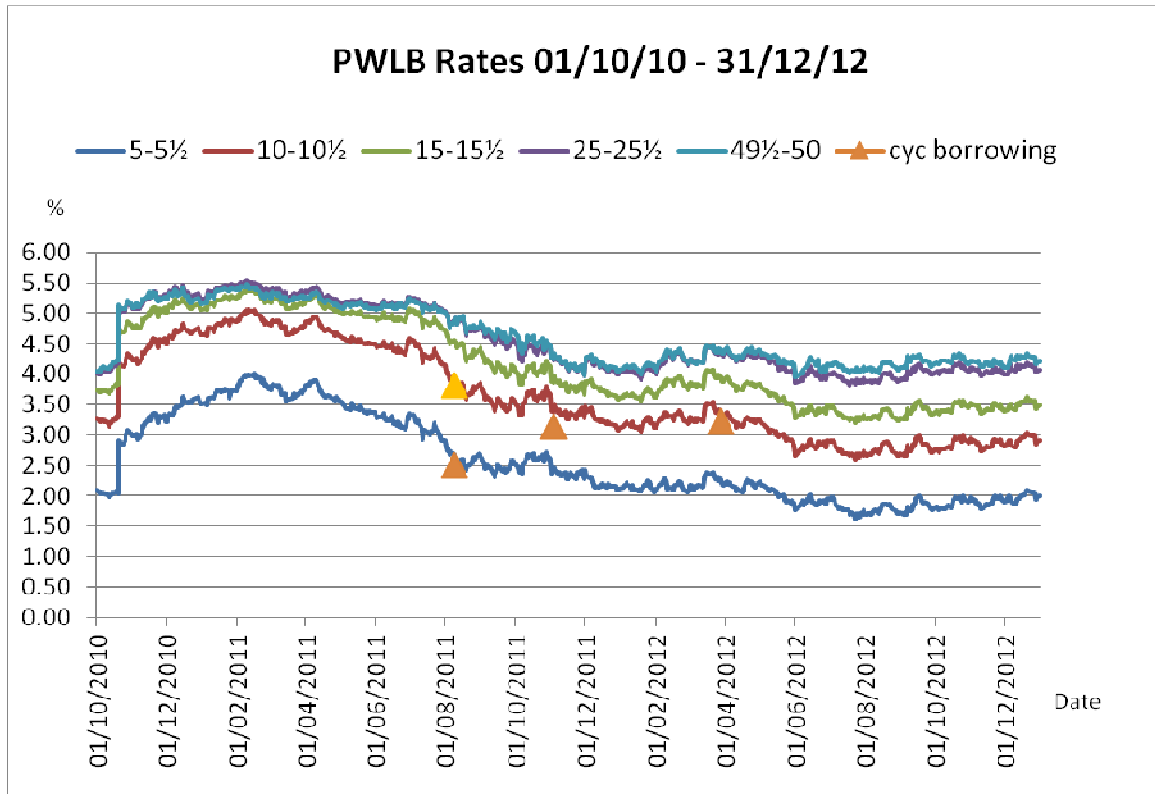
quarter was lowered to 3.70% from 3.90% following the introduction of the “certainty rate”.

30. In general, gilt yields (on which PWLB rates are based) did rise during the quarter; however table 2 below shows that lower interest rates were available in November than in October. This is due to PWLB rates available to local authorities being reduced by 20 basis points from 1 November 2013 – the certainty rate.

	1 Year	5 Year	10 Year	25 Year	50 Year
<b>Low</b>	0.96%	1.48%	2.46%	3.76%	3.91%
<b>Date</b>	05/11/12	09/11/12	09/11/12	09/11/12	30/11/12
<b>High</b>	1.21%	1.88%	2.90%	4.17%	4.34%
<b>Date</b>	17/10/12	25/10/12	25/10/12	22/10/12	22/10/12
<b>Average</b>	1.07%	1.68%	2.66%	3.93%	4.09%

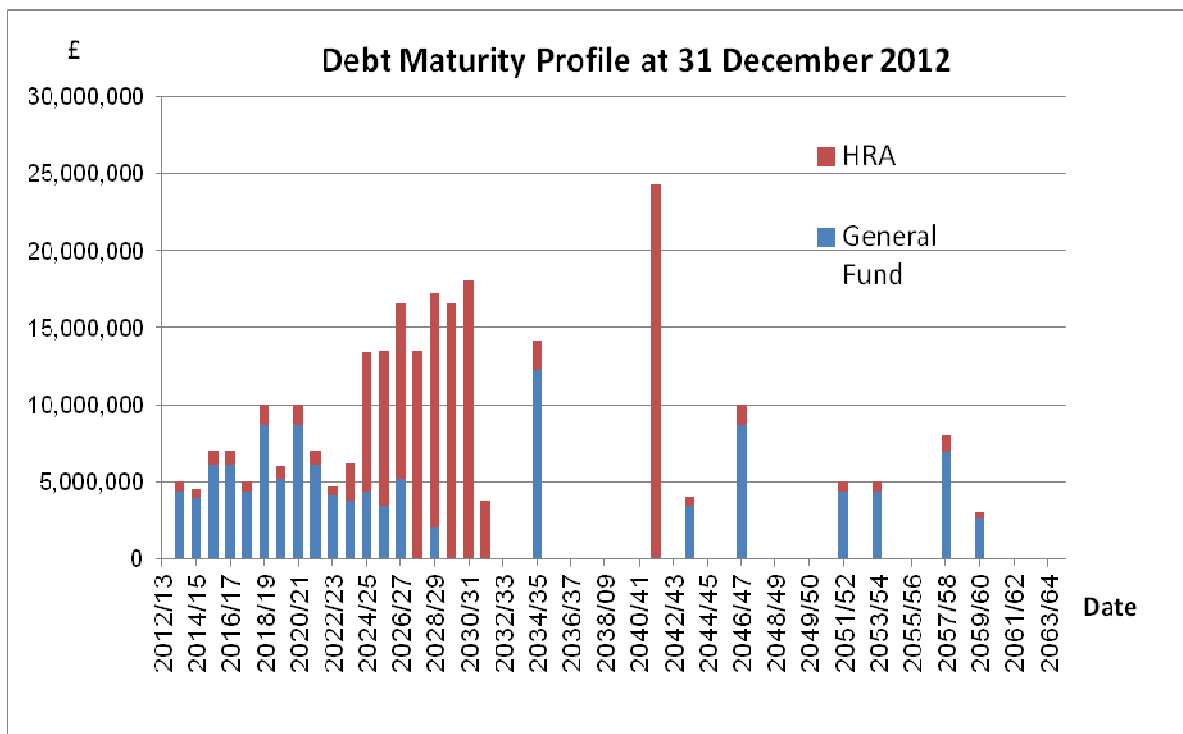
**Table 2 – PWLB Borrowing Rates - quarter ended 31.12.2012**

31. The Councils long-term borrowing started the year at a level of £261.6m. A £3m loan was repaid in May 2012 in line with its maturity date. No new borrowing has been taken in the 1<sup>st</sup> nine months of 2012/13. The HRA amounts to 54% of the borrowing portfolio at £140.3m and the GF is 46% with borrowing at £118.3m, a total of £258.6m.
32. Figure 4 shows the fluctuation in PWLB rates since October 2010 when the Government’s Comprehensive Spending Review increased rates to 1% above gilt yields. It also shows that even, where PWLB rates available to local authorities fell by 20 basis points with the introduction of the “certainty rate” on 1 November 2012, that the general downward trend during 2012/13, has seen rates beginning to rise slightly in quarter 4. The triangles highlight when new borrowing was taken in the previous financial year 2011/12.



**Figure 4 – PWLB rates vs CYC Borrowing Levels**

33. Figure 5 illustrates the 2012/13 maturity profile of the Council's debt portfolio to 31 December 2012. The maturity profile shows that there is no large concentration of loan maturity in any one year, thereby spreading the interest rate risk dependency.



**Figure 5 – Debt Maturity Profile 12/13**

## **Compliance with Prudential Indicators**

34. The Prudential Indicators for 2012/13, included in the Treasury Management Strategy Statement are based on the requirements of the Council's capital programme and approved at Council on 23 February 2012.
35. It is a statutory duty for the Council to determine and keep under review the "Affordable Borrowing Limits" included in the Prudential Indicators. The monitoring of the Prudential Indicators is attached at Annex A, along with the revised limits for the HRA reform.
36. During the financial year 2012/13 to date the Council has operated within the treasury limits and Prudential Indicators set out.

## **Consultation and Options**

37. The report shows the nine month position of the treasury management portfolio in 2012/13. The treasury management budget was set in light of the council's expenditure plans and the wider economic market conditions, based on advice from Sector - the Council's Treasury Management advisors. It is a statutory requirement to provide the information detailed in the report.

## **Analysis**

38. The report is a statutory requirement and as such there are no specific options to analyse.

## **Council Plan**

39. The Council Plan has five priorities which all require a budget to achieve. The treasury management function aims to achieve the optimum return on investments commensurate with the proper levels of security, and endeavours to minimise the interest payable by the Council on its debt structure. It thereby contributes to all Council Plan priorities.

## **Financial**

40. The financial implications are in the body of the report.

### **Human Resources Implications**

41. There are no HR implications as a result of this report.

### **Equalities**

42. There are no equalities implications as a result of this report.

### **Legal Implications**

43. Treasury Management activities have to conform to the Local Government Act 2003, the Local Authorities (Capital; Finance and Accounting) (England) Regulations 2003 (SI 2003/3146), which specifies that the Council is required to have regard to the CIPFA Prudential Code and the CIPFA Treasury Management Code of Practice and also the *Local Authorities (Capital Finance and Accounting) (England) (Amendment) Regulations 2008* (SI 2008/414), which clarifies the requirements of the Minimum Revenue Provision guidance.

### **Crime and Disorder Implications**

44. There are no crime and disorder implications as a result of this report.

### **Information Technology Implications**

45. There are no IT implications as a result of this report.

### **Property Implications**

46. There are no property implications as a result of this report.

### **Risk Management**

47. The Treasury Management function is a high-risk area because of the level of large money transactions that take place. As a result of this there are procedures set out for day to day treasury management operations that aim to reduce the risk associated with high volume high value transactions. These are detailed in the Treasury Management Strategy Statement at the start of each financial year.





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## Prudential Indicators 2012/13 Monitor 3

## Annex A

PRUDENTIAL INDICATORS		2012/13 Original Budget	2012/13 Monitor 3
1) <b>Capital Expenditure</b> To allow the authority to plan for capital financing as a result of the capital programme. To enable the monitoring of capital budgets to ensure they remain within budget.		<b>£M</b>	<b>£M</b>
	Non - HRA	67.6	48.6
	HRA	7.8	8.7
	<b>TOTAL</b>	<b>75.4</b>	<b>57.3</b>
2) <b>Ratio of financing costs to net revenue stream</b> This indicator estimates the cost of borrowing in relation to the net cost of Council services to be met from government grant and council taxpayers. In the case of the HRA the net revenue stream is the income from Rents and Subsidy.			
	Non - HRA	9.2%	9.7%
	HRA	2.3%	2.1%
3a) <b>Incremental impact of capital investment decisions - Council Tax</b> Shows the actual impact of capital investment decisions on council tax. The impact on council tax is a fundamental indicator of affordability for the Council to consider when setting forward plans. The figure relates to how much of the increase in council tax is used in financing the capital programme and any related revenue implications that flow from it.		<b>£ p</b>	<b>£ p</b>
	Increase in Council Tax (band D) per annum	23.89	18.29
3b) <b>Incremental impact of capital investment decisions - Hsg Rents</b> Shows the actual impact of capital investment decisions on HRA rent. For CYC, the HRA planned capital spend is based on the government's approved borrowing limit so there is no impact on HRA rents.		<b>£ p</b>	<b>£ p</b>
	Increase in average housing rent per week	0.00	0.00

4)	<p><b>Net Borrowing not exceed the CFR</b></p> <p>To ensure that borrowing levels are prudent over the medium term the Council's external borrowing, net of investments, must only be for a capital purpose and so not exceed the CFR.</p>		<p><b>£M</b></p> <p>258.5</p>	<p><b>£M</b></p> <p>225.6</p>
5)	<p><b>Capital Financing Requirement as at 31 March</b></p> <p>Indicates the Council's underlying need to borrow money for capital purposes. The majority of the capital programme is funded through government support, government grant or the use of capital receipts. The use of borrowing increases the CFR.</p>	<p>Non - HRA</p> <p>HRA</p> <p>TOTAL</p>	<p><b>£M</b></p> <p>168.6</p> <p>140.4</p> <p>309.0</p>	<p><b>£M</b></p> <p>174.2</p> <p>140.3</p> <p>314.5</p>
6a)	<p><b>Authorised Limit for external debt</b></p> <p>The authorised limit is a level set above the operational boundary in acceptance that the operational boundary may well be breached because of cash flows. It represents an absolute maximum level of debt that could be sustained for only a short period of time. The council sets an operational boundary for its total external debt, gross of investments, separately identifying borrowing from other long-term liabilities for 3 financial years.</p>	<p>borrowing</p> <p>other long term liabilities</p> <p>TOTAL</p>	<p><b>£M</b></p> <p>337.9</p> <p>20.0</p> <p>357.9</p>	<p><b>£M</b></p> <p>337.9</p> <p>20.0</p> <p>357.9</p>
6b)	<p><b>Operational Boundary for external debt -</b></p> <p>The operational boundary is a measure of the most likely, prudent, level of debt. It takes account of risk</p>	<p>borrowing</p> <p>other long term liabilities</p>	<p><b>£M</b></p> <p>307.9</p> <p>20.0</p>	<p><b>£M</b></p> <p>307.9</p> <p>20.0</p>

<p>management and analysis to arrive at the maximum level of debt projected as part of this prudent assessment. It is a means by which the authority manages its external debt to ensure that it remains within the self-imposed authority limit. It is a direct link between the Council's plans for capital expenditure; our estimates of the capital financing requirement; and estimated operational cash flow for the year.</p>	TOTAL	327.9	327.9
<p><b>7) Adoption of the CIPFA Code of Practice for Treasury Management in Public Services</b> Ensuring Treasury Management (TM) Practices remain in line with the Code of Practice.</p>	TM Policy Statement	✓	✓
	12 TM Practices	✓	✓
	Policy Placed Before Council	✓	✓
	Annual Review Undertaken	✓	✓
	A&G named as specified Scrutiny body	✓	✓
<p><b>8a) Upper limit for fixed interest rate exposure</b> The Council sets limits to its exposures to the effects of changes in interest rates for 3 years. The Council should not be overly exposed to fluctuations in interest rates which can have an adverse impact on the revenue budget if it is overly exposed to variable rate investments or debts.</p>	Net interest re fixed rate borrowing / investments Actual Net interest re fixed rate borrowing / investments	104%	109%
<p><b>8b) Upper limit for variable rate exposure</b> The Council sets limits to its exposures to the effects of changes in interest rates for 3 years. The Council should not be overly</p>	Net interest re variable rate borrowing / investments	-4%	-9%

	exposed to fluctuations in interest rates which can have an adverse impact on the revenue budget if it is overly exposed to variable rate investments or debts.	Actual Net interest re variable rate borrowing / investments		
<b>9)</b>	<b>Upper limit for total principal sums invested for over 364 days</b>		<b>£M</b>	<b>£M</b>
	To minimise the impact of debt maturity on the cash flow of the Council. Over exposure to debt maturity in any one year could mean that the Council has insufficient liquidity to meet its repayment liabilities, and as a result could be exposed to risk of interest rate fluctuations in the future where loans are maturing. The Council therefore sets limits whereby long-term loans mature in different periods thus spreading the risk.		10.0	10.0
		Investments over 364 days	£0	£0
<b>10)</b>	<b>Maturity structure of new fixed rate borrowing</b>		<b>Upper Limit</b>	<b>Actual £M</b>
	The Council sets an upper limit for each forward financial year period for the level of investments that mature in over 364 days. These limits reduce the liquidity and interest rate risk associated with investing for more than one year. The limits are set as a percentage of the average balances of the investment portfolio.			258.6
		under 12 months	30%	2%
		12 months & within 24 months	30%	3%
		24 months & within 5 years	40%	7%
		5 years & within 10 years	40%	15%
		10 years & and above	90%	75%

### Glossary Of Abbreviations

#### HRA - Housing Revenue Account

1. In accordance with the Prudential Code, the Prudential Indicators set by full Council on 23 February 2012 for the financial year 2012/13 must be monitored and reported at Outturn. The Prudential Indicators are detailed above and the key points are explained below:

2. **Indicator 1 - Capital Expenditure:** The capital programme expenditure for 2012/13 was originally estimated at £65.1m and at monitor 3 had decreased to £57.3m. The Capital Programme 2012/13 Monitor 3 report has further detail with regards to this movement. .
3. **Indicator 2 – Ratio of Finance Costs to Net revenue Stream:** This indicator represents how much borrowing for the capital programme will cost as a percentage of the net revenue stream of the Council. The General Fund indicator at Monitor 3 is 9.7% compared to a budgeted level of 9.2%, with the marginal increase due to increased finance costs, as a result of increased provision to repay borrowing as defined in statute. The Housing Revenue Account (HRA) version of the indicator is 2.1% compared to the budgeted level of 2.3%, the reduction is mainly due to a higher HRA balance which earned investment income than was originally estimated. Under the new self financing regulations, the increased finance costs to service the additional £121.1m borrowing taken are covered by the increased housing rent collected by the authority. In the past this rent was always collected, rent has not risen, but under the housing subsidy scheme it would have been paid to the Government.
4. **Indicator 3 (a) & (b) - Incremental Impact of Capital Investment Decisions on the Level of Council Tax (3a) and Housing Rents (3b):** This indicator shows the impact of capital investment decision on the bottom line level of Council Tax. The Council can fund its discretionary capital programme from two main sources, from borrowing or using capital receipts from the sale of surplus assets. The Council's policy is to use capital receipts to fund the Capital programme, where possible. However in the current economic environment with reduced capital receipts there is the requirement to use borrowing to support the capital programme, which has an impact on Council Tax through the revenue cost of financing the borrowing. The borrowing is not taken unless it is affordable, sustainable and prudent and can be supported by an existing budget. For the General Fund at Monitor 3 the increase in Council tax (band D) per annum is £18.29 compared to £23.89 estimated at budget. The reduction is in line with no borrowing occurring in the first nine months for 2012/13.
5. **Indicator 4 – Net Borrowing not exceed the CFR:** In order to ensure that borrowing levels are prudent over the medium term the Council's external borrowing, net of investments, must only be for a capital purpose. This essentially means that the Council is not borrowing to support revenue expenditure. Net borrowing should not therefore, except in the short term, have exceeded the CFR for 2012/13 plus the expected changes to the CFR over 2013/14 and 2014/15. This indicator allows the Council some flexibility to borrow in advance of its immediate capital needs in 2012/13. The table highlights the Council's net borrowing position against the CFR, it confirms that no borrowing occurred in advance of need and the net borrowing position was below the CFR.
6. **Indicator 5 - Capital Financing Requirement (CFR):** The CFR represents the Council's underlying need to borrow for all capital investment over time. The

CFR represents the capital expenditure (which has not yet been paid for by revenue or other resources) which is required to be funded by borrowing. Under Statute, the council is permitted to borrow to fund capital expenditure. When borrowing is undertaken it is not taken for a specific capital scheme but rather to fund the council's capital financing requirement as a whole.

- 7. Indicator 6(a) - Authorised Limit:** The authorised limit is the “affordable borrowing limit” required by s3 of the Local Government Act 2003. The Council does not have the power to borrow above this level, which is approved at Full Council every year. The table confirms at Monitor 3 that the Council has maintained gross borrowing within its authorised limit of £357.9m. Borrowing is currently £258.6m, the headroom available within this limit allows the Council the ability to borrow in advance of need in accordance with its 3 year forecast Capital programme.
- 8. Indicator 6(b) – Operational Boundary:** This is the estimated borrowing position of the Council during the year. Periods where the actual position is either below or over the boundary is acceptable subject to the authorised limit not being breached. At Monitor 3 the actual borrowing level was below the operational boundary as no borrowing has been taken, even though this could have occurred in line with the Capital Financing Requirement of the capital programme. This was in accordance with the strategy to hold off borrowing due to borrowing rates being much higher than investment rates.
- 9. Indicator 7 - Adoption of the CIPFA Code of Practice in Treasury Management:** In accordance with the Prudential Code, the Council has adopted the CIPFA Treasury Management in the Public Services Code of Practice “the Code” prior to the beginning of the financial year. The table shows the code has been adhered to.
- 10. Indicator 8(a) & (b) - Upper Limit for Fixed and Variable Interest rate Exposure:** Interest rate exposure on debt is positive due to it being in relation to interest paid and on investments is negative as it is interest being received. When the variable and fixed interest rates are totalled, it will always be 100%. The majority of the interest received for the Council relates to variable rated investments, where as the interest paid on debt is fixed. The limits set in the budget are similar to those at Monitor 3 at 109% for fixed interest rate exposure and –9% for variable interest rate exposure.
- 11. Indicator 9 - Upper Limit for total principal sums invested for over 364 days:** This has been set at £10m and is approximately 25% of the average portfolio throughout the year. To date no investments for longer than 364 days have been taken due to the credit ratings assigned to counterparties. In the current environment it is viewed as high risk to have long term exposure. The banks which are nationalised have the backing of government and therefore investment up to 1 year are considered.



**12. Indicator 10 - Maturity Structure of Fixed rate Borrowing:** The borrowing portfolio is spread across different time periods to ensure that the Council is not exposed to the requirement to take new borrowing in any one year and be exposed to interest rates in any one year. At Monitor 3 the borrowing portfolio maturity profile was within the limits set as represented in the table.

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**Cabinet****12 February 2013**

Report of the Cabinet Member for Corporate Services

**FINANCIAL STRATEGY 2013 - 2018****Summary and Background**

1. This report presents the financial strategy 2013-2018, including detailed revenue budget proposals for 2013/14 and 2014/15, and asks Members to recommend to Council approval of the proposals. The financial strategy delivers a balanced budget over a 2 year period with savings proposals totalling £20m (equivalent to 16% of the net budget over 2 years) and a proposed council tax increase of 1.9% in 2013/14. There are separate reports on the agenda covering the capital budget and the treasury management strategy.
2. Key issues included in the proposals are as follows;
  - Revenue savings of £20m over the two years covering 2013/14 and 2014/15, which includes
    - i. £13.2m from service reviews, efficiency and procurement
    - ii. £1.3m from the full year effect of prior year savings
    - iii. £2.6m relating to service/budgetary reduction
    - iv. £0.3m of grant related savings
    - v. £2.5m from increases in income
  - Growth of £2.5m in adult social care for 2013/14, and planned further growth in 2014/15 of £2.5m to ensure continued priority investment in services to vulnerable people
  - Reduced formula grant funding of £3.9m in 2013/14 and estimated grant loss of around £5m in 2014/15

- Ensuring a financially prudent budget through funding for the contingency budget and a contribution to increase general reserves, building on proposals set out in February 2012
- Ensuring a financially prudent budget by addressing known budget pressures, including likely pay awards and inflationary pressures
- Establishing in 2014/15 ongoing revenue funding for the implementation of the Living Wage
- A range of proposals in relation to alternative models of service delivery, working with other local authorities and developing new income streams
- A range of proposals that further consolidate services across the council and ensure efficiency opportunities from the move to West Offices
- Establishing additional ongoing revenue funding for the York Financial Assistance Scheme of £100k in 2013/14 and a planned further £100k in 2014/15
- A net revenue budget of £127.8m, which will be funded by:
  - i. Council tax income of £69.7m
  - ii. Government grant of £34.9m
  - iii. Retained Business Rates of £23.2m

### National Context and Funding Issues

3. York has the 8<sup>th</sup> lowest band D council tax, the 2<sup>nd</sup> lowest spend per head of population of any unitary council in England and the 9<sup>th</sup> lowest government funding per head in the country.
4. All aspects of the public sector are continuing to face challenging times in the light of the Government's commitment to reduce the national deficit as first outlined in the Comprehensive Spending Review (CSR) published in October 2010. As a result, in recent years the Council has had to deal with very large reductions in funding, combined with a range of significant pressures.
5. To provide some context to this, set out in annex 7 are a number of tables which show the actual and forecast levels of savings delivered by the Council and the movements in grant funding. In summary, the Council:

- has made £16.4m of savings over the period 2007/08 to 2009/10.
  - has made a further £62.0m of savings covering the period 2010/11 to 2014/15.
  - and has therefore made a total of £78.4m of savings over the 8 years covering 2007/08 to 2014/15.
  - has since the CSR (2011/12 -2014/15) experienced government grant reductions of some £29m.
6. Given the Council's net budget over this same period (2007/08 to 2014/15) has been around £110-£120m, £78m in savings represents a massive shift in spending and priorities, evidenced by investment in excess of £14m in Adult Social Care over the same period.
7. The provisional Local Government Finance settlement for 2013/14 was announced on 19 December 2012. This is the first settlement that reflects the changes enacted in the 2011 Localism Bill including the localisation of business rates and council tax support.
8. The new funding system is predicated on a number of key themes:
- i) The majority of the Local Government national expenditure control total comprises a **business rates aggregate** which equates to the anticipated amount of rates collected for a given year, and an additional amount of other government funding.
  - ii) The business rates aggregate is split in half, with 50% funding the localised rate retention scheme and the other 50% funding a new Revenue Support Grant (RSG).
  - iii) In order to transfer to the new system, each council is given a **start up funding assessment**, the equivalent of what they would have received under the old needs based Formula Grant system.
  - iv) This is split between a **baseline funding** level and an RSG allocation directly proportionate to the national split determined in ii).
  - v) An **individual business rates baseline** is also provided which equates to the council's proportionate share of the national total rates collected, after Government have taken their 50% share.
  - vi) Where a council's individual business rates baseline is less than their baseline funding, they will receive a **top up** payment to ensure they are not unfairly penalised.
  - vii) Where a council's individual business rates baseline is higher than their baseline funding level, they need to pay a **tariff**.

- viii) The Government wants to ensure that no local authority makes disproportionate gains so for any growth, the Government keep 50% and the remaining amount will be subject to a **levy** which will be paid into a central pot.
  - ix) The Government will establish a central pot collected from levies to fund **safety net** payments, should a local economic shock occur.
  - x) All business rates figures will be uplifted annually by RPI.
9. Taking this into account, the provisional settlement provided the council with a series of key figures for 2013/14:
- i) A start up funding assessment of £58.1m. This corresponds to a loss of £3.9m compared to the Formula Grant funding received in 2012/13 (10.3%).
  - ii) The start up funding assessment comprises of a £23.2m baseline funding level and a £34.9m Revenue Support Grant (RSG), a 40:60 split.
  - iii) An individual business rates baseline of £45.1m.
  - iv) This results in the council having to pay a tariff to Central Government of £21.9m.
  - v) As York is a tariff authority, a levy rate of 49% has been allocated on any new growth. This means that for every £1 of growth in the city, only 25.5p will be retained locally.
10. Initial figures released for 2014/15 suggest that the RSG allocation will reduce in between £5m and £6m, or a loss of 14-16%. Whilst no details were announced for any financial settlements beyond 2014/15, the clear indications are that the grant support to local authorities will continue to be reduced in coming years.
11. The figures announced for York were broadly in line with the forecasts made within the council's financial strategy.
12. This report presents a 2 year budget that is fully balanced. The formal budget setting for 2014/15 will take place in February 2014.
13. A previous report to Cabinet in July set out the financial challenges facing the council, along with an estimate that some £21m of savings would be required over the next 2 years in order to meet these challenges. Following refinement of some of the budget assumptions (e.g. pay award, future pressures) the revised savings requirement set out in this report totals £20m.

14. In relation to council tax, the Chancellor of the Exchequer has announced that central government will be offering local councils the opportunity to extend the council tax freeze in 2013/14. The Government has not confirmed whether this would be retained in the funding base in future years.
15. The offer pledges a 2 year grant which is equivalent to a 1% increase using the 2012/13 taxbase (c. £763k in York's case, which is worth closer to 1.1% using the new 2013/14 taxbase). If the freeze grant was to be accepted, this would increase the need to make further savings in 2013/14 by £537k as this report proposes a 1.9% increase in council tax. It should be noted that current RPI is 3% in December 2012. This grant will drop out in 2015/16 when the previous council tax freeze grant of £1.8m, accepted in 2011/12, will also drop out. We already therefore know that there will be a pressure in 2015/16 of £1.8m. If Council accepted the new freeze grant on offer, then when this grant drops out the pressure in 2015/16 would increase by £763k to £2.5m. Therefore, accepting the grant requires extra savings in 2013/14 of £537k (to get to a position which triggers the grant) and additional savings of £763k in 2015/16, thereby equating to a total additional savings requirement of £1.3m.
16. During December 2012, the Secretary of State for the Department of Communities & Local Government also announced that, as outlined in the Localism Bill, councils who propose council tax increases in excess of a provisional limit (this year 2%) will have to call a referendum to gain agreement to this increase, thus giving local taxpayers the opportunity to veto "excessive" council tax increases. Members are reminded that last years financial strategy, as reported to Cabinet in February 2012, highlighted that the financial plan assumed, for planning purposes, a council tax increase of 2% for 2013/14.

#### Local issues and challenges

17. Locally demand for council services continues to increase, with an ageing population and increased complex needs in respect of elderly care. There are also potential risks associated with increased benefit claims, in particular in relation to council tax benefit where all increased costs will have to be met by the Council under the new system of council tax benefits. Rising fuel costs, landfill tax and inflation are driving costs up and the economic downturn is putting pressure on many of the council's income budgets. In shaping the budget these issues have been carefully considered to ensure we set a budget that is both prudent and protects vulnerable people. Ensuring that there is the capacity to invest has been a critical part of the budget deliberations.

18. The council established an independent Fairness Commission in 2011 to look into how to make the city a fairer and more equal place to live. The Commission's final report was published in September 2012 and outlined a set of Fairness Principles in a report to Cabinet in November 2012. These principles reinforce the key priorities and core competencies and have already been adopted by the Council and many of its partners.
19. They include;
  - Make reducing income inequalities a core value in decision making, for example by paying a living wage.
  - Build social factors into procurement and contracting to promote good employment practice, enhance local supply chains, reduce inequalities and heighten opportunities for unemployed people in York.
  - Strive for excellence in York's organisations and the way they work together so that corporate social responsibility is the norm, services are delivered efficiently and effectively, and the city builds a reputation as a leader in tackling inequalities.
  - Empower and extend opportunities for disadvantaged groups and individuals.
  - Adopt a long term view and a preventative approach that acts now to prevent bigger problems in the future.
  - Take decisions and run services in an open and transparent manner, listening to and engaging with communities and customers, including the most disadvantaged.
  - Embed a creative and 'can do' culture that strives for new solutions and opportunities, even when there are difficult challenges and limited resources.
  - Exert influence outside York to address external factors that drive inequalities or restrict local action within the city.
  - Target investments and services to reduce inequalities and improve life chances in the most disadvantaged areas.
  - Promote and prioritise sustainable economic growth that maximises opportunities and benefits to all people, including the most disadvantaged (e.g. jobs, wages and wellbeing)
20. In addition, a report to December Cabinet set out the plans for implementing a Living Wage for all staff employed by the council from April 2013 along with a commitment to promote the Living Wage to all employers in the city. This means that the Council is leading the way in York and in the region in tackling in-work poverty and more than 500 individual members of staff will benefit.



21. During 2013/14 work will continue on embedding the expectations around a Living Wage in the Council's procurement activity. This is already part of the Procurement Strategy.

#### Financial Overview and Financial Forecast (MTFF)

22. A report to Cabinet in July 2012 outlined the potential need for the financial strategy to identify savings of around £21m across 2013/14 and 2014/15 on the assumption that the current programme of savings is delivered in 2012/13. The 3<sup>rd</sup> finance and performance monitoring report elsewhere on this agenda identifies that whilst there are currently a number of pressures in the budget, it is expected that the council will outturn within the approved budget by the end of the financial year.
23. Against this background work has been ongoing for many months to develop the budget, and to identify savings. During this process targets have been set for each directorate and various assumptions have continued to be refined. Proper assessment has taken place in terms of the need to invest additional funds in some areas, to be clear about unavoidable costs and to create a budget that very much recognises the need to be both prudent and create capacity to deliver. These issues are covered further in this report.

#### **Principles that have shaped the budget**

24. At a time of significant reductions in grants it is absolutely essential to set a prudent, stable and achievable budget. The council has again set out a two year budget which will enable longer term investments and savings to be developed and implemented, providing a stable, sustainable financial basis for the delivery of services to customers. Whilst year 2 (2014/15) will need to be revisited in light of any potential change in assumptions, the 2 year budget set out is fully balanced based upon known factors and a prudent approach to assumptions regarding potential additional costs.
25. This budget round has been extremely challenging, following on from savings of £11m in 2012/13 and £21m in 2011/12. In fact, between 2010/11 and 2014/15 the Council will have delivered £62m of savings. To meet these challenges the council will ensure that the services we provide are cost effective and efficient, good quality and that they address the needs of the residents of York at a time when every pound spent must deliver real value. Of the £20m savings proposed, over £13m are coming from detailed service reviews, efficiency, and better procurement.

26. Following the results of the Big York Survey, where some 44% of residents agreed that the council should explore alternative ways of working. Included in the proposals are a number of examples of new and innovative ways of delivering services, such as:
- savings accruing from the shared internal audit company (Veritau),
  - a review of facilities management following the move into West Offices,
  - potential shared services in a number of areas,
  - the creation of an integrated Smarter York community delivery.
27. However with funding cuts of this magnitude it is not possible to meet all of this through efficiency and there still remain difficult decisions to be made. Many of the service reviews, whilst seeking to achieve efficiency, will potentially mean difficult choices in how services are delivered. This budget has been driven by the priorities set out in the Council Plan and in particular it sets out how we have sought to focus on the twin priorities of growing the economy and protecting vulnerable people.
28. The council spends a significant amount of its budget on protecting vulnerable people through our social care services. This budget proposes specific additional growth in adult social care of £5m over 2 years. We have placed vulnerable people at the heart of our thinking in considering what savings can be made. This does not mean that there will be no impact – such significant budget cuts will inevitably affect all services and all residents to some extent. However, we have taken long term approaches to the development of future services that will ensure we can still respond to the needs of the most vulnerable members of our communities now and in future. We are already focussing on prevention and early intervention to prevent escalation of needs and costs for adults and children.
29. In order to continue building our communities it is essential to work effectively with the voluntary and community sector (VCS) and though all council services and grants must deliver efficiencies and contribute to the savings targets, care has been taken to ensure that the budget reductions to the VCS are lower than the overall reduction in council budgets. Looking across all council spend with the VCS, overall budgets are being reduced by just 4% over two years compared to total council savings equivalent to 16% of the councils budget. Work is underway to ensure that this funding actively contributes to the delivery of the council's priorities.

30. In these challenging times, protecting the needs of the most vulnerable people in York requires us to make difficult decisions and balance a range of competing needs. To protect services for children, for older people, and for disabled people, we need to generate income wherever it is appropriate to do so.
31. Alongside the revenue budget, set out in the separate capital strategy report are proposals for further major investment in a variety of schemes. These continue the councils approach to prioritise investment in the economy, housing, transport, and to invest to save.

### **Budget analysis**

32. The budget setting process has taken into account the following issues, (which are considered in more detail in following paragraphs);
  - i. Consideration of the 2012/13 position.
  - ii. A review of the original 2013/14 assumptions set out in the report to Cabinet in February 2012.
  - iii. Consideration of reductions in grant.
  - iv. Consideration of unavoidable cost increases, priority areas, how to create the capacity in priority areas and creating the capacity to allow for service improvement and innovation.
  - v. Ensuring that the budget is robust and prudent and is based upon the strategic financial advice of the Director CBSS as s151 officer.
  - vi. Ensuring there is a strong link between the capital and revenue budgets and that the delivery of priorities fully considers the two budgets hand in hand.

### 2012/13 position

33. As outlined earlier in the report, and in a separate report elsewhere on this agenda, the latest finance and performance report identifies a range of budget pressures with the expectation that these will be contained within the approved budget by the end of the financial year.
34. The most significant pressures in 2012/13 have occurred due to increasing service demand for independent residential & nursing care and direct payments along with an increase above forecasts in the number of children under the care of the council. A detailed analysis of these pressures has been conducted and additional resources have

been allocated (as set out below) for areas where it was considered essential to invest.

### Review of 2013/14 assumptions

35. The outline 2013/14 budget was set out in the report to Cabinet in February 2012. These assumptions have been reviewed and updated to reflect the latest information, overall funding position and progress of savings delivery. As a result of this review growth proposals have been reviewed, alongside a detailed review of all savings. Some savings proposals previously included in last years two year budget for 2013/14 have been removed and replaced by alternative proposals based on refreshed priorities. Members are reminded that this is consistent with the approach outlined last year at this time whereby the 2013/14 proposals included in the 2 year budget were always subject to a more detailed review during the year. It should be noted that the proposals set out below represent only 15% of the total savings that were identified in February 2012. Next year the 2014/15 proposals outlined in this report will be subject to the same process. The savings removed from the 2013/14 budget proposals, totalling £1,312k, are listed in the following table;

<b>D'rate</b>	<b>Proposal Description</b>	<b>Reason for Removal</b>	<b>2013/14 Impact</b>
ACE	Small Day Services Review	Full saving deliverable from 2014/15	42
ACE	Learning Disability Services - LATC	Full saving deliverable from 2014/15	50
ACE	Older People - LATC	Full saving deliverable from 2014/15	50
ACE	Direct Payments	Level of duplicated services significantly lower than originally estimated	100
CANS /CES	Supplies & Services	Savings incorporated into specific service reviews	100
CANS /CES	General - Management Staffing Target	Review has commenced and savings to be delivered in 2014/15.	240
CANS /CES	General - Further Staffing Target	Savings incorporated into specific service reviews	150

CANS	Parks & Open Spaces - Tree Maintenance	Savings incorporated into Smarter York savings	10
CANS	Housing Services - Debt Advice	Following reforms of benefits system this saving was deemed inappropriate at this stage	35
CES	Market Testing - Waste, Civils and Fleet	The services are undergoing reforms through the Directorate Restructure. Market testing is to be considered at a later date.	270
CES	Planning Fees	The Government didn't fully deregulate Planning Fees meaning the income target is not achievable.	150
CES	Design & Conservation	Assumed savings have been rolled into the Directorate Service Review	90
CES	External Income - Specialist Services	Assumed savings have been rolled into the Directorate Service Review	25
Total			1,312

Table 1: Savings removed from 2013/14

36. The following table shows new proposals that replace those removed in Table 1 above. The proposals total £1,379k, some £67k above those removed. This is due to refinements of other assumptions in balancing the budget.

#### Adults, Children & Education

XD02a	<b>Efficiency Savings - Adult Services</b> Further savings from 2% efficiency targets set to all services not already subject to a major review.	-100
XD02b	<b>Efficiency Savings - Children's Services</b> Further savings from 2% efficiency targets set to all services not already subject to a major review.	-142

**Communities & Neighbourhoods**

CANS0 3/04/05	<b>Smarter York</b> The savings agreed as part of the 2013/14 saving for Smarter York have been stretched by £38k in 2013/14. This will be achieved by creating an integrated Smarter York Community Delivery, reviewing specification for grass cutting (including reducing double taxation liability) and income from enforcement.	-38
CANS0 6	<b>Parks &amp; Open Spaces</b> Integrate Parks and Neighbourhood Pride Service gardeners to carry out maintenance at all locations by using mobile teams (£170k). Cease weekend working and locking / unlocking of parks (£74k). Saving to be delivered over 2013/14 and 2014/15.	-122
CANS1 0	<b>Street Cleansing</b> Reduce from 4 street sweeping machines to 3 and remove current vacant post.	-48
CANS0 2/16	<b>Culture, Events and Festivals</b> Savings target for implementation of new partnership structures	-20
CANS0 9	<b>Allotments</b> Halve the subsidy by increasing rents over and above inflation and passing business support responsibilities to allotment secretaries.	-10
CANS1 7	<b>Library Services</b> Further target set for introducing savings across library services through a social enterprise. The level of savings that are deliverable will be established through the business plan of the social enterprise. This level of cut is likely to involve a reduction in service levels.	-50
CANS1 11	<b>Public Protection</b> Review of Regulatory Services staffing restructure to reduce management capacity across the service areas.	-50
CANS1 12	<b>Housing Services</b> Review of discretionary services and efficiency savings as a result of changing working practices.	-50
CANS1 2	<b>Community Centres</b> Target for reducing council support to Community Centres.	-40

CANS1 07	<b>Public Protection - Trading Standards</b> Saving arising from consolidation of Trading Standards /Licensing and Animal Health Enforcement	-8
CANS1 09	<b>Public Protection - Environmental Protection Unit / Food Safety</b> Review of staffing structure across Environmental Protection Unit and Food Safety Team.	-20
CANS1 10	<b>Environmental Protection Unit</b> Review of staffing levels for the maintenance of Air Quality Monitoring.	-11

### Customer & Business Support Services

CSTS41 12	<b>Review of Facilities Mgt/West Offices</b> Covering a range of options including move to West Offices and Cleaning services. A single West offices budget is being created as part of the move, and through this consolidation efficiencies are anticipated. A full review of support needed to operate the building is being conducted and may include a range of external contracts for cleaning, security etc. Further opportunities to consolidate activity within West offices will be explored, eg single contracts for all supplies, We will also as part of a wider review of FM be considering the option of outsourcing of Cleaning services, and a range of other service reviews to deliver the required savings.	-80
CBSS33 14	<b>Reduce Planning Committees from Three to Two</b> Currently there is a Planning committee and two sub-planning committees, this proposal is for a reduction to two Planning committees enabling a reduction of one Special Responsibility Allowance. This proposed saving incorporates the removal of the provision of mini buses and pre-arranged transport to site visits.	-7
CBSS17 14	<b>Electronic Information for Council Tax annual billing and e-billing</b> This saving would be achieved by increasing the use of e-billing and including council tax leaflet information on the Council's web site, thereby reducing printing and postage costs.	-54

**City & Environmental Services**

CES00a	<b>Directorate Senior Management Review</b> Comprehensive review of senior manager levels across CES Directorate leading to a reduction in a number of senior management roles.	-95
CES00b	<b>Directorate Staffing Review</b> Major restructure across the Directorate resulting in deleting / reducing the number of posts as well as funding posts from alternative income streams.	-167
CES01	<b>Quality Bus Contract</b> Reduce budget to reflect emphasis on partnership approach over next two years, Better Bus Area Fund funding and increase operators expenditure via Quality Bus Partnership.	-26
CES05a	<b>Taxi Card</b> Reduce budget to reflect actual level of usage	-60
CES10	<b>Bus Shelter Advertising</b> Expand bus shelter advertising contract to radial routes	-5
CES11	<b>Traffic Systems</b> Re-procurement of maintenance services for real time information and UTMC on street equipment	-10
CES13	<b>Traffic Systems</b> Host other Local Authorities UTC and UTMC systems	-8
CES14	<b>Traffic Systems</b> Additional income potential from bus lane CCTV enforcement	-50
CES102	<b>Planning Consultation</b> Cease neighbour notification in relation to planning applications. Replace with site notices. Reduce postage costs.	-10
CES203	<b>Waste Strategy</b> Reduce in house capacity to support Waste Minimisation activities. Delete 0.8 vacant posts in 2013/14.	-18
CES206	<b>Street Lighting Budget</b> Revision to street light service and external contract	-60
CES207	<b>Fleet</b> Vehicle workshop income target	-20
Total		-1,379



Table 2: Replacement Savings for 2013/14

Full year effects of previous council decisions

37. **Waste PFI project** - £750k to create necessary budget capacity, as approved by Council in December 2010, and also to meet increased costs of landfill tax that are currently being incurred. There is a requirement to make this provision as part of the PFI scheme and the S151 officer has confirmed to the Government department the Council has approved and is providing for this sum. Full financial close on the scheme has yet to be achieved, and a further report to members will be provided in the future to agree this.
38. **Full year effect of various growth items** - £70k, agreed in 2011/12, to build a permanent election budget over a period of four years (previously provided for on a one-off basis).

Unavoidable cost increases, priority areas and creating capacity

39. The following paragraphs set out the areas where additional investment is being made;
40. **Pay and increments** - £1,250k is included for contractual pay increments as the council's staffing budgets align to the recent pay and grading exercise. An assumption of 1% has been made for a pay award in 2013, which reflects the current anticipated national pay award.
41. **Treasury management and capital costs** - £720k which includes the revenue costs of the current approved capital programme, plus any implications from the separate capital budget report elsewhere on the agenda.
42. As highlighted earlier in this report, **existing areas of service delivery** have also been assessed and areas identified where there is a need for additional investment to deliver council priorities, to ensure budgets are prudent and to protect vulnerable people. The specific allocations are as follows;
  - Adult social care **£2,500k** – demand for services continues to grow as the elderly population increases and high complex needs are experienced. The service has implemented a range of cost control measures which seek to mitigate the increased costs, but over a two year period there is a need for a further £5m of growth to ensure that the budget properly represents estimated needs.

- Contractual price increases contingency **£250k** – set aside for unavoidable contractual price increases, such as energy costs and Concessionary Fares.
- Levies increases **£14k** - increase in levies from Internal Drainage Boards.
- Commercial waste Income **£100k** – although the commercial waste service makes a significant surplus to the council, it does not meet its budgeted level. This is partly due to the very competitive market place. It is necessary therefore to reduce the level of budgeted income.
- Funding of **£160k** to support the new interim contract arrangements for the Huntington Stadium Leisure Complex (Waterworld) as set out in the Community Stadium update report to Cabinet in November 2012.
- Tethered Horses **£40k** – funding required to deal with problems associated with horses being deliberately tethered on land without the landowners permission.
- York Financial Assistance Scheme **£100k** – the council becomes responsible for crisis loans and grants, previously administered by the Department for Works and Pensions (DWP), from 1 April. A report to cabinet in December set out the details and the council will receive over £300k funding from the government for this responsibility. It is however anticipated that demand for assistance will increase significantly due to the range of benefit changes being implemented in April 2013. The cabinet report set out proposal to rename the fund as York financial assistance scheme, and it is planned to top up the government grant by £100k in 13/14 and a further £100k in 14/15.

### One-Off Proposals

43. The Council has received a further allocation of New Homes Bonus (NHB), which amounts to £603k. This is payable for a period of 6 years and is additional to the funding that is already allocated to the Economic Infrastructure Fund. It is proposed to use £1.206m of this funding in years 1 and 2, as follows:
- Adult social care - The budget proposed sets out investment in adult care of £5m over the next two years which will allow for the budget to represent an accurate assessment of likely spending pressures. However, whilst over the two year period £5m is considered to be

the necessary investment needed, in 2013/14 there is a need for further one off investment to deal with pressures. It is proposed to allocate £957k to this area in 2013/14 from this fund.

- Local Plan - It is also proposed to allocate the remaining 2 year amounts of the NHB fund towards meeting the costs of preparing the local plan, with the relevant amounts being £192k and £57k for 2013/14 and 2014/15 respectively, as set out in a report to Cabinet in October 2012.

44. It should be noted that NHB funding is received in the financial years 2013/14 and 2014/15. Clearly the proposals above set out spending in 2013/14 of £1,149k. This means that in 2013/14 there is an over commitment of funds of £546k, whilst in 2014/15 there is an under commitment of the same amount. To enable the planned spending profile, it will be necessary for the Director of CBSS to use an earmarked reserve (in this case the Insurance fund) to meet the shortfall in funding, and for this to then be repaid from NHB in 2014/15.

#### Ensuring a prudent budget

45. **Contingency fund (£200k)** – given the financial risks facing the council, in particular in relation to the wider economic situation, it is recommended that provision is made for a contingency and that this is increased in the medium term to ensure the councils financial stability.
46. **Increase in general reserves (£200k)** – linked to increasing the contingency, it is recommended that provision is made to increase overall reserves in the medium term. This will provide a sound financial platform for the authority, and ensure it continues to maintain its overall financial health and is able to deal with any unforeseen events effectively. The Director of CBSS has recommended a minimum level of reserves at £6.4m, equating to 5% of the net budget. It should be noted that, due to a number of specific grants now being general grant and funding changes for council tax support, the net budget of the council has increased by some £5.5m. A figure of 5% is considered a prudent level of reserves and also reflects a need for a slightly higher overall cash value in that the council now has risks associated with the council tax support scheme. Further details are provided in paragraph 77 of this report.

#### Potential Investment in Sustainability and Fuel Poverty

47. As part of the Councils commitment to energy efficiency, renewable, and fuel poverty, a separate report will be included on the same Cabinet Agenda that considers how the Council can seek to attract additional

external funding, build partnerships to tackle fuel poverty, reduce carbon emissions, develop renewables and opportunities to link these to economic growth.

### Expenditure Pressures Summary

48. The expenditure pressures described above are set out in the following table;

<b>Expenditure Changes</b>	<b>2013/14 £'000</b>	<b>2014/15 £'000</b>
Full year effects of previous council decisions		
- Waste PFI	750	750
- Other previous Council decisions	70	70
Unavoidable cost increases, priority areas and creating capacity		
- Increments and pay costs	1,250	900
- Increase in pension fund costs	0	500
- Living Wage	0	250
- Treasury management & capital costs	720	1,300
- Adult Social Care	2,500	2,500
- Prices contingency	250	0
- Tethered Horses	40	0
- Waterworld	160	0
- Levies	14	0
- Social Fund	100	100
- Commercial Waste Income	100	100
Ensuring a prudent budget		
- Contingency fund	200	375
- General reserve contribution	200	350
<b>Total Expenditure Changes</b>	<b>6,354</b>	<b>7,195</b>

Table 3 – Summary of expenditure pressures

49. Members will recall that a Delivery and Innovation fund was created in the February 2012 budget. This funding was for £1m in 2012/13. This fund will be maintained at the current level. The table below sets out the budget amount, and approved commitments for the period 13/14 to 14/15.

	2013/14	2014/15
<u>Commitment</u>	£000's	£000's
Rail policy	8	8
Innovation catalyst programme	165	0
Access York Phase 2	50	0
Landlord accreditation Scheme	40	40
Total	263	48
Budget	1,000	1,000
Unallocated	737	952

Table 4 – DIF Commitments

### Funding Changes

50. 2013/14 sees the introduction of a revised local government finance system. Formula Grant is replaced by a start up funding assessment which comprises of a revised Revenue Support Grant (RSG) and a business rates funding baseline. Full details of the changes were published in the January 2013 Cabinet report and are set out in paragraphs 8 to 10 above.
51. The 2013/14 figures in Table 5 below can be assumed to be final figures, however the final funding figures for 2014/15 will not be formally announced by the government until December 2013.
52. Table 5 shows the two main components that make up the council's net funding changes, that is, council tax and money provided by central government in the form of RSG and the start up funding assessment for the localisation of business rates. It is important to note that the funding changes for year 2 are notional and have been determined by the Director of CBSS, as chief finance officer, for planning purposes. They include a forecast for changes in grant, council tax income, and retained business rates growth. It should be noted that the forecast for the loss in grant in 2014/15 is of the order of £5-6m. The precise assumptions will need to be revisited during the forthcoming financial year.
53. The first line of Table 5 shows a net £3.908m reduction in the start up funding assessment the council will receive from central government as part of the programme of Local Government funding cuts, initially announced in December 2010 and confirmed in December 2012. It is shown net as a number of previous specific grants, such as the Early Intervention and Learning Disability & Health Reform grants, have been rolled into the base figure. The rolling in of grants serves to notionally increase the Council's net budget as they are now included in funding below the line, rather than matching expenditure above the line. The loss

is therefore presented as an equivalent to funding received in 2012/13. A significant proportion of the loss (£1.6m) is related to the a reduction in General Fund resource for the Early Intervention Grant, which funds services such as Children's Centres.

54. The second line of Table 5 shows the additional funding available via council tax in 2013/14. The total projected yield from council tax is significantly less than in 2012/13 however this is a presentational change as a result of the abolition of council tax benefit and reflects the effects of the new local support scheme. Instead of receiving Benefit subsidy, the council will now receive grant funding as part of the start up funding assessment. The local support scheme, approved by Council in December, is cost neutral and therefore has no effect on the net funding of this budget.
55. The table shows that in applying the recommended 1.9% increase on the revised taxbase of 60,945.49, the council will receive additional income of £1.44m from council tax in 2013/14. It is for members to determine the overall council tax level, having due regard to all of the issues in relation to the council tax freeze grant and overall levels of council tax.
56. In summary, for 2013/14 the council has net reduced funding available of £2.468m compared to 2012/13. Table 5 also shows a provisional funding reduction of £3.895m in 2014/15. This comprises a government funding reduction of £5-5.5m as announced in the December 2012 settlement and notional increases from council tax and business rates funding.

<b>Funding Changes</b>	<b>2013/14 £'000</b>	<b>2014/15 £'000</b>
<b>Funding Changes in year</b>		
- Net Reduction in Government Funding	3,908	3,895
- Net Change in Council Tax	(1,440)	
- Retained Business Rates above Baseline	0	
<b>Net Funding Changes</b>	<b>2,468</b>	<b>3,895</b>

Table 5 – Funding changes

57. Taking into account these funding changes and their impact on the council's net budget, table 6 summarises the funding available from council tax, business rates and government funding for 2013/14 and 2014/15 (provisional).

	2013/14 £m	2014/15 (Provisional) £m	Change £m
Council Tax	69.710	123.883	-3.895
RSG	34.870		
Business Rates Baseline	23,198		
<b>Net Budget</b>	<b>127.778</b>	<b>123.883</b>	<b>-3.895</b>

Table 6 – Net budget composition for 2013/14 and 2014/15

58. The following table shows the budget position after taking account of the expenditure changes outlined earlier in this report and changed funding set out in tables 3 and 5.

<b>Summary</b>	<b>2013/14 £'000</b>	<b>2014/15 £'000</b>
<b>Total expenditure pressures</b>	<b>6,354</b>	<b>7,195</b>
<b>Total expenditure reductions</b>	<b>-8,822</b>	<b>-11,090</b>
<b>Total net funding changes</b>	<b>2,468</b>	<b>3,895</b>
<b>Budget gap</b>	<b>0</b>	<b>0</b>

Table 7 – Budget position summary

### Savings and Income Generation

59. To meet the challenge of identifying around £20m of savings, work has been ongoing for many months. There have been fundamental reviews of all areas of activity, and all options for achieving increased income, better procurement, service reconfiguration, and alternative service delivery have been considered. Whilst the proposals include savings which seek to balance the budget for 2014/15 these are based upon a number of assumptions, some of which may need to be revisited.
60. Service reviews, better procurement and improved efficiency are contributing £13.2m. In some areas these will be relatively painless savings, which accrue through pure improved efficiency and savings on procurement. There are also a range of proposals for alternative service delivery models. In other areas there are major service reviews, either ongoing or which need to take place in 2013/14. It is recognised that in some cases these may require difficult choices to deliver savings.
61. Additional income is contributing some £2.5m. These include opportunities for new charging/trading, improved performance in income

collection following the consolidation of all income collection across the council, and a range of fees and charges increases.

62. Some £2.6m has been categorised as a direct service reduction. Given the difficult financial position, whilst all attempts have been made to seek to avoid such reductions, it has been necessary to prioritise some areas of service.
63. A further £1.3m and £342k is attributed to full year effects of previously agreed savings and changes in relation to grant funding respectively.
64. The following tables show the overview of savings for each directorate. Detailed proposals are contained in Annex 2.

<b>Savings</b>	<b>2013/14 £'000</b>	<b>2014/15 £'000</b>
Customer & Business Support Services	-1,196	-1,619
Communities & Neighbourhoods	-1,931	-2,191
Adults, Children & Education	-3,789	-4,013
Office of the Chief Executive	-115	-170
City & Environmental Services	-1,577	-2,347
Corporate savings	-214	-750
<b>Net total of savings</b>	<b>-8,822</b>	<b>-11,090</b>

Table 8a – savings proposals by directorate

<b>Savings</b>	<b>2013/14 £'000</b>	<b>2014/15 £'000</b>
Service Reviews, Efficiency and Procurement	-5,360	-7,838
Full Year Effect of Prior Year Savings	-1,125	-148
Service/Budgetary Reduction	-883	-1,695
Grant Related Savings	-256	-86
Increases in Income	-1,198	-1,323
<b>Total savings</b>	<b>-8,822</b>	<b>-11,090</b>

Table 8b – savings proposals by category

65. The proposed savings have been categorised into one of the above headings, reflecting the primary nature of the individual saving. It is recognised however that some savings may cut across more than one category and could be a mix of service reduction/efficiency. The analysis seeks to provide a broad overview of the nature of the total savings proposals.

### **Fees and charges**

66. Detailed proposals for any changes to fees and charges are attached at annex 3. The proposals have taken account of such factors as current



retail price indices, possible impact on customer numbers, knowledge of business and current market conditions and benchmarking exercises. Any increased income from this review of charges is included within the overall list of savings attached at annex 2.

### Council Tax and the Collection Fund

67. The existing components of the current (2012/13) band D council tax for a CYC resident are shown in the Table 9. It should be noted that these figures exclude parish precepts which are an additional charge in some areas.

	£
City of York Council	<b>1,122.48</b>
North Yorkshire Police Authority	<b>204.55</b>
North Yorkshire Fire Authority	<b>62.10</b>
<b>TOTAL</b>	<b>1,389.13</b>

Table 9 - Make Up of 2012/13 Council Tax

68. As referred to earlier in this report, the recommendation made in these papers is that from April 2013 the CYC element of the council tax will increase by 1.9%, resulting in a band D council tax of £1,143.81. Table 10 below shows the impact on each property band of the proposed 1.9% increase on the basic CYC element of the council tax.

	<b>2012/13 Basic Tax by Band</b>	<b>2013/14 1.9% Increase</b>	<b>Annual Increase</b>	<b>Weekly Increase</b>
<b>Band</b>	£'s	£'s	£'s	p's
<b>A</b>	£748.32	£762.54	£14.22	27p
<b>B</b>	£873.04	£889.63	£16.59	32p
<b>C</b>	£997.76	£1,016.72	£18.96	36p
<b>D</b>	£1,122.48	£1,143.81	£21.33	41p
<b>E</b>	£1,371.92	£1,397.99	£26.07	50p
<b>F</b>	£1,621.36	£1,652.17	£30.81	59p
<b>G</b>	£1,870.80	£1,906.35	£35.55	68p
<b>H</b>	£2,244.96	£2,287.62	£42.66	82p

Table 10 – Impacts of proposed 1.9% increase on CYC basic council tax

69. The collection fund is the ring-fenced account where all council tax is credited. This account can either be in surplus or deficit at the year-end, depending on whether the authority has managed to collect more or less than it originally anticipated and the growth in property numbers. This

year, a prudent assumption has been made to not declare a surplus and therefore no income from this is included in the budget assumptions.

## Precepts

70. In addition to the council tax to be charged by the City of York, the overall charge must include the precepts from the North Yorkshire Police, Fire Authority and parish councils. Due to the timing of this report these precepts are not yet available but will be included in the report which is considered by full Council on 28 February.

- The Police and Crime Commissioner will make their precept and Council Tax charge decision during February 2013.
- The Fire Authority will be meeting on 13 February 2013 to determine its precept and council tax charge.

71. Table 11 demonstrates both the cash and percentage increase in 2012/13 for these which resulted in a total band D council tax for a York property of £1,389.13.

	2011/12 Charge £	2012/13 Increase (£)	Increase (%)	Council Tax
CYC	1,090.85	31.63	2.90	1,122.48
Police	204.55	0.00	0.00	204.55
Fire	62.10	0.00	0.00	62.10
<b>Total</b>	<b>1,357.50</b>	<b>31.63</b>	<b>2.33</b>	<b>1,389.13</b>

Table 11 - Headline Council Tax Figures for City of York Area

72. There are 31 parish councils within the City of York Council area. 29 out of 31 of these have notified the council of their precepts for 2013/14. There are wide variations in the parish precept increases from a reduction of 10.24% to an increase of 22.91% in the individual precepts. It should be noted that each parish has been protected by the effects of the localisation of support for council tax and will be provided with a small grant that the council will pass on to ensure no local council is worse off under the new scheme. The continuance of this beyond 2013/14 will require review during the year.

## National Non Domestic Rates (NNDR)

73. In April 2012 the two NNDR multipliers were 45.8p in the pound for normal properties and 45.0p in the pound for smaller properties (based upon the total rateable values of all properties held by a single owner). It

has been provisionally announced that in April 2013 the multipliers will increase to 47.1p (by 2.7%) and 46.2p (by 2.6%) respectively.

74. The council is projecting provisional business rates income in 2013/14 of £92.578m.

### Leeds City Region (LCR) Pool

75. Members are reminded that at Cabinet on 8 January 2013, they approved that the decision to join the LCR business rates pool would be delegated to the Leader of the Council, on the advice of the Director of Customer & Business Support Services. The decision was made on the 15 January to join the pool following consideration of the other member authorities projected business rates collection.
76. In practice for every pound in growth that York will see in its business rates in 2013/14, 50p will go straight to the government as part of the central share, York will keep 25.5p as under the main system but rather than pay the 24.5p levy over to government, this will instead be paid into the LCR Infrastructure Fund to be spent on projects in the region. Members will be updated throughout 2013/14 on the progress of the pool.

### Reserves

77. Table 12 shows the position on the general fund reserve which, it is anticipated, will be £6.296m by the end of 2012/13. Reserves stood at £11.4m in 2008 and have reduced in recent years. The projected reserves at the end of 2012/13 are based on the assumption that Members agree no usage of reserves as part of the final recommendations to Council. It should be noted that the figures below also assume that there will be no requirement to fund an overspend against the 2012/13 budget and that the recommended increase of a £200k reserve contribution is agreed.

	<b>2012/13 Projected Out-turn</b>	<b>2013/14 Budget</b>
	<b>£'000</b>	<b>£'000</b>
<b>General Reserve at start of year</b>	6,046	6,296
Reserve contribution in budget	250	450
<b>General Reserve at end of year</b>	6,296	6,746
Prudent minimum reserves	6,100	6,400
<b>Headroom (+)/Shortfall (-) in Reserves</b>	196	346

Table 12 - Projected General Reserves

78. In line with best practice, the council has undertaken a review of risks and known commitments in order to determine its minimum general reserve level. In considering this, it has been determined by the Director of CBSS that a level of c.5% of the net budget, or £6.4m is an appropriate figure. It also reflects a need for a slightly higher overall cash value in that the Council now has risks associated with council tax support scheme. It should be noted the prudent level has increased this year due to the uplift in the base budget by some £5.5m as a result of the significant funding changes outlined earlier related to rolling in of grants. This report contains a recommended £200k increase in reserve contribution for 2013/14 which, should it be accepted, will create £346k of headroom above the minimum level. There is also a further contribution of £350k in 2014/15. This will provide an element of flexibility which the Chief Finance Officer consider essential in ensuring prudent financial management.

### **Medium term planning**

79. Looking ahead beyond 2014/15 is difficult to do with any great degree of accuracy at this stage. There will be a further comprehensive spending review during 2013/14 and until the details of this become clear the overall implications for local government are difficult to assess. What we do expect is that there will continue to be further reductions in government grants. These are currently running at around £4-£5m per annum. Assuming this level of reduction would imply a reduction over a 5 year period of around £20-£25m in government funding.
80. Other factors that will affect the council will include potential increased costs in elderly care, inflationary pressures (e.g. fuel), implications of the capital programme and potential restrictions on council tax increases. Ultimately the scale of savings that will be required in the future are likely to centre on the scale of government funding reductions, alongside the extent to which spending pressures affect the council. What is clear however is that further savings will need to be found, as reductions in funding are almost inevitable whilst the country seeks to deal with its budget deficit.

### **Housing Revenue Account (HRA)**

81. Local Authorities are required, by legislation, to keep a HRA. The Local Government and Housing Act 1989 stated that items of income and expenditure only relating to Council housing must be contained within the account. Thus the terms “ring fenced” or “landlord account” are now referred to, as transfers between the HRA and General Fund are normally prevented. Authorities have a duty to ensure that the HRA

balances, to keep the budget under review and to take all reasonable steps to avoid a deficit.

82. The HRA budget at annex 4 results in an in-year deficit of £1,527k. Together with the budgeted brought forward working balance of £12,126k this leaves a working balance of £10,599k on the account. This balance is broadly in line with that forecast in the HRA business plan and a report elsewhere on this agenda sets out further detail of the proposed investment strategy for the HRA. This will include a review of the overall working balance to ensure a prudent reserve is maintained on the account.
83. Planned investment includes £1m for loft conversions and £1.4m for insulation. Full details of the HRA capital investment is included in both the HRA business plan report and the capital report, both of which are also on this agenda.
84. The rent increase is calculated following rent restructuring, which was introduced in April 2002, with the key aim of converging rents across all social housing providers whether local authority landlord or other registered provider. This involved a phased change in rents based on a formula for rent setting created by Central Government. This Government formula rent takes account of various factors including the number of bedrooms a property has, property valuation, average earnings and the date at which all rents are expected to converge. This process is known as rent restructuring and will mean that rents charged will move towards a Government set target rent. By 2015/16 existing actual rents will converge with their target rent for the majority of council dwellings. The Government expectation in the self financing settlement is that councils will continue to follow rent restructuring policy and the settlement is based on future income levels assuming the policy is implemented as planned. The HRA business plan assumes that York will follow this policy and the expected effect on rent increases over the next 5 years is shown in the table below;

Year	Estimated Average Rent Increase (assuming RPI at 2.5%)	Estimated Average Rent Per week	Estimated Average Increase per week
2013/14	4.36%	£75.21	£3.14
2014/15	4.2%	£78.40	£3.19
2015/16	4.2%	£81.71	£3.31
2016/17	3%	£84.17	£2.46
2017/18	3%	£86.70	£2.53

## **Dedicated Schools Grant (DSG) and the schools budget**

85. The DSG is ring-fenced for funding the provision of education for pupils in schools (maintained, pupil referral units (PRUs), private, voluntary and independent (PVI) nurseries or externally purchased places). As such it covers funding delegated to individual LA maintained schools and PVI providers through the LMS & Early Years Funding Formula, plus funding for other pupil provision which is retained centrally by the LA (e.g. SEN, PRUs, behaviour support, home & hospital tuition, school contingencies etc.). It is distributed according to a formula that guarantees a minimum per pupil increase for each authority (0% in 2013/14).
86. The council itself cannot use the DSG for any purpose other than schools block funding, although with the permission of the York Education Partnership Board limited contributions can be made to the following areas:
- Combined budgets supporting every child matters objectives where there is a clear educational benefit.
  - Prudential borrowing, where overall net savings to the schools budget can be demonstrated.
  - Some SEN transport costs, again only when there is a net schools budget saving.
87. There are also strict limits (central expenditure limits [CEL]) on the amount of the DSG that the council can retain centrally to either fund pupil costs outside mainstream schools, or to provide targeted allocations during the financial year to maintained schools. The funding reform changes for 2013/14 have further tightened these regulations significantly reducing flexibility.
88. Annex 5 sets out further details of the budget proposals for the DSG and schools budgets.

### Funding Available within the DSG

89. The funding available includes the estimated 2012/13 DSG allocation of £109,558k, an early estimate of funding for post 16 pupils from the YPLA of £6,543k, the estimated level of the pupil premium for York schools of £3,708k and an estimated zero balance carry forward from 2012/13.

## Balancing the Schools Budget

90. Annex 5 shows that there is a potential shortfall in the overall schools budget of £200k - £400k as a result of the change to post 16 SEN funding and further work may be required in conjunction with the YEP to produce a balanced Schools Budget for 2013/14 pending the outcome of discussions with the EFA on the level of resource to be transferred to the authority for post 16 SEN pupils.
91. This may result in a deficit Schools Budget having to be set for 2013/14 of up to £400k, and in this situation in year mitigating savings would be sought. Ultimately any remaining deficit would have to be carried forward to 2014/15 and dealt with as part of that year's budget setting process, most likely as a reduction in the amount of funding available for schools through the LMS Funding Formula. Cabinet will be provided with an update of the decisions and comments made by the York Education Partnership Board.

## **Impact assessment of the 2013/15 budget proposals**

92. The budget aims to tackle a variety of issues. Clearly it aims to be prudent and to set medium term plans which are set out in the report. However, a financial plan is also about how resources are allocated and what impact that allocation has upon a range of issues. The following sections explore the consultation feedback, sustainability and the equalities impact.

## **Feedback from Consultation**

93. An integral part of the development of the 2 year financial strategy has been to undertake focused engagement with a diverse range of stakeholders, and to include new forms of engagement such as meeting the voluntary sector. This approach of discrete consultation streams delivering specific and relevant feedback on budget priorities has ensured that decisions on the strategy have been informed by the views of key groups across the community.
94. The specific consultation streams undertaken as part of the development of this budget strategy were:-
- Meetings with representatives from the Voluntary Sector
  - Use of an on-line budget consultation tool – YouChoose
  - Meeting with Business Leaders from across the city
  - A meeting with the Youth Council

- Meeting with Equalities Advisory Group

95. Key elected members were present at most of the consultation sessions to hear the views directly from the participants.
96. In accordance with constitutional practice Scrutiny Management Committee (SMC) considered at its meeting on 14 January 2013 what level of budget it considered appropriate in the coming year to support scrutiny reviews. The Committee took into account existing levels of spend in 2012/13, some areas of likely spend in 2013/14 and the councils overall financial position. In the light of those considerations the Committee agreed to maintain the current funding level of £5k and not request any increase.

### **Sustainability**

97. The new Administrative Accommodation strategy which involves relocating to a new building will allow the council to rationalise numerous smaller buildings that are less energy efficient in a variety of ways compared to a single purpose building. The new office accommodation will be central to the council's strategy in meeting its carbon reduction.
98. The council is continuing to support the joint waste PFI project with North Yorkshire County Council.

### **Equalities**

99. A communities impact assessment (CIA) has been completed on the overall impact of the budget proposals and this is available as a background paper. This has been developed as a result of individual impact assessments for services which are undergoing changes, and following consultation with equality communities of interest. The impact assessment examines the benefits of recommended growth and considers risks associated with any savings proposals to ensure any negative impact for a particular group, sector or community is eliminated or counterbalanced. It does this by considering the information gathered at consultation and engagement events with equality communities of interest, including information and views gathered in events organised by the councils Equality Advisory Group. Where negative impacts have been identified, possible remedial actions have been shared with the relevant Cabinet member prior to the budget recommendations being finalised.



100. The risks will be dealt with through increasing expenditure in areas beneficial to all communities of interest, with growth of £5m being invested in adult social services over the next 2 years.

101. Specific remedial actions to lessen the impact are outlined in the CIA. As overall remedial action the strategy will;

- Focus growth where it is expected to have a positive effect on older or disabled people and their carers.
- Protect those who have limited financial means.
- Stipulate that where service provision is passed on to independent providers under contractual agreements, people from the most affected communities of interest receive the same level of service as before or better in many cases.

### **Specialist Implications**

102. This report has the following implications;

#### **Financial**

103. The financial implications are contained within the body of the report.

#### **Human Resources (HR)**

104. In summary the budget proposals could result in the reduction of around 120 FTE posts in 2013/14 and potentially up to a further 122 FTE posts in 2014/15. Although this is in line with previous indications of potential reductions, there could be further implications as the service reviews develop. The HR implications will be managed in accordance with established council procedures. As part of this process consultation with trade unions and affected staff will continue to be undertaken and every opportunity will be explored to mitigate redundancies, such as flexible working, early retirement and finding suitable alternative employment for at risk staff. Where consideration is being given to the transfer of services to another provider TUPE will apply, which will protect the terms and conditions of employment of transferring staff.

#### **Legal**

105. The Council is required to set a council tax for 2013/14 before 11 March 2013. It may not be set before all major precepts (ie precepts from the Police and Fire Authorities) have been issued or before 1st March 2013, whichever is the earlier. This decision is reserved to Council and cannot be taken by Cabinet or delegated to officers, although Cabinet has to

recommend a budget to the Council. These comments are intended to apply to both the Cabinet meeting and the subsequent Council meeting.

106. Before determining the level of the tax, the Council must estimate its proposed revenue expenditure, taking into account amounts required by way of contingency, any need to raise reserves and any other amounts which the Council is legally required to transfer between funds. It must also estimate its anticipated income, any relevant transfer between funds and any proposed use of reserves. It must then calculate the difference between the two which is the council tax requirement.
107. The Council's Chief Financial Officer (under s151 Local Government Act 1972) is required to report to the Council on the robustness of the estimates made for the purposes of the calculations, and the adequacy of the proposed financial reserves. The Council must have regard to the report when making decisions about the calculations in connection with which it is made. The Chief Financial Officer has a statutory duty under section 114 of the Local Government Finance Act 1988 to issue a written report if he considers that a decision taken by the Council would be unlawful and likely to cause a financial deficiency.
108. In reaching decisions on these matters, Members are bound by the general principles of administrative law. Lawful discretions must not be abused or fettered and all relevant considerations must be taken into account. No irrelevant considerations may be taken into account, and any decision made must be one which only a reasonable authority, properly directing itself, could have reached. Members must also balance the interests of service users against those who contribute to the Council's finances. The resources available to the Council must be deployed to their best advantage. Members must also act prudently. Members must also bear in mind their other statutory duties to have regard to certain matters when making decisions. In particular the "equalities duty" to have 'due regard' to the need to eliminate discrimination and to promote equality when making decisions and the need to consider any crime and disorder implications of the decision. A failure to follow these principles could open the Council to judicial review.
109. Members have a fiduciary duty to the council tax payers and others in the local authority's area. This means that members must behave responsibly in agreeing the budget. Members have no authority to make anything other than a balanced budget.
110. Among the relevant considerations which Members must take into account in reaching their decisions are the views of business ratepayers

and the advice of officers. The duty to consult representatives of non-domestic ratepayers on the Council's expenditure plans is contained in Section 65 of the Local Government Finance Act 1992.

111. In considering the advice of officers, and the weight to be attached to that advice, Members should have regard to the personal duties placed upon the Director of Customer and Business Support Services as Chief Financial Officer. Members are obliged under the Code of Conduct to have regard to the advice of the Chief Finance Officer and Monitoring Officer. The Council may take decisions which are at variance with his advice, providing there are reasonable grounds to do so. However, Members may expose themselves to risk if they disregard clearly expressed advice, for example as to the level of provision required for contingencies, bad debts and future liabilities. In addition, if Members wish to re-instate savings recommended by the Director of Customer and Business Support Services in order to balance the budget, they must find equivalent savings elsewhere.
112. The Director of Customer and Business Support Services is required by Section 151 of the Local Government Act 1972 and by the Accounts and Audit Regulations 2003 (as amended) to ensure that the council's budgeting, financial management, and accounting practices meet relevant statutory and professional requirements. He is in addition subject to the requirements set out in paragraph 107 above.
113. Members must also have regard to, and be aware of, the wider duties placed upon the council by various statutes governing the conduct of its financial affairs. These include the distinction between revenue and capital expenditure and the requirement to set prudential indicators in line with capital investment plans that are prudent, affordable and sustainable.
114. The Government has removed the power to cap local authority budgets and replaced it with a system of local referendums where the Council has set an excessive Council tax increase. For 2013/14 an increase above 2% will be considered excessive.
115. Section 106 of the Local Government Finance Act 1992 makes it a criminal offence for any Member with arrears of council tax which have been outstanding for two months or more to attend any meeting at which a decision affecting the budget is to be made, unless the Member concerned declares at the outset of the meeting that he or she is in arrears and will not be voting on the decision for that reason. The Member concerned must not vote but may speak. If a Cabinet member

has arrears outstanding for two months or more, they are prevented from taking any part in such a decision. The application of Section 106 of the 1992 Act is very wide and Members should be aware that the responsibility for ensuring that they act within the law at all times rests solely with the individual Member concerned.

### **Crime and Disorder**

116. There are no crime and disorder implications to this report.

### **Information Technology (IT)**

117. There are no information technology implications to this report.

### **Property**

118. There are no property implications to this report.

### **Other**

119. There are no other implications to this report.

### **Statutory Advice from the Director of Customer and Business Support Services/Comments**

#### **Introduction**

120. The Local Government Act 2003 places responsibilities upon the council's Chief Finance Officer to advise the council on the adequacy of its **reserves** and **the robustness of the budget proposals** including the estimates contained in this document. This section also addresses the **key risks** facing the council in relation to current and future budget provision. The following paragraphs give my views on the budget (both 2013/14 and beyond), reserves and general robustness of the process.

#### **Overall Assessment**

121. The proposals in this budget give a balanced budget for 2013/14 and give consideration to the financial years 2014/15 and an overview of future years. The council has well established effective financial management, effective monitoring, and has received very favourable external audit reports in respect of its financial management. The consideration of a two year budget is in line with the Council's prudent approach to long term financial planning.

122. Full scrutiny of the budget proposals for 2013/14 has taken place, in terms of their deliverability, and a proper risk assessment of a range of issues has been conducted.
123. There are significant savings contained within the budget proposals, reflecting the scale of the challenge facing the council. There should be no understatement of the scale of this challenge, both in terms of next year and beyond. Clearly, there are risks in the achievement of some of the proposed savings and, in assessing the risk of the savings proposed, I cannot guarantee that every single proposal will be achieved. I do however consider the overall package to be prudent, and I am assured of the robustness of the projected savings, and the extent of rigour in their calculation. They do however represent a major challenge to deliver, one that will only be achieved through full commitment across the organisation. Very careful monitoring of the progress of the savings programme will be essential. A risk assessment related to the individual savings proposals has been conducted, and discussed with senior management. Where savings are not delivered, services are fully aware of the need to find compensating savings. In addition, proposals for 14/15 will be subject to more detailed review during 2013.
124. I consider that the overall estimates in the budget are sound and that the proposals to achieve a balanced budget are achievable, albeit demanding. The council has made provision for a number of corporate financial pressures, such as the impact of the capital programme, waste pfi (landfill tax), pay and pensions implications. In addition the sums included in respect of contingency, and contributions to create some capacity in terms of reserves represent a very sound prudent approach. In addition, there is funding through the Delivery and Innovation Fund which provides the capacity to assist in transformation and delivery of services, which will be crucial in responding to the financial challenges.
125. This overall package is a realistic approach in dealing with the financial pressures facing the council next year. In addition the major financial pressures being experienced during 2012/13 have been addressed through significant additional investment. In particular investment is provided for Adult Care. There is provision made for the expected 1% pay award.

## **Looking Ahead**

126. Looking ahead there remains a range of very significant pressures for the future. It is almost certain that there will be further reductions in government funding, and the major challenge facing the council in

coming years will be to secure further savings and for cost pressures to be managed effectively. In doing so, the council will also need to provide capacity for additional investment in unavoidable costs and priorities.

127. Key to tackling these medium term challenges will be the need for the council to continue to review all areas of expenditure, and have clear medium term plans. In addition to continuing to find efficiencies, the council will need to consider the level and type of service it provides, as the scale of financial savings required in future years can not be met from true efficiency alone. Meeting the financial challenges facing the council in coming years will require the council to think very carefully about its core priorities, how it works with its partners and key stakeholders, and its overall provision of public services.

## **Reserves**

128. In terms of reserves, the proposals seek to make contributions to ensure reserves are above their minimum levels. This recognises that in difficult financial times, and alongside general uncertainty regarding the economy, it is advisable to ensure sufficient reserves are in place.

129. I believe that the council will come in on budget for 2012/13 and this is reflected in the budget monitoring report presented to Cabinet at this same Cabinet meeting.

130. The recommended minimum reserves for 2013/14 are £6.4m, an increase on the current level of £0.3m, reflecting the significant change in funding from specific grants to general grants and also the revised funding for council tax support. This is considered within the report. I strongly advise Council to ensure there is some headroom between minimum reserves and actual reserves. The budget proposals seek to do this.

131. The decision on the adequacy of the level of reserves is linked to the general robustness of the budget process and the council's systems of budgetary control and risk management. These need to ensure that the council will not be exposed to any unforeseen major financial problem requiring the use of reserves to resolve. In considering the overall budget position, I have taken assurance over the recent track record of the council to manage expenditure within budget, and the fact that in very recent times financial pressures have been identified early in the financial year and through concerted action across the council the position has been brought in line with budget. The council's strong

financial management, and financial control, has been commented upon by external auditors recently.

## **Other Issues**

132. The government have announced that they will require any local authority who proposes to raise its council tax by 2% or more to conduct a referendum.
133. The government have also stated that they will continue with the system of Council Tax Freeze Grant in 2013/14, as they did in 2012/13.
134. It is for members to determine the level of council tax increase, and to decide whether to set a council tax increase that will trigger the council tax freeze grant, or to set a tax at a higher level. Members naturally need to consider the implications of the different options very carefully.
135. I also would highlight the separate capital programme report, and the issues that are set out within that. In particular, the capital plan has some significant implications in terms of the revenue budget in coming years, and both programmes will need to be carefully managed in terms of ensuring proper provision is made in the medium term. I would stress however that the overall balance in terms of capital investment, levels of borrowing, and revenue implications (and the impact on revenue expenditure) is something that is for Members to determine.
136. There are added risks this year in relation to the changes affecting the council regarding council tax support (previously council tax benefits) and localisation of business rates. With regard to council tax support the risks include non collection, increased benefit claimants (with all the cost of such an increase falling on the council) and risks at a wider level in terms of the impact of wider benefit changes and associated knock on effects for council services. In respect of localisation of business rates, whilst this offers potential benefits, there are also risks. The details of the system have only recently been confirmed, and there remain a number of areas that concern local authorities. These include the fact that local authorities need to meet the cost of backdated appeals, which could be significant. In addition, clearly there are risks associated with any further downturn in the economy and especially the impact on some high street stores. Both of these issues highlight the direct financial impact on the council of the local economic situation, and the need for the council to ensure priority is given towards ensuring a successful economy.

137. I am aware that as with all budgets there is the potential for amendments to be proposed/agreed which could change the overall package of proposals. In that respect, I would highlight that I would amend/add to my statement if a decision was proposed that lead to the council's reserves falling below the minimum level (assuming the current budget comes in line with budget). In addition, any other amendments I would consider against the scale of the overall budget and depending upon the extent of the amendment I may revise my statement.

## **Risk Management**

138. A summary of risks attached to the budget is contained in Annex 6. They will be monitored regularly throughout the year.

## **Recommendations**

139. Members are asked to approve the average rent increase of 4.36% as set out in paragraphs 81 to 84 of the report.

*Reason: to ensure the ongoing financial stability of the HRA and allow work on improving the quality of the council's affordable housing to continue.*

140. Members are asked to consider the appropriate levels of council tax that they wish to see levied by the City of York Council for 2013/14. In doing so they should pay due regard to factors such as;

- Expenditure pressures facing the council as set out in the report
- Impacts of savings proposals set out in Annex 2
- Medium term financial factors facing the council as outlined in the report
- Projected levels of reserves as set out in the report
- Statutory advice from the Director of CBSS

141. In light of the considerations outlined in the paragraph above, members are asked to recommend to Council approval of the budget proposals as outlined in this report. In particular;

- The net revenue expenditure requirement of £127.778m
- The revenue growth proposals as outlined in the body of the report



- The revenue savings proposals as outlined in Annex 2
- The fees and charges proposals as outlined in Annex 3
- The Housing Revenue Account budget set out in Annex 4
- The dedicated schools grant proposals outlined in Annex 5

*Reason: To ensure a legally balanced budget is set*

142. The effect of approving the income and expenditure proposals included in the recommendations would result in an increase in the City of York element of the council tax of 1.9%. It is intended that the total council tax increase including the parish, Police and Fire Authority precepts, will be agreed at the full council meeting on 28 February 2013.

### Contact Details

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<i>Andrew Crookham</i> <i>Principal Accountant</i>	<b>Report Approved</b>	<input checked="" type="checkbox"/>	<b>Date</b> 7 February 2013
<i>Tracey Carter</i> <i>Assistant Director of CBSS</i>			
<b>Specialist Implications Officer(s)</b> <i>Legal – Andy Docherty</i> <i>HR – Mark Bennett</i>			
<b>Wards Affected:</b> List wards or tick box to indicate all		<b>All</b>	<input checked="" type="checkbox"/>

**For further information please contact the author of the report**

### Background Papers:

2013/15 Budget Process, Cabinet, 17 July 2012

Local Government Finance Settlement Update, 8 January 2013

Communities of Interest Equality Impact Assessments

**Annexes:**

- 1 - Summary of budget**
- 2 - Savings**
- 3 - Fees & charges**
- 4 - HRA**
- 5 - DSG and schools budget**
- 6 - Risk analysis**
- 7 - Background Information**

**Annex 1 - Summary of Budget****2013/14**  
**£000's****Expenditure**

<b>Net Expenditure Brought Forward</b>	<b>122,235</b>
- Removal of One-Off Items Funded by Reserves/Balances	0
- Removal of One-Off Items Funded by Collection Fund Surplus	0
- Transfer Into Start-Up Funding Assessment	11,404
<b>Starting Expenditure Requirement</b>	<b>133,639</b>

**Expenditure Pressures**

Full Year Effects of Previous Council Decisions:

- Waste	750
- Other Previous Council Decisions	70
	<u>820</u>

Unavoidable Cost Increases, Priority Areas and Creating Capacity:

- Increments and Pay Costs	1,250
- Increases in Pension Fund Costs	0
- Funding the Capital Programme	720
- Delivery and Innovation Fund	0
- Adult Social Care	2,500
- Social Fund	100
- Prices Contingency	250
- Commercial Waste	100
- Waterworld	160
- Tethered Horses	40
- Flood Levy	14
	<u>5,134</u>

Ensuring a Prudent Budget:

- Contingency Fund	200
- General Reserve Contribution	200
	<u>400</u>

**Total Expenditure Pressures** **6,354****2013/14**  
**£000's**

Expenditure Reductions:

- Adult's, Children and Education	-3,789
- Communities and Neighbourhoods	-1,931
- Customer and Business Support Services	-1,196
- City and Environmental Services	-1,577
- Office of the Chief Executive	-115
- Corporate Savings	-214
	<u>-8,822</u>

Education Support Grant **-3,243**

2YO Transfer to Dedicated Schools Grant	-150
<b>Total Expenditure Reductions</b>	<b>-12,215</b>
<b>Revised Projected Budget Requirement</b>	<b>127,778</b>

**Funding**

## Funding Streams:

- Council Tax	-69,710
- Revenue Support Grant	-34,870
- Business Rates Baseline	-23,198
<b>Projected Funding</b>	<b>-127,778</b>

## Annex 2: Savings Proposals

Ref	Category	Proposal Description	2013/14 Impact	2014/15 Impact
<b>Customer &amp; Business Support Services</b>				
CBSS0514	Increases in Income	<b>Charge to External Organisations (Customer Services)</b> Currently only one customer identified but with the move to West Officers it is anticipated that further customers may request these services. Potential to explore opportunities to deliver customer services (which have achieved Excellence recognition) to other organisations through CYT Ltd.	0	-10
CBSS06	Increases in Income	<b>Trading Company</b> Trade CBSS services to partner organisation in particular the recruitment pool.	-20	0
CBSS0714	Increases in Income	<b>Increase Income generated by Legal services/reduce external legal fees</b> Service will be strengthened to provide a highly skilled/flexible resource, with a view to minimising paying for external legal work, and being able to support on a traded basis a complex set of projects over coming years. Savings arise from significantly reduced fees of in house compared to external lawyers, and opportunities to provide services to other organisations.	0	-30
CBSS09	Increases in Income	<b>Improved Income Collection/Debt Restructuring</b> Ongoing work will continue improving income collection via central income team, reducing bad debts, reviewing levels of discounts and exemptions, advertising, sharing transaction costs with other authorities, reducing transaction costs, review of financing opportunities, general efficiencies in income collection.	-300	0

Ref	Category	Proposal Description	2013/14 Impact	2014/15 Impact
CBSS1014	Increases in Income	<b>Increase Mansion House Income</b> To achieve the additional income there will need to be more commercial use of the buildings, considering a wide range of options including working in partnership with other organisations.	0	-30
CBSS2414	Increases in Income	<b>Charge interest on overdue Commercial bills</b> In line with commercial practices.	0	-18
CBSS2514	Increases in Income	<b>Schools Additional Income</b> It is anticipated to sell a full suite of services to schools.	0	-60
CBSS3014	Increases in Income	<b>Increase income from partners and other organisations (IT)</b> Explore opportunities for generating additional income through hosting or providing IT services.	0	-20
CBSS3814	Increases in Income	<b>Additional Advertising Income</b> Generated through a variety of methods, including signage and electronic media.	0	-40
CSTS40	Increases in Income	<b>Commercial Portfolio</b> Increase the yield from the councils commercial property portfolio.	-60	0
CBSS01	Service Reviews, Efficiency & Procurement	<b>Reduced Audit Fees</b> Efficiencies delivered by Veritau extending Client base.	-23	0
CBSS02	Service Reviews, Efficiency & Procurement	<b>Restructure CBSS Business Support</b> Review delivery of Business Support activities, seeking to reduce administration resources.	-50	0
CBSS0314	Service Reviews, Efficiency & Procurement	<b>Council Tax Benefits Administration</b> This service will be transferred from customer services to the Finance Transactional Processing team. A Team Manager will be transferred to manage the service. Through reviewing the structure a reduction of 1 FTE can be achieved.	0	-22

Ref	Category	Proposal Description	2013/14 Impact	2014/15 Impact
CBSS0414	Service Reviews, Efficiency & Procurement	<b>Restructure /Re-alignment of Customer Services</b> Following the move to West Offices, introduction of the Universal Credit and local Council Tax scheme a range of options may be available to deliver this staff saving, including management, training, quality and performance efficiencies.	0	-100
CBSS05	Service Reviews, Efficiency & Procurement	<b>Customer Services Channel Shift</b> This saving would be delivered through the Channel Shift Strategy, which involves customers contacting the Council in different ways, such as web and phone apps. This saving can only be delivered if directorate budgets are centralised.	-40	0
CBSS0614	Service Reviews, Efficiency & Procurement	<b>Reduction in Legal Administration</b> Following the introduction of the legal case mgt system it is anticipated that there will be a reduction in administrative duties.	0	-15
CBSS07	Service Reviews, Efficiency & Procurement	<b>Shared Service - HR</b> Review potential for a shared HR service. A modest saving of £20k is assumed for 13/14.	-20	0
CBSS0814	Service Reviews, Efficiency & Procurement	<b>Consolidation of member and officer training budgets</b> Ensure prioritised allocation of overall resource.	0	-8
CBSS1012	Service Reviews, Efficiency & Procurement	<b>HR Transformation Savings</b> With the introduction of the new HR/Payroll system efficiencies are anticipated over a 3 year period. Savings for 12/13 have been delivered and further savings through phase 2 of the program are anticipated during 13/14 and 14/15. Savings arise through employee reductions.	0	-45
CBSS12	Service Reviews, Efficiency & Procurement	<b>Procurement Savings Target</b> Procurement savings from across CBSS including maintenance contracts.	-70	0
CBSS13	Service Reviews, Efficiency & Procurement	<b>Reduced Software Maintenance Costs</b> Through agreeing to enter multi-year deals.	-60	0

Ref	Category	Proposal Description	2013/14 Impact	2014/15 Impact
CBSS15	Service Reviews, Efficiency & Procurement	<b>Finance Savings</b> Further efficiencies in Finance through process improvement and enhanced use of the new finance system.	-102	0
CBSS16	Service Reviews, Efficiency & Procurement	<b>HR Savings</b> With the introduction of the new HR/Payroll system during 2011/12 it is anticipated that efficiencies will be delivered through the phase 2 of the program.	-75	0
CBSS1714	Service Reviews, Efficiency & Procurement	<b>Electronic Information for Council Tax annual billing and e-billing</b> This saving would be achieved by increasing the use of e-billing and including council tax leaflet information on the Council's web site, thereby reducing printing and postage costs.	-54	0
CBSS1814	Service Reviews, Efficiency & Procurement	<b>Staff restructure following localisation of Council Tax and NNDR administration</b> This would be achieved through introducing new ways of administering Council Tax and NNDR.	0	-39
CBSS22	Service Reviews, Efficiency & Procurement	<b>Call Costs Reductions</b> Reduction in the call costs of landline to mobile phones.	-15	0
CBSS2214	Service Reviews, Efficiency & Procurement	<b>Staff Reduction in Finance</b> A review of procedures, as part of ongoing transformation of financial procedures, will deliver the opportunity to make further staffing reductions.	0	-40
CBSS23	Service Reviews, Efficiency & Procurement	<b>Supplies and Services Budgets</b> General budget review of base budgets has identified opportunities to make reductions in a number of areas including supplies, office equipment, and fees paid to other bodies.	-40	0



Ref	Category	Proposal Description	2013/14 Impact	2014/15 Impact
CBSS2314	Service Reviews, Efficiency & Procurement	<b>Debt Management</b> This saving will be achieved through further improvement of collection performance, in particular from NNDR (for which there is a £40k investment included within the net saving), also includes reduced PWLB rate (Public Works Loan Board) from compliance with government requirement, restructure of Council debt portfolio, and review of bad debt provision following improved collection / efficiency. This proposal also includes savings from seeking to trade aspects of the service through the trading company CYT Ltd.	0	-252
CBSS25	Service Reviews, Efficiency & Procurement	<b>Further Staffing Reductions</b> To be managed as issues emerge.	-80	0
CBSS2714	Service Reviews, Efficiency & Procurement	<b>Fibre Network</b> Extend the commitment of using the fibre network as the inter-building network infrastructure.	0	-20
CBSS2814	Service Reviews, Efficiency & Procurement	<b>ICT Service review</b> Undertake a Service review to identify the impacts of reducing ICT Development, Support and staff reductions. This proposal also includes savings from seeking to trade aspects of the service through the trading company CYT Ltd.	0	-130
CBSS2914	Service Reviews, Efficiency & Procurement	<b>Support Contracts</b> Enter into multi year support contract arrangements.	0	-30

Ref	Category	Proposal Description	2013/14 Impact	2014/15 Impact
CBSS3314	Service Reviews, Efficiency & Procurement	<b>Reduce Planning Committees from Three to Two</b> Currently there is a Planning committee and two sub-planning committees, this proposal is for a reduction to two Planning committees enabling a reduction of one Special Responsibility Allowance. This proposed saving incorporates the removal of the provision of mini buses and pre-arranged transport to site visits.	-7	0
CBSS4014	Service Reviews, Efficiency & Procurement	<b>Member Working</b> Consider opportunities to introduce the use of more technology in terms of the democratic process/member working, explore opportunities once within West Offices, and explore ways to reduce paper costs.	0	-10
CSTS4012	Service Reviews, Efficiency & Procurement	<b>Asset and Property Mgt</b> Cost efficiencies and increases in income arising from a review of our land and property assets with a view to rationalisation and maximisation of income.	0	-200
CSTS41	Service Reviews, Efficiency & Procurement	<b>Facilities Management</b> The council is currently reviewing the facilities management provision across all services. It is targeted that one post can be removed from the function following the review.	-30	0

Ref	Category	Proposal Description	2013/14 Impact	2014/15 Impact
CSTS411 2	Service Reviews, Efficiency & Procurement	<b>Review of Facilities Mgt/West Offices</b> Covering a range of options including move to West Offices and Cleaning services. A single West offices budget is being created as part of the move, and through this consolidation efficiencies are anticipated. A full review of support needed to operate the building is being conducted and may include a range of external contracts for cleaning, security etc. Further opportunities to consolidate activity within West offices will be explored, eg single contracts for all supplies, We will also as part of a wider review of FM be considering the option of outsourcing of Cleaning services, and a range of other service reviews to deliver the required savings.	-80	-295
CSTS42	Service Reviews, Efficiency & Procurement	<b>Asset and Property Management</b> The council is undertaking a review of its assets. It is anticipated that following the review there will be an opportunity to review the staffing structure that supports the asset and property management function with a target of reducing one post from the team.	-30	0
CBSS011 2	Service/ Budgetary Reduction	<b>Reduced Audit Fees</b> Will be achieved through a reduction in audit & fraud days available from Veritau.	0	-20
CBSS021 4	Service/ Budgetary Reduction	<b>Housing Benefits Administration</b> This cut would be in addition to any saving required as a result of a reduction in the benefit admin grant.- based on 2 fte posts.	0	-45

Ref	Category	Proposal Description	2013/14 Impact	2014/15 Impact
CBSS1114	Service/ Budgetary Reduction	<b>Reduce Net Expenditure of Civic Events</b> Currently there are over a dozen events held each year funded by the Civic Events budget. This proposal is to consider options to reduce expenditure on hospitality and would include the introduction of charging to attend the Lord Mayors Day lunch to part fund the costs of holding the event.	0	-9
CBSS1514	Service/ Budgetary Reduction	<b>External Audit Fees</b> Reduction in fees arising from the recent tendering of external audit services.	0	-20
CBSS1614	Service/ Budgetary Reduction	<b>Reduction in Public Liability Annual Provision</b> An assessment of recent claims history has been conducted resulting in a reduction in the annual provision required, this arises due to extensive work to reduce claims through robust risk management procedures.	0	-100
CBSS17	Service/ Budgetary Reduction	<b>Removal of Senior IT Software Developer Post</b> This is a cut in service. In the first year a lower graded developer post will be required.	-40	0
CBSS2114	Service/ Budgetary Reduction	<b>Non-Staff Budget Reduction</b> Additional income that is already being achieved in ACE Finance.	0	-3
CBSS3914	Service/ Budgetary Reduction	<b>Remove the Members Delivery Service</b>	0	-8

### Communities & Neighbourhoods

CANS90	Grants	<b>Housing Services</b> Fund housing options worker from Department for Communities and Local Government grant for one year.	30	0
CAN09	Increases in Income	<b>Allotments</b> Halve the subsidy by increasing rents over and above inflation and passing business support responsibilities to allotment secretaries.	-10	-25

Ref	Category	Proposal Description	2013/14 Impact	2014/15 Impact
CANS49	Increases in Income	<b>Sport and Active Leisure</b> Energise: Deliver efficiency savings and increased income generation followed by procurement of leisure management operator.	-100	0
CANS72	Increases in Income	<b>Housing Standards and Adaptations</b> Provision of services for other landlords (e.g. Regulatory Services, accreditation for small non-licensed Houses in Multiple Occupation (HMO's) and gas warrant service).	-10	0
CANS77/ CAN18	Increases in Income	<b>Sport and Active Leisure</b> Income to be generated by Sports & Active Leisure team.	-20	-20
CANS78/ CAN103	Increases in Income	<b>Bereavement Services</b> Increase Fees (5% in line with inflation) - Saving in Year 1 to partly reinvest in service (£25k).	-100	-60
CANS79/ CAN106	Increases in Income	<b>Licensing</b> Increase discretionary fees and charges in line with inflation, i.e. Street Trading Consents and Car Boot Sale Consents.	-5	-5
CANS80/ CAN104	Increases in Income	<b>Registrars</b> Increased fees by 5% in line with inflation.	-14	-25
CANS81/ CAN113	Increases in Income	<b>Housing</b> Increase charges for hostels in line with increase for council housing tenants.	-15	-15
CSTS34	Increases in Income	<b>Markets</b> Additional income from price rise for Markets from 1st April 2012.	-25	0
CAN07	Increases in Income	<b>Bowling Greens</b> Charge bowling greens £2k per green for the season with additional maintenance funded by clubs (£22k).	0	-22
CAN202	Increases in Income	<b>Building Maintenance</b> Target for income generation (profit) for Building Maintenance from new customers.	0	-50
CAN02/16	Service Reviews, Efficiency & Procurement	<b>Culture, Events and Festivals</b> Savings target for implementation of new partnership structures.	-20	-220

Ref	Category	Proposal Description	2013/14 Impact	2014/15 Impact
CANS09/118	Service Reviews, Efficiency & Procurement	<b>Smarter York</b> This will be achieved by creating an integrated Smarter York Community Delivery, reviewing specification for grass cutting (including reducing double taxation liability) and income from enforcement.	-186	0
CAN03/04/05	Service Reviews, Efficiency & Procurement	<b>Smarter York</b> The savings agreed as part of the 2013/14 saving for Smarter York have been stretched by £38k in 2013/14 and a target added for 2014/15. This will be achieved by creating an integrated Smarter York Community Delivery, reviewing specification for grass cutting (including reducing double taxation liability) and income from enforcement.	-38	-101
CAN06	Service Reviews, Efficiency & Procurement	<b>Parks &amp; Open Spaces</b> Integrate Parks and Neighbourhood Pride Service gardeners to carry out maintenance at all locations by using mobile teams (£170k). Cease weekend working and locking / unlocking of parks (£74k). Saving to be delivered over 2013/14 and 2014/15.	-122	-122
CAN107	Service Reviews, Efficiency & Procurement	<b>Public Protection - Trading Standards</b> Saving arising from consolidation of Trading Standards /Licensing and Animal Health Enforcement.	-8	-7
CAN109	Service Reviews, Efficiency & Procurement	<b>Public Protection - Environmental Protection Unit / Food Safety</b> Review of staffing structure across Environmental Protection Unit and Food Safety Team.	-20	0
CAN108	Service Reviews, Efficiency & Procurement	<b>Public Protection - Trading Standards</b> Review of Consumer Advice & Education Service.	0	-22
CAN110	Service Reviews, Efficiency & Procurement	<b>Environmental Protection Unit</b> Review of staffing levels for the maintenance of Air Quality Monitoring.	-11	-3

Ref	Category	Proposal Description	2013/14 Impact	2014/15 Impact
CAN111	Service Reviews, Efficiency & Procurement	<b>Public Protection</b> Review of Regulatory Services staffing restructure to reduce management capacity across the service areas.	-50	0
CAN205	Service Reviews, Efficiency & Procurement	<b>Review of Regulatory Services</b> Following review of management structure for regulatory services (CANS 111) review of working arrangements of front line staff. Additional target over CANS 111.	0	-50
CAN119	Service Reviews, Efficiency & Procurement	<b>Public Health</b> Efficiencies to be identified from the integration of Public Health alongside CYC services. The savings will arise due to better integration of services, overhead savings and removal of duplication. The initial target for efficiencies is 5% of grant c £250k.	0	-250
CAN201	Service Reviews, Efficiency & Procurement	<b>Public Health</b> Savings target from amending service specifications, potential charging for services to provide savings. The aim will be to find more cost effective way of delivering services.	0	-150
CAN12	Service Reviews, Efficiency & Procurement	<b>Community Centres</b> Target for reducing council support to Community Centres.	-40	-140
CANS43	Service Reviews, Efficiency & Procurement	<b>Neighbourhood Management Unit</b> Seek efficiencies of providing support to Council Community Centres.	-5	0
CAN20	Service Reviews, Efficiency & Procurement	<b>Play Grants</b> Review levels of support at the end of three year SLA when the funding transfers to Your Consortium as part of the wider vol. sector grant pot.	0	-20
CAN112	Service Reviews, Efficiency & Procurement	<b>Housing Services</b> Review of discretionary services and efficiency savings as a result of changing working practices.	-50	-30
CAN203	Service Reviews, Efficiency & Procurement	<b>Housing Services</b> Review of staffing allocations across HRA/General Fund.	0	-32

Ref	Category	Proposal Description	2013/14 Impact	2014/15 Impact
CAN204	Service Reviews, Efficiency & Procurement	<b>Housing Options</b> Review funding arrangements for apprentice post.	0	-7
CANS03/13	Service Reviews, Efficiency & Procurement	<b>Neighbourhood Management Unit</b> Review of staffing structures to provide a more effective structure to deliver the new Neighbourhood Working model including implementation of Community Contracts and to promote equalities.	-95	0
CANS42	Service Reviews, Efficiency & Procurement	<b>Cultural and Learning Services</b> Examine the potential to establish social enterprises to operate in areas including libraries and community education. UPDATED: Restructure of staffing in the Library Service in order to deliver efficiency savings.	-200	0
CAN17	Service Reviews, Efficiency & Procurement	<b>Library Services</b> Further target set for introducing savings across library services through a social enterprise. The level of savings that are deliverable will be established through the business plan of the social enterprise. This level of cut is likely to involve a reduction in service levels.	-50	-200
CANS45	Service Reviews, Efficiency & Procurement	<b>Smarter York</b> Review service delivery model for public toilets with a view to improving facilities and exploring income generation opportunities.	-34	0
CANS47	Service Reviews, Efficiency & Procurement	<b>Parks &amp; Open Spaces</b> Review of Gardener and Park Attendant roles, reduction in garden maintenance.	-25	0



Ref	Category	Proposal Description	2013/14 Impact	2014/15 Impact
CANS54/60	Service Reviews, Efficiency & Procurement	<p><b>Neighbourhood Management Unit</b> Review of grant funding to voluntary sector organisations to improve the efficiency of administration, ensure funding achieves maximum impact, and increase support to the sector. Overall reduction in funding of 8% over 2 years as compared with a 16% reduction to the Council's net revenue budget.</p> <p>UPDATED: Full year effect of 12/13 review of grant funding to voluntary sector organisations which has improved the efficiency of administration, ensured funding achieves maximum impact, and increased support to the sector.</p>	-31	0
CANS65	Service Reviews, Efficiency & Procurement	<p><b>Admin</b> Further potential admin savings from move to West Offices.</p> <p>UPDATED: Savings from administration following move to West Offices.</p>	-125	0
CSTS31	Service Reviews, Efficiency & Procurement	<p><b>Future Prospects</b> The co-location of the service within West Offices will save running costs of Swinegate and provide integrated service for customers in a better environment.</p> <p>UPDATED: Full year effect of efficiency savings from combining Future Prospects, Adult and Community Education and York Training Centre into an integrated Learning and Employability Service.</p>	-75	0
CSTS32	Service Reviews, Efficiency & Procurement	<p><b>Future Prospects</b> Review provision of Future Prospects with a view to exploring alternative means of delivering the service.</p> <p>UPDATED: Full year effect of efficiency savings from combining Future Prospects, Adult and Community Education and York Training Centre into an integrated Learning and Employability Service.</p>	-75	0

Ref	Category	Proposal Description	2013/14 Impact	2014/15 Impact
CSTS53	Service Reviews, Efficiency & Procurement	<b>City Centre Enforcement</b> Combine city centre teams with city wide teams to use resources more effectively.	-23	0
CAN00	Service Reviews, Efficiency & Procurement	<b>Management Restructure</b> Review of Management and Staffing Structure across to Directorate and deliver staffing reductions.	0	-250
CAN10	Service/ Budgetary Reduction	<b>Street Cleansing</b> Reduce from 4 street sweeping machines to 3 and remove current vacant post.	-48	0
CANS51	Service/ Budgetary Reduction	<b>Arts &amp; Heritage</b> Reduction of grant to Theatre Royal.	-31	0
CAN13	Service/ Budgetary Reduction	<b>Theatre Royal</b> Reduce public subsidy for Theatre Royal. Further work will take place with the Theatre on managing the implications of this reduction. The Council is investing Capital funding for Theatre to support income generation.	0	-70
CAN14	Service/ Budgetary Reduction	<b>Leisure Facilities</b> A first stage target for reduction in subsidy to operate the Council's leisure facilities, through the current procurement exercise (with the longer-term aim of removing the need for subsidy).	0	-120
CANS50	Service/ Budgetary Reduction	<b>Arts &amp; Culture</b> Reduction in Council grant to Yorkshire Museums Trust (YMT). YMT funding has not been reduced for a number of years.	-300	0
CAN15	Service/ Budgetary Reduction	<b>York Museums Trust Contribution</b> Further reduction in grant offered to York Museums Trust.	0	-100
CAN215	Service/ Budgetary Reduction	<b>Public Conveniences</b> Review of public conveniences across the city including consideration of external providers and charging.	0	-75

Ref	Category	Proposal Description	2013/14 Impact	2014/15 Impact
AA01a	Full Year Effects	<b>Fair Access to Care Services (FACS) - Substantial</b> The full year effect of the change in the FACS criteria to substantial which was implemented during 2012/13.	-160	0
AC01a	Full Year Effects	<b>Elderly People's Homes (EPH) Service Reconfiguration</b> Full Year Effect of the 2011/12 savings proposal. Following extensive consultation in January 2012 Cabinet agreed to the reshaping of residential care and the provision of new state of the art facilities and the closure of two existing homes which will result in a £1.3m saving over 4 financial years.	-48	-148
AC02a	Full Year Effects	<b>Expansion of Reablement Services.</b> Full Year Effect of 2011/12 saving.	-612	0
AC05	Full Year Effects	<b>Commissioned Service Contracts Efficiencies</b> Three service contracts are due to end in March 2012. Providers of two of these have indicated they do not wish to extend further, and in the third instance, it has been agreed that the services are now duplicated elsewhere. Alternative, more personalised arrangements will be set up for the customers concerned. In addition, an across-the-board management efficiency saving of 2% will be applied across a range of commissioned services in 2013-14.	-36	0
AC08	Full Year Effects	<b>ACE Management Review</b> The full year effect of the management review implemented in September 2012.	-67	0
CS01	Full Year Effects	<b>Children's Home Provision</b> Review of the arrangements in York, whilst retaining local provision. New partnership arrangement with the independent sector for the delivery of children's residential care.	-100	0

Ref	Category	Proposal Description	2013/14 Impact	2014/15 Impact
CS02	Full Year Effects	<b>Looked After Children Supported Parental Contact</b> Provide supported contact between Looked After Children and their parents in a more focussed and cost effective manner by setting up a dedicated contact service. Team in place December 2012.	-102	0
AC03	Grants	<b>Supporting People</b> Reflects proposals already proposed to manage the reduction in the former Supporting People grant as a result of reductions in the grant previously received via DWP.	-251	-86
CS03	Grants	<b>Care Matters</b> A previous grant was mainstreamed in 2011/12 and a small saving delivered. Scope to make an increased saving on this budget has been identified.	-35	0
AC11	Increases in Income	<b>Greenworks/Brunswick Organic Nursery Charging</b> Review charging arrangements for day care services.	-50	0
SP03	Increases in Income	<b>Governance Service Increased Income</b> Increased income from schools.	-1	0
SP04	Increases in Income	<b>Workforce Development Unit (WDU) - Charging External Customer</b> Explore the savings that may be available from providing elements of WDU capability on a charged basis to other external organisations.	-3	0
XD01	Increases in Income	<b>Services to Schools Charges</b> Review all existing charges to schools (including academies) for traded services and consider the removal of any further subsidies.	-10	-10

Ref	Category	Proposal Description	2013/14 Impact	2014/15 Impact
AA02	Service Reviews, Efficiency & Procurement	<b>Personal Budgets Review</b> A review of the Resource Allocation System (RAS) processes and assessments has been completed, including increasing the transparency around the calculation of customer contributions. Recommendations from the review have been approved by the Cabinet Member on 12 December 2012.	-400	-100
AA04	Service Reviews, Efficiency & Procurement	<b>Adults Transport Review</b> Review of the arrangements and charges for transporting customers to services.	-50	0
AA07	Service Reviews, Efficiency & Procurement	<b>Financial Assessments Review</b> Review the income items that are excluded when an adult care financial assessment is undertaken.	0	-50
AA11	Service Reviews, Efficiency & Procurement	<b>Mental Health Assessment</b> A review of the skill set required to deliver statutory mental health assessment and casework.	0	-56
AA12	Service Reviews, Efficiency & Procurement	<b>Assessment &amp; Safeguarding Management Review</b> Review of the adult social care senior management structure in the light of potential integration of delivery arrangements with health and social care.	0	-65
AC01b	Service Reviews, Efficiency & Procurement	<b>EPH Operator Review</b> Review the decision to have an in-house operator of the replacement care homes in order to identify potential further savings.	0	-450
AC01d	Service Reviews, Efficiency & Procurement	<b>EPH Closure Profile Review</b> Current levels of vacancies in EPHs indicates that we should revisit the existing profile of planned home closures.	0	-350

Ref	Category	Proposal Description	2013/14 Impact	2014/15 Impact
AC04	Service Reviews, Efficiency & Procurement	<b>Supported Living Services for Disabled Customer</b> A strategic review of Council-commissioned supported living services has been under way since July 2011. This is identifying a range of efficiencies including extended use of Telecare and, in some cases, the possibility of increased funding from health budgets.	-146	0
AC06	Service Reviews, Efficiency & Procurement	<b>Adult Commissioning &amp; Supporting People Team Restructuring</b> A comprehensive restructuring of the Supporting People and Adult Commissioning teams has been undertaken in order to eliminate any duplication and to share best practice, leading to a combined Adult Social Care and Early Intervention Commissioning Team.	-25	0
AC07	Service Reviews, Efficiency & Procurement	<b>Adult Contracted Services Review</b> An analysis of services to establish which elements are not statutorily required and review the impact non-statutory services are making.	-50	0
AC09	Service Reviews, Efficiency & Procurement	<b>Review of Supported Employment Provision</b> A longer term review of all supported employment provision is advanced with the aim of enabling more disabled people to access mainstream employment. Voluntary severance and increased trading will enable this saving to be achieved whilst the review progresses.	-200	0
AC10a	Service Reviews, Efficiency & Procurement	<b>Small Day &amp; Respite Care Services Review</b> Modernisation of the small day care and respite facilities to deliver the services now being requested by residents with disabilities.	-308	-82

Ref	Category	Proposal Description	2013/14 Impact	2014/15 Impact
AC10b	Service Reviews, Efficiency & Procurement	<b>Respite Care Services Review</b> Undertake a review to seek further efficiencies in the operation of the services provided at Flaxman Avenue.	0	-61
AC10c	Service Reviews, Efficiency & Procurement	<b>Small Day &amp; Respite Care Services Review - Stretched Target</b> As per AC10a&b but with an increased savings target.	0	-250
AC12	Service Reviews, Efficiency & Procurement	<b>Learning Disability Services - LATC</b> Explore the possibility of establishing a Local Authority Traded Company.	0	-50
AC13	Service Reviews, Efficiency & Procurement	<b>Warden Call &amp; Community Equipment Loan Service</b> Explore the business case for a viable Social Enterprise that will also contribute towards further efficiency savings.	0	-50
AC18	Service Reviews, Efficiency & Procurement	<b>Learning Disability Support Services</b> Review the commissioning model for the delivery of existing LD support services. This would review the number and scale of providers without any reduction in service delivery.	0	-90
AC19	Service Reviews, Efficiency & Procurement	<b>Sheltered Housing with Extra Care (SHEC)</b> Review, through market testing, the delivery arrangements for the SHEC support service.	0	-310
AC21	Service Reviews, Efficiency & Procurement	<b>Personalisation</b> Review the provision of 1:1 support by recommissioning some day time activities.	0	-100
CS04	Service Reviews, Efficiency & Procurement	<b>Parenting &amp; Family Intervention</b> Make efficiencies on venues/food/childcare/translation/phone/ICT/admin/travel/accommodation for parenting programme.	-12	0

Ref	Category	Proposal Description	2013/14 Impact	2014/15 Impact
CS05a	Service Reviews, Efficiency & Procurement	<b>Transforming Youth Support Services</b> The full year effect of the savings from the restructure of Youth offending Team/Young People's Services from better deployment of staff, review of office overheads and a review of accommodation.	-40	0
CS05b	Service Reviews, Efficiency & Procurement	<b>Transforming Young Peoples Services - Further Stretch</b> The service has been reshaped to increasingly focus on targeted activity whilst seeing new opportunities to work with voluntary community and faith groups in the delivery of universal open access activity. This saving further reflects that journey and would understandably incorporate a review of premises.	0	-150
CS06a	Service Reviews, Efficiency & Procurement	<b>Looked After Children Population Reduction</b> Implement programme of early intervention and support to reduce the number of looked after children.	-700	0
CS07	Service Reviews, Efficiency & Procurement	<b>Children's Respite Care</b> Review of how respite care is provided and delivered. The review would not result in the reduction of respite care available but a reflection on where that care is best provided.	0	-50
CS08	Service Reviews, Efficiency & Procurement	<b>Educational Psychology Service Review</b> A review to ensure that local authority resources are more targeted without losing the opportunity to generate funding streams, particularly from schools.	0	-25
CS09	Service Reviews, Efficiency & Procurement	<b>Youth Cafe Contribution</b> The project is under review and the opening has been deferred for positive reasons. Alternative models may not require a council on-going revenue contribution.	0	-30



Ref	Category	Proposal Description	2013/14 Impact	2014/15 Impact
CS11	Service Reviews, Efficiency & Procurement	<b>CAMHS</b> Review, with partners, funding levels and funding sources for the delivery of specialist mental health provision.	0	-35
ES01a	Service Reviews, Efficiency & Procurement	<b>Overall Education and Skills Service</b> In a new sector led world, we will continue to review opportunities for savings from staffing structures within the overall LA Education & Skills Service.	-105	-75
ES03a/e	Service Reviews, Efficiency & Procurement	<b>Children's Centre Management</b> Whilst keeping all children's centres open we will continue to review how services are delivered with a view to making savings in management and support services.	0	-128
SP05	Service Reviews, Efficiency & Procurement	<b>Family Information Service Database Sharing</b> Share Family Information Services database with North Yorkshire County Council to reduce maintenance costs and increase information available to customers.	-4	0
SP06a	Service Reviews, Efficiency & Procurement	<b>School Transport Policy Review - New Applicants</b> This represents the full year effect of the existing decision by the Cabinet Member made on 3 September 2012, as recommended by Scrutiny Committee, to remove discretionary faith transport for new applicants.	-27	-46
SP06b	Service Reviews, Efficiency & Procurement	<b>School Transport Policy Review - Existing Pupils</b> A review of the implementation timescales for SP06a.	0	-157
XD02a	Service Reviews, Efficiency & Procurement	<b>Efficiency Savings - Adult Services</b> Further savings from 2% efficiency targets set to all services not already subject to a major review.	-100	-125

Ref	Category	Proposal Description	2013/14 Impact	2014/15 Impact
XD02b	Service Reviews, Efficiency & Procurement	<b>Efficiency Savings - Children's Services</b> Further savings from 2% efficiency targets set to all services not already subject to a major review.	-142	-140
XD03	Service Reviews, Efficiency & Procurement	<b>Soulbury SPA Increments</b> Review the policy for awarding additional increments to soulbury staff.	0	-50
AC02b	Service/ Budgetary Reduction	<b>Reablement</b> The now outsourced service has doubled the hours available to residents enabling a decision to cap the overall level of service to be taken.	0	-200
CS06b	Service/ Budgetary Reduction	<b>LAC Population Reduction - Stretched Target</b> Given the progress achieved to date further reductions in 2014/15 of about 20 could be positively targeted. At the same time reductions in out of authority placements could contribute further to overall costs.	0	-400
CS10	Service/ Budgetary Reduction	<b>Crossroads Care for Disabled Children</b> As part of a review of the service commissioned against outcomes which is supported by the current provider, the 2013/14 SLA will be renegotiated.	0	-25
ES02a&b	Service/ Budgetary Reduction	<b>Toy Library Provision</b> As the Toy Library bus comes to the end of its working life we will look to integrate the service within the wider children's centre provision.	0	-69

Ref	Category	Proposal Description	2013/14 Impact	2014/15 Impact
SP01a	Service/ Budgetary Reduction	<b>Early Intervention Fund</b> Early Intervention Fund supports the children's voluntary sector both in facilitating sector development and representation in children's LSP strategy and direct support for organisations working with most vulnerable groups. The saving will cut the commissioning fund while enabling greater sector stability. It will be an even spread over the 2 year settlement period. Providing stability and greater co-ordination with other funding streams. The focus of support will take into account developments in Health and Well-Being and Community Budgeting.	-5	0

### City & Environmental Services

CANS33	Increases in Income	<b>Waste Services</b> Review of policies at Household Waste Recycling Centres by considering options for reducing costs. UPDATED: Review of policies at Household Waste Recycling Centres by considering options for recovering costs incurred in handling and disposing of certain materials.	-75	0
CES03	Increases in Income	<b>Concessionary Fares</b> Proposed Increase of 20p in fare for concessionary travellers using Park and Ride service.	0	-100
CES10	Increases in Income	<b>Bus Shelter Advertising</b> Expand bus shelter advertising contract to radial routes.	-5	0
CES103	Increases in Income	<b>Building Control</b> Increase Building Control Fees between 5% and 15% depending on scale of scheme.	0	-30
CES105	Increases in Income	<b>Land Charges</b> Increase Land Charge Fees by 5%.	0	-8
CES14	Increases in Income	<b>Traffic Systems</b> Additional income potential from bus lane CCTV enforcement.	-50	-50

Ref	Category	Proposal Description	2013/14 Impact	2014/15 Impact
CSTS03	Increases in Income	<b>Parking Income</b> Increase charges by 10p per hour for non-residents and 20p per hour for residents. Increase over both financial years. Short stay charges for residents have not been increased for 8 years.	-175	0
CES15	Increases in Income	<b>Parking Income</b> Major review of parking options within the city. Review to cover charges, discounts, methods of payment, stay types etc. Will involve consultation with City Team and Traders.	0	-380
CES207	Increases in Income	<b>Fleet</b> Vehicle workshop income target.	-20	-30
CES300	Increases in Income	<b>Trading Services</b> Maximise trading opportunities through increasing non revenue funding streams eg s278, S106, capital opportunities to allow additional cost recovery. Target set at £150k but will be dependent on income streams.	0	-150
CES301	Increases in Income	<b>New Income Streams</b> Opportunities arising from new income streams from car park assets eg pop up hotels.	0	-25
CES305	Increases in Income	<b>Planning Services</b> Increase in income from Development related pre-application advice. There will be a target for additional income (£100k) of which a proportion will need to be used to buy additional resource.	0	-100
CSTS01 / CES20	Increases in Income	<b>Network Management Fees</b> Targeted increase in Network Management Fees.	-10	-10
CSTS05	Increases in Income	<b>Respark</b> Review of Respark charges to provide additional income whilst freezing basic charge.	-20	0
CSTS06	Increases in Income	<b>Park &amp; Ride Charges - Concessions</b> Increase Park & Ride Charge to £0.60 (2012/13) then £0.70 (2013/14) for Concessions. UPDATED: Increase Park & Ride Charge to £0.70 for Concessions.	-50	0

Ref	Category	Proposal Description	2013/14 Impact	2014/15 Impact
CSTS08	Increases in Income	<b>Park &amp; Ride Licence Fee</b> Forecast increase in licence fee in line with inflation.	-50	0
CES00a	Service Reviews, Efficiency & Procurement	<b>Directorate Senior Management Review</b> Comprehensive review of senior manager levels across CES Directorate leading to a reduction in a number of senior management roles.	-95	-284
CES00b	Service Reviews, Efficiency & Procurement	<b>Directorate Staffing Review</b> Major restructure across the Directorate resulting in deleting / reducing the number of posts as well as funding posts from alternative income streams.	-167	-502
CANS102	Service Reviews, Efficiency & Procurement	<b>Waste Services</b> Policy Review - Increased targeted education and linked enforcement in areas where high rate of waste production. Increase in 1% recycling.	-60	0
CANS103	Service Reviews, Efficiency & Procurement	<b>Waste Services</b> Policy Review - Consider options (incl. Composting) for reducing the cost of garden waste to the council tax payer. UPDATED: Identify and analyse options to reduce collection and disposal costs. This will focus on: waste prevention, reducing the cost of disposal and/or recovering some costs from customers (following appropriate consultation).	-200	0
CANS16	Service Reviews, Efficiency & Procurement	<b>Civil Engineering</b> Implementation of innovative working practices, service delivery and functionality to improve efficiency and productivity of the service prior to assessing suitability for Local Authority Trading Company or shared service approach.	-50	0
CANS17a	Service Reviews, Efficiency & Procurement	<b>Highway Infrastructure</b> Street lighting - reduced in year maintenance on lighting columns that are being replaced from increased capital investment (1 year only). UPDATED - figure reflects reversal of 2012/13 one-off saving	150	0

Ref	Category	Proposal Description	2013/14 Impact	2014/15 Impact
CANS31	Service Reviews, Efficiency & Procurement	<b>Waste Services</b> Rationalise waste rounds so that the same level of service with fewer vehicles and crews. Will mean some shifts in collection days.	-150	0
CSTS13	Service Reviews, Efficiency & Procurement	<b>Procurement Saving</b> Savings arising from re- procurement of maintenance and support of Traffic Systems.	-20	0
CSTS14	Service Reviews, Efficiency & Procurement	<b>CCTV</b> Seek other funding sources whilst maintaining current provision for CCTV maintenance.	-25	0
CSTS20	Service Reviews, Efficiency & Procurement	<b>Cycle Training</b> Review business model to reduce subsidy and to seek other funding sources.	-26	0
CSTS23	Service Reviews, Efficiency & Procurement	<b>Integrated Strategy</b> Reduction in capacity in research and development team.	-30	0
CSTS45	Service Reviews, Efficiency & Procurement	<b>Management Support</b> Reduction in support.	-12	0
CES02	Service Reviews, Efficiency & Procurement	<b>Concessionary Fares</b> Review of agreement with operators following end of fixed price agreement to April 2014.	0	-100
CES11	Service Reviews, Efficiency & Procurement	<b>Traffic Systems</b> Reprocurement of maintenance services for real time information and UTMC on street equipment.	-10	0
CES12	Service Reviews, Efficiency & Procurement	<b>Traffic Systems</b> Abandonment of 3G support for systems and private wireless connections in favour of Dark Fibre.	0	-20
CES13	Service Reviews, Efficiency & Procurement	<b>Traffic Systems</b> Host other Local Authorities UTC and UTMC systems.	-8	-8
CES202	Service Reviews, Efficiency & Procurement	<b>Winter Maintenance</b> Review of winter maintenance policy, including criteria for gritting public highways, to be implemented following public consultation. Contingency will be available if required.	0	-60

Ref	Category	Proposal Description	2013/14 Impact	2014/15 Impact
CES203a	Service Reviews, Efficiency & Procurement	<b>Waste Strategy</b> Review of education and awareness programmes to encourage recycling and home composting, bearing in mind the development of the Smarter York initiative for encouraging public involvement.	0	-24
CES204	Service Reviews, Efficiency & Procurement	<b>Streetlighting</b> Seek further efficiencies in the revenue costs associated with the provision of street lighting across the City.	0	-10
CES206	Service Reviews, Efficiency & Procurement	<b>Street Lighting Budget</b> Revision to street light service and external contract.	-60	0
CES302	Service Reviews, Efficiency & Procurement	<b>Road Safety &amp; Network Management</b> Review of Road Safety Partnership and network management. May provide opportunity to deliver improved CCTV in conjunction with police and allow road safety initiatives to be funded in other ways.	0	-75
CES306	Service Reviews, Efficiency & Procurement	<b>Regeneration Support</b> Capitalisation of regeneration support function (developer led).	0	-35
CES307	Service Reviews, Efficiency & Procurement	<b>Community Transport</b> Review of community transport provision with a targeted saving of £10k.	0	-10
CES309	Service Reviews, Efficiency & Procurement	<b>Highways, Waste and Fleet</b> Seek efficiencies through reductions in unit rates and shared management opportunities.	0	-75
CSTS09/10	Service Reviews, Efficiency & Procurement	<b>Dial &amp; Ride Operations</b> Operational Saving from new service delivery arrangements.	-15	0
CSTS24	Service/ Budgetary Reduction	<b>Rights of Way</b> Reduction in capacity within Public Rights of Way team.	-15	0

Ref	Category	Proposal Description	2013/14 Impact	2014/15 Impact
CANS19/20	Service/ Budgetary Reduction	<b>Highway Infrastructure</b> Bring repair standards in line with national average by reducing gangs from 4 to 3 + one fte inspector. Reduction by a further gang in 2013/14.	-185	0
CANS32	Service/ Budgetary Reduction	<b>Waste Services</b> Close Beckfield Lane Household Waste Recycling Centre (HWRC) and make changes to contractual arrangements at Towthorpe. Seek housing use for Beckfield Lane site.	-30	0
CES01	Service/ Budgetary Reduction	<b>Quality Bus Contract</b> Reduce budget to reflect emphasis on partnership approach over next two years, Better Bus Area Fund funding and increase operators expenditure via Quality Bus Partnership.	-26	-74
CES05a	Service/ Budgetary Reduction	<b>Taxi Card</b> Reduce budget to reflect actual level of usage.	-60	0
CES05b	Service/ Budgetary Reduction	<b>Taxi Card</b> Remove taxi card benefit service from 1st April 2014 to reflect low uptake.	0	-63
CES102	Service/ Budgetary Reduction	<b>Planning Consultation</b> Cease neighbour notification in relation to planning applications. Replace with site notices. Reduce postage costs.	-10	0
CES203	Service/ Budgetary Reduction	<b>Waste Strategy</b> Reduce in house capacity to support Waste Minimisation activities. Delete 0.8 vacant posts in 2013/14.	-18	-24
CES205	Service/ Budgetary Reduction	<b>Highways Budgets</b> Reduction in highways revenue budget.	0	-100

#### Office of the Chief Executive

OCES01	Service/ Budgetary Reduction	<b>Office of the Chief Executive Reorganisation</b> Review of the team to reflect organisation review and support of innovation across the Council.	-115	-170
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Ref	Category	Proposal Description	2013/14 Impact	2014/15 Impact
<b>Corporate</b>				
CORS01	Service Reviews, Efficiency & Procurement	<b>Organisation Review</b> Reduce the number of Assistant Directors.	-214	0
CORS02	Service Reviews, Efficiency & Procurement	<b>Consolidation</b> Further consolidation of activity.	0	-750

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**Parking Tariffs from April 2012**

**a) Off-Street Car Parks**

Short Stay	Note	Daytime Charges (0800 - 18:00)										Evening 6.00pm to 08.00am	24 hour Charge using mobile phone
		< 30 Mins	Upto 1 hr	1-2 Hours	2-3 Hours	3-4 Hours	4-5 Hours	Over 5 hours					
Short Stay	1	Resident	N/A	£1.90	£3.80	£5.70	£7.60	£9.50	£1.90 per additional hour	Free	£11.00		
		Non-Res	N/A	£2.20	£4.40	£6.60	£8.80	£11.00	£2.20 per additional hour				
Standard Stay	2	Resident	N/A	£2.10	£4.20	£6.30	£8.40	£10.50	£2 per additional hour	Free	£11.00		
		Non-Res	N/A	£1.30	£2.60	£3.90	£5.20	£6.50	£1.00				
Foss Bank	3	Resident	N/A	£1.90	£3.80	£5.70	£7.60	£9.50	£11.00	£2.00	£11.00		
		Non-Res	N/A	£1.80	£3.60	£5.40	£7.20	£9.00	£11.00	£2.00	£11.00		
Bishopthorpe Rd	3	Resident	N/A	£0.20	£0.40	£0.60	£0.80	£1.00	Maximum stay of 3 hours	free	free		
		Non-Res	£0.20	£0.40	£0.60	£0.80	£1.00	£1.20	Parking for over 2 hours is only allowed after 3pm.				

**Note 1** - Bootham Row, Esplanade, Castle and Piccadilly (Piccadilly closes at 6:30pm and so there is no evening charge), St Leonard's Place (Weekend and Bank Holidays)

**Note 2** - Castle Mills, Haymarket, Marygate, Monk Bar, Nunnery Lane, Peel Street, St. Georges, Union Terrace. The £11 (over 5 hours fee) allows parking until 8am the next day.

Castle Mills closes at 8:30pm and charges only apply till 8:00pm. Peel Street - charges only apply on Mon - Sat from 8:30 - 18:00. Sunday is free.

**Note 3** - There are no resident discount or evening charges at Foss Bank, Bishopthorpe Road or East Parade. The charges only apply until 18:00 except at Foss Bank where they apply until 20:00.

**b) Coach Parking**

Union Terrace and St George's Field Coach Parks	Summer (1/4/12 - 31/10/12)		Winter (1/11/12 - 31/3/13)	
	<1 Hour	Over 3 hrs	<1 Hour	Over 1 Hr
	£5.50	£8.50	£5.50	£8.50

**c) On Street Parking**

Standard Rate	Note	Daytime Charges					Evening 6.00pm to 08.00am	Streets Included
		< 30mins	<1 Hour	1-2 Hours	2-3 Hours	Over 3 hrs		
Micklegate	4	N/A	£1.90	£3.80	£5.70	£2.00	Carmelite St, Dundas Street, Lawrence Street, Lord Mayor's Walk, North Street, Palmer Lane, Piccadilly, Skeldergate, Tanner's Moat, Toft Green, Walmgate.	
Priority Street	4 & 5	£0.20	£0.40	£3.80	£5.70	£2.00		
	4 & 5	£0.20	£0.40	£3.80	£5.70	£2.00		
City Centre	4 & 5	N/A	£1.90	£3.80	£5.70	£2.00		
	4 & 5	N/A	£1.90	£3.80	£5.70	£2.00		
Footstreets	Resident	N/A	£0.70	£1.40	£2.10	£2.00	Blake St, Duncombe Place, Fossgate, Goodramgate, Lendal, Piccadilly, St Deny's Road, The Stonebow, Walmgate.	
	Non-Res	N/A	£0.70	£1.40	£2.10	£2.00		
Respark Shared Use Areas	Resident	N/A	£0.70	£1.40	£2.10	£2.00	Bishophill Senior, Clifton, Cromwell Rd, Cumberland St, Garden St, George St, Huntington Rd, Lawrence St, Lead Mill Lane, Lower Friargate, Lower Priory St, Lowther St, Margaret St, Marygate, Park Grove, Penleys Grove St, Queen Anne's Rd, The Crescent, The Mount, Townend St, Union Terrace, Walmgate.	
	Non-Permit Holders	N/A	£0.70	£1.40	£2.10	£2.00		

**Note 4** - There is no resident discount available on-street except that parking after 6pm is free for residents. Parking for over 2 Hours is only allowed after 3pm

**Note 5** - No charges on Sundays between 8am and 1pm in Micklegate and Priory Street

**d) On-Street Parking for large vehicles**

Foss Islands Road	< 2 Hours	2- 5 Hours	5-12 Hrs	Market Traders with Permit
	£3.50	£5.50	£8.50	£1.80

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**Proposed Parking Tariffs from April 2013**

**a) Off-Street Car Parks**

	Note	Daytime Charges (0800 - 18:00)										Evening 6.00pm to 08.00am	24 hour Charge using mobile phone	
		< 30 Mins	Upto 1 hr	1-2 Hours	2-3 Hours	3-4 Hours	4-5 Hours	Over 5 hours						
Short Stay	Resident Non-Res Non-Res	N/A	£2.10	£4.20	£6.30	£8.40	£10.50	£2.10 per additional hour					free	
		N/A	£2.30	£4.60	£6.90	£9.20	£11.50	£2.30 per additional hour					£2.00	
		Mob Phone	£2.20	£4.40	£6.60	£8.80	£11.00	£2.20 per additional hour					£2.00	
Standard Stay	Resident Non-Res Non-Res	N/A	£1.50	£3.00	£4.50	£6.00	£7.50	£11.50					free	£11.50
		N/A	£2.00	£4.00	£6.00	£8.00	£10.00	£11.50					£2.00	£11.50
		Mob Phone	£1.90	£3.80	£5.70	£7.60	£9.50	£11.50					£2.00	£11.50
Foss Bank							£1.00 per hour							
							90p per hour							
Bishopthorpe Rd	3	N/A	£0.30	£0.60	£1.00	Maximum stay of 3 hours					free			
East Parade	3	£0.30	£0.60	£4.00	£6.00	Parking for over 2 hours is only allowed after 3pm.					free			

**Note 1** - Bootham Row, Esplanade, Castle and Piccadilly (Piccadilly closes at 6:30pm and so there is no evening charge), St Leonard's Place (Weekend and Bank Holidays)

**Note 2** - Castle Mills, Haymarket, Marygate, Monk Bar, Nunnery Lane, Peel Street, St. Georges, Union Terrace. The £11.50 ( over 5 hours fee) allows parking until 8am the next day.

Castle Mills closes at 8:30pm and charges only apply till 8:00pm. Peel Street - charges only apply on Mon - Sat from 8:30 - 18:00, Sunday is free before 12:00.

**Note 3** - There are no resident discount or evening charges at Foss Bank, Bishopthorpe Road or East Parade. The charges only apply until 18:00 except at Foss Bank where they apply until 20:00.

**b) Coach Parking**

Union Terrace and St George's Field Coach Parks	Summer (1/4/13 - 31/10/13)			Winter (1/11/13 - 31/3/14)		
	<1 Hour	Over 3 hrs	Over 1 Hr	<1 Hour	Over 1 Hr	Over 1 Hr
	£5.80	£8.90	£12.60	£5.80	£8.90	£8.90

**c) On Street Parking**

	Daytime Charges						Evening 6.00pm to 08.00am	Streets Included
	< 30mins	<1 Hour	1-2 Hours	2-3 Hours	Over 3 hrs	Over 1 Hr		
Standard Rate	N/A	£2.00	£4.00	£6.00	£6.00	£2.00	free	Carmelite St, Dundas Street, Lawrence Street, Lord Mayor's Walk, North Street, Palmer Lane, Piccadilly, Skeldergate, Tanner's Moat, Toft Green, Walmgate.
Micklegate	N/A	£2.00	£4.00	£6.00	£6.00	£2.00	free	
Priory Street	4 & 5 Resident	£0.30	£0.60	£4.00	£6.00	£2.00	free	
	4 & 5 Non-Res	£0.30	£0.60	£4.00	£6.00	£2.00	free	
City Centre Footstreets	4 & 5 Resident	N/A	£2.00	£4.00	£6.00	£2.00	free	
	4 & 5 Non-Res	N/A	£2.00	£4.00	£6.00	£2.00	free	Fossgate, Piccadilly, St Deny's Road, The Stonebow, Walmgate.
Respark Shared Use Areas	N/A	£0.80					Charges Apply 8am - 8pm	Bishophill Senior, Clifton, Cromwell Rd, Cumberland St, Garden St, George St, Huntington Rd, Lawrence St, Lead Mill Lane, Lower Friargate, Lower Priory St, Lowther St, Margaret St, Marygate, Park Grove, Penleys Grove St, Queen Anne's Rd, The Crescent, The Mount, Townend St, Union Terrace, Walmgate.

**Note 4** - There is no resident discount available on-street except that parking after 6pm is free for residents. Parking for over 2 Hours is only allowed after 3pm

**Note 5** - No charges on Sundays between 8am and 1pm in Micklegate and Priory Street

**d) On-Street Parking for large vehicles**

Foss Islands Road	< 2 Hours	2- 5 Hours	5-12 Hrs	Market Traders with Permit
	£3.70	£5.80	£9.00	£2.00

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**FEES AND CHARGES 2013/14****PARKING SERVICES - SCHEDULE OF SEASON TICKET CHARGES**

		2012/13	1st Apr 2013	
		Current Charge £	Proposed Charge £	Increase %
<b>Annual Season Ticket</b>	Standard rate	995.00	995.00	0.00%
	Discount vehicle rate	497.50	497.50	0.00%
<b>Monthly Season Tickets</b>				
Standard Stay car parks	Standard rate	125.00	130.00	4.00%
	Discount vehicle rate	52.50	55.00	4.76%
<b>Weekly Season Tickets</b>				
Preferential phone rate only				
Standard Stay car parks	Standard rate	50.00	52.50	5.00%
	Discount vehicle rate	21.00	22.00	4.76%
<b>Contract Parking (Bulk) *</b>				
Foss Bank - Annual		340.00	360.00	5.88%
<b>Contract Parking (City Centre Resident 24 hour)</b>				
Foss Bank - Monthly	Standard rate	70.00	74.00	5.71%
	Discount vehicle rate	32.50	34.00	4.62%
Foss Bank - Annual	Standard rate	735.00	770.00	4.76%
	Discount vehicle rate	340.00	357.00	5.00%
Surface - Monthly	Standard rate	65.00	68.00	4.62%
	Discount vehicle rate	27.50	29.00	5.45%
Surface - Annual	Standard rate	720.00	756.00	5.00%
	Discount vehicle rate	300.00	315.00	5.00%
<b>Frequent User Pass</b>				
Non-Resident - Annual	Standard rate	126.00	132.00	4.76%
	Discount Rate	63.00	66.00	4.76%
Non Resident - Quarter	Standard rate	42.00	44.00	4.76%
	Discount Rate	16.00	16.50	3.13%
Resident - Quarter	Standard rate	22.00	23.00	4.55%
	Discount Rate	11.00	11.50	4.55%

## Note

Discount vehicle rate means a vehicle 2.7m or less in length OR a low emission vehicle within the DVLA defined BAND A, B or C

\* ie 10 or more purchased at the same time

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**FEES AND CHARGES SCHEDULE 2013/14**

Note : Vat is chargeable at the appropriate rate

SERVICE	2012/13		2012/13		2012/13		2013/14		2013/14		2013/14	
	Standard Charge Proposed Charge £	Discounted Rate* Proposed Charge £	Discounted Rate* Proposed Charge £	Discounted Rate* Proposed Charge £	Standard Charge Proposed Charge £	% Increase	Discounted Rate* Proposed Charge £	% Increase	Standard Charge Proposed Charge £	% Increase	Discounted Rate* Proposed Charge £	% Increase
<b>Parking Services</b>												
Household Permit	93.00	46.50	46.50	115.00	93.00	0.0%	46.50	0.0%	93.00	0.0%	125.00	8.7%
-Standard * Quarterly charge *	29.00	14.50	14.50	36.00	29.00	0.0%	14.50	0.0%	29.00	0.0%	38.00	5.6%
-Second Quarterly charge	150.00				157.50	5.0%			157.50	5.0%		
-Third Quarterly charge	300.00				315.00	5.0%			315.00	5.0%		
-Fourth Quarterly charge	600.00				630.00	6.1%			630.00	5.0%		
-Standard Concessionary	157.50				170.00	7.9%			170.00	7.9%		
-Standard * Quarterly charge *	0.95				1.00	5.3%			1.00	5.3%		
-Standard * Quarterly charge *	0.25				0.25	0.0%			0.25	0.0%		
Special Control Permit	93.00	46.50	46.50	115.00	100.00	7.5%	50.00	7.5%	100.00	7.5%	125.00	8.7%
Special Additional Permit	29.00	14.50	14.50	36.00	30.00	3.4%	15.00	3.4%	30.00	3.4%	38.00	5.6%
Business Permit *	93.00	46.50	46.50	115.00	100.00	7.5%	50.00	7.5%	100.00	7.5%	125.00	8.7%
Guest House Authorisation Card	29.00	14.50	14.50	36.00	30.00	3.4%	15.00	3.4%	30.00	3.4%	38.00	5.6%
Multiple Occupancy Permit *	360.00	180.00	180.00		380.00	5.6%	190.00	5.6%	380.00	5.6%		
Landlord's Permit *	360.00	70.00	70.00		380.00	5.6%	73.50	5.0%	380.00	5.6%		
Community Permit *	140.00	70.00	70.00		147.00	5.0%	73.50	5.0%	147.00	5.0%		
Day use Community Permit	46.50	23.25	23.25		49.00	5.4%	24.50	5.4%	49.00	5.4%		
Authorisation Card without Permit	1.15				1.20	4.3%			1.20	4.3%		
Property Renovation Permit	0.25				0.30	20.0%			0.30	20.0%		
Commercial Permit *	2.60				2.75	5.8%			2.75	5.8%		
Commercial Permit (Specific Zone) *	100.00	50.00	50.00		105.00	5.0%	52.50	5.0%	105.00	5.0%		
Replacement Permit Respark	2.50	1.25	1.25		2.65	6.0%	1.30	4.0%	2.65	6.0%		
Minster Badge	500.00	250.00	250.00		525.00	5.0%	262.50	5.0%	525.00	5.0%		
Replacement Permit Respark	130.00	65.00	65.00		137.00	5.4%	68.50	5.4%	137.00	5.4%		
First Replacement	Amount remaining on Permit				Amount remaining on Permit				Amount remaining on Permit			
Second Replacement	150.00				157.50	5.0%			157.50	5.0%		
- Concessionary	50.00				52.50	5.0%			52.50	5.0%		
	5.25				5.50	4.8%			5.50	4.8%		

\* discount available for vehicles 2.7m or less in length or a low emission vehicle within DVLA defined Band A, B or C.

\*\* additional charge for high emission vehicles within DVLA band J,K,L or M.

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Note : Vat is chargeable at the appropriate

Annex 3

SERVICE	2012/13	2013/14 (from 1st April 2013)	
	Current Charge £	Proposed Charge £	Increase %
<b>Transport and Highway Fees and Charges</b>			
Highways Adoption Fees	8% of Scheme Costs	8% of Scheme Costs	n/a
Checking Developers Plans	£500 + 2% of estimated works	£500 + 2% of estimated works	n/a
Scaffold & Hoarding licences			
Initial consent and 1 month permission	75.00	79.00	5.3%
Each additional month or part thereof	50.00	52.00	4.0%
Late notification fee (less than 5 working days)	15.00	16.00	6.7%
Failure to comply with terms of licence	15.00	16.00	6.7%
Skip/ Container/ Building Materials licence for 14 days	30.00	32.00	6.7%
Late notification fee (less than 3 working days)	15.00	16.00	6.7%
Failure to comply with terms of licence	15.00	16.00	6.7%
Additional fee for dealing with unlicensed skips/ scaffolding	50.00	52.00	4.0%
Cherry picker licence - up to 1 day	60.00	63.00	5.0%
Cherry picker licence - more than 1 day	88.00	92.00	4.5%
Vehicle Crossing Fees (Assessment & Inspection Fee)	60.00	63.00	5.0%
Road Closures (exc VAT and advertising costs) (Non-Commercial/ Charitable Events may be exempt or reduced, advertising costs will still be chargeable)	400.00	420.00	5.0%
Temporary Waiting Restrictions (exc cost of work, coning & advertising)	150.00	150.00	0.0%
Authority to contravene Moving Traffic Order	20.00	20.00	0.0%
Waiver to contravene a Parking Order			
1 day	20.00	20.00	Nil
2 - 7 days	50.00	50.00	Nil
8 - 14 days	100.00	100.00	Nil
Brown Sign Applications			
4 signs or less	300.00	315.00	5.0%
5 to 8 signs	350.00	367.00	4.9%
9 signs or more	400.00	420.00	5.0%
Approval consent for House Builder signs			
4 signs or less	300.00	315.00	5.0%
5 to 8 signs	350.00	367.00	4.9%
9 signs or more	400.00	420.00	5.0%
Pavement Cafe Licences	550.00	580.00	5.5%
General Solicitor Highway Enquiries			
Simple	68.00	71.00	4.4%
Medium	90.00	95.00	5.6%
Complex	183.00	192.00	4.9%
NRSWA (Set Nationally)			
Section 50 Licence Administration	250.00	250.00	Nil
Special Permission Inspections	250.00	250.00	Nil
Utility sample fee	50.00	50.00	Nil
Investigatory/ Third Party	68.00	68.00	Nil
Defect Inspections fee	47.50	47.50	Nil
Special Permissions	£750 or 6%	£750 or 6%	
Building Control			
Letter of confirmation			
Completion Certificates	38.00	40.00	5.3%
Approvals			

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**DEVELOPMENT MANAGEMENT FEES & CHARGES****Section A - Advice as to whether permission / consent is required**

Category	Current Fee 2012/13 £	Proposed 2013/14 £	Increase £	Increase %
<b>Householder Enquiry</b> (ie house extensions, garages/sheds, etc)	55.00	58.00	3.00	5.45
<b>Other Commercial Development</b> (to establish if "development" or whether "permitted development" or not)	55.00	58.00	3.00	5.45

**Section B - Advice in relation to the prospects of permission / consent being granted****Category - Minor Development**

Proposed Development Type	Current Fee 2012/13 £	Proposed 2013/14 £	Increase £	Increase %
Householder	55.00	58.00	3.00	5.45
Advertisements	55.00	58.00	3.00	5.45
Commercial (where no new floorspace)	80.00	84.00	4.00	5.00
Change of Use	80.00	84.00	4.00	5.00
Telecommunications	110.00	115.00	5.00	4.55
Other (See note 3)	110.00	115.00	5.00	4.55
<b>Small Scale Commercial Development</b> (Incl shops offices, other commercial uses)				
* Upto 500m2	280.00	294.00	14.00	5.00
* 500-999m2	555.00	583.00	28.00	5.05
<b>Small Scale Residential</b>				
* 1 Dwelling	110.00	115.00	5.00	4.55
* 2-3 Dwellings	280.00	294.00	14.00	5.00
* 4-9 Dwellings	555.00	583.00	28.00	5.05

Note 1 - All Fees are subject to VAT

Note 2 - With site visit and meeting if Development Management Officer considered to be required

Note 3 - Includes all other minor development proposals not falling within any of the categories such as variation or removal of condition, car parks and roads and certificates of lawfulness

**Category - Major Developments**

Proposed Development Type	Current Fee 2012/13 £	Proposed 2013/14 £	Increase £	Increase %
<b>Major new residential</b> Sliding scale as follows				
* 10-49 Dwellings	1,700.00	1,785.00	85.00	5.00
* 50-199 Dwellings	2,330.00	2,445.00	115.00	4.94
<b>Small Scale Commercial Development</b> (inc shops, offices, other commercial uses)				
* 1,000 m2 to 3,000m2	1,700.00	1,785.00	85.00	5.00

Note 1 - All Fees are subject to VAT

Note 2 - With site visit and meeting if Development Management Officer considered to be required

**Category - Very Large Scale Developments**

Proposed Development Type	Current Fee 2012/13 £	Proposed 2013/14 £	Increase £	Increase %
* Single use or mixed use developments involving sites of 1.5 ha or above * Development of over 200 dwellings * Development of over 3,000m2 of commercial floorspace * Planning briefs / Masterplans	Fee to be negotiated with a minimum fee of £3180	Fee to be negotiated with a minimum fee of £3340	160.00	5.00

Note 1 - All Fees are subject to VAT

Note 4 - With multiple meetings including a lead officer together with Development Management case officer and

Note 5 - The fee for pre-application advice expected to be not less than 20% of anticipated planning fee for a full

**Exemptions**

Advice sought in the following categories is free

- \* Where the enquiry is made by a Parish Council or Town Council
- \* Where the development is for a specific accommodation/facilities for a registered disabled
- \* Advice on how to submit a planning application
- \* Enquiries relating to Planning Enforcement

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<b>ENVIRONMENTAL HEALTH</b>	2013/14		Increase Over 12/13 Annex 3
	Charge (Before VAT)	Charge (Before VAT)	
	£	£	%
<b><u>HEALTH &amp; SAFETY</u></b>			
<b>SKIN PIERCERS</b>			
a) Tattooists	290.34	304.86	5.0%
b) Skin Piercers	290.34	304.86	5.0%
c) Premises	290.34	304.86	5.0%
1/4ly payment available by Standing Order			
<b><u>POLLUTION CONTROL</u></b>			
<b>NOISE MONITORING EQUIPMENT - CONTRACT SERVICES HIRE/CONSULTANCY AND COURT CASES</b>			
Senior Officers (Grade 9 and above)	43.96	46.16	5.0%
Other Officers	32.92	34.57	5.0%
<b>ENVIRONMENTAL PROTECTION (VAT EXEMPT)</b>			
<b>SUBSISTENCE FEE (Statutory Fee)</b>			
Mobile Screening and crushing p	618.00	218.00	-64.7%
Mobile Screening and crushing p	989.00	349.00	-64.7%
Mobile Screening and crushing p	1,484.00	524.00	-64.7%
<b><u>FOOD &amp; SAFETY UNIT</u></b>			
<b>UNSOUND/UNSALEABLE FOOD</b>			
Issue of Certificates	44.09	46.29	5.0%
Collection by van	57.02	59.87	5.0%
<b>EXPORT CERTIFICATES</b>	51.89	54.48	5.0%
<b>LETTER OF ADVICE</b>			
Letter confirming food premises	36.00	37.80	5.0%

<b>ENVIRONMENTAL HEALTH</b>		2013/14	
	Charge (Before VAT)	Charge (Before VAT)	Increase Over 12/13
<b><u>ANIMAL HEALTH</u></b>			
Pet Shop	202.49	212.61	5.0%
Animal Boarding	202.49	212.61	5.0%
Home Boarding Licence	92.76	97.40	5.0%
Dog Breeding Establishment	202.49	212.61	5.0%
Dangerous Wild Animals	557.70	585.55	5.0%
Riding Establishments	233.03	244.68	5.0%
Performing Animals Registration	69.82	73.31	5%
<b>Stray Dogs</b>			
Reclaim Fee (Statutory fee)	50.00	60.00	20.0%
<b>Microchipping Dogs</b>	10.00	10.00	n/a



TRADING STANDARDS	2012/13	2013/14	
	Charge £	Charge £	Increase over 2012/13 %
<b>FEES FOR THE TESTING AND VERIFICATION OF WEIGHING AND MEASURING INSTRUMENTS</b>			
Senior Officers (Grade 9 and above)	43.96	46.16	5.0%
Other officers	32.92	34.57	5.0%
<b>Poisons Act</b> (Statutory Charges)			
Initial registration in the Council's list of persons entitled to sell Part II Poisons	32.67	34.30	5.0%
Re-registration in subsequent year	17.22	18.08	5.0%
Change in details of registration.	8.80	9.24	5.0%
<b>Performing Animals Registration</b>	69.82	73.31	5.0%
<b>Petroleum Storage Licensing</b> (Statutory Charges)			
Stores not exceeding 2,500 litres	42.00	TBC	0.0%
Stores not exceeding 50,000 litres	58.00	TBC	0.0%
Stores exceeding 50,000 litres	120.00	TBC	0.0%
Transfer fee	8.00	TBC	0.0%
<b>Explosives Licensing \ Registration</b> (Statutory Charges)			
Store Licence - 1 year duration	178.00	TBC	0.0%
Store Licence - 2 years duration	234.00	TBC	0.0%
Store Licence - 3 years duration	292.00	TBC	0.0%
Store Licence Renewal - 1 year duration	105.00	TBC	0.0%
Store Licence Renewal - 2 years duration	141.00	TBC	0.0%
Store Licence Renewal - 3 years duration	198.00	TBC	0.0%
Registration Fee - 1 year duration	105.00	TBC	0.0%
Registration Fee - 2 years duration	136.00	TBC	0.0%
Registration Fee - 3 years duration	166.00	TBC	0.0%
Renewal of Registration - 1 year duration	52.00	TBC	0.0%
Renewal of Registration - 2 years duration	83.00	TBC	0.0%
Renewal of Registration - 3 years duration	115.00	TBC	0.0%
Transfer of Licence or re-registration	35.00	TBC	0.0%
Replacement of licence or registration if lost periods	35.00	TBC	0.0%
	500.00	500.00	0.0%
<b>Court Cases</b>			
Court Costs awarded as the result of a successful case - all teams (based on a hourly charge per officer hour)			
Senior Officers (Grade 9 and above)	43.96	46.16	5.0%
Other officers	32.92	34.57	5.0%

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REGULATORY SERVICES	2012/13	2013/14	
	Charge (Before VAT) £	Charge (Before VAT) £	Increase over 2012/13 %
<b><u>GAMBLING ACT</u></b>			
a) Bingo			
Reinstatement & Conversion of Provisional Statement	960.00	960.00	0.0
Provisional Statement	2,800.00	2,800.00	0.0
Annual Charge	820.00	840.00	2.4
b) Adult Gaming Centre			
Reinstatement & Conversion of Provisional Statement	960.00	960.00	0.0
Provisional Statement	1,600.00	1,600.00	0.0
Annual Charge	820.00	840.00	2.4
c) Betting (track)			
Reinstatement & Conversion of Provisional Statement	2,000.00	2,000.00	0.0
Provisional Statement	2,000.00	2,000.00	0.0
Annual Charge	820.00	840.00	2.4
d) Family Entertainment Centre			
Reinstatement & Conversion of Provisional Statement	760.00	760.00	0.0
Provisional Statement	1,600.00	1,600.00	0.0
Annual Charge	620.00	635.00	2.4
e) Betting (Other)			
Reinstatement & Conversion of Provisional Statement	960.00	960.00	0.0
Provisional Statement	2,400.00	2,400.00	0.0
Annual Charge	500.00	515.00	3.0
<b><u>STREET TRADING CONSENTS</u></b>			
<b>INSIDE CITY WALLS</b>			
Artists	1,900.00	2,000.00	5.3
Buskers etc	2,260.00	2,375.00	5.1
<b>OUTSIDE CITY WALLS</b>			
Ice Cream	1,520.00	1,600.00	5.3
Food	1,425.00	1,500.00	5.3
Non Food	690.00	725.00	5.1
<b>OCCASIONAL</b>			
Food	52.00	55.00	5.8
Non Food	38.00	40.00	5.3
<b>INDIVIDUALLY ASSESSED SITES</b>	136,770.00	137,915.00	0.8

REGULATORY SERVICES	2012/13	2013/14	
	Charge (Before VAT)	Charge (Before VAT)	Increase over 2012/13
	£	£	%
<b>CAR BOOT SALES (commercial)</b>			
Less than 15 traders	71.00	75.00	5.6
15 - 50 traders	141.00	148.00	5.0
50 - 100 traders	285.00	300.00	5.3
More than 100 traders	400.00	410.00	2.5
Charities	14.50	15.00	3.4

HOUSING FEES & CHARGES		2012/13	2013/14
		Current Charge	Charge
		£	£
<b>Garages</b>			
Normal	Council tenant	6.30	6.46
	Private	6.30 + 1.26 VAT	6.46 + 1.29 VAT
High Demand	Council tenant	7.57	7.77
	Private (local connection)	14.75 + 2.88 VAT	15.13 + 3.03 VAT
	Private (no local connection)	18.55 + 3.71 VAT	19.03 + 3.81 VAT
Low Demand	All tenures	3.19	3.27
<b>Cookers</b>			
		2012/13 budget assumes a 5.6% increase on existing charges for gas & electric cookers plus VAT. No new cookers are rented.	2013/14 budget assumes a 2.6% increase on existing charges for gas & electric cookers plus VAT. No new cookers are rented.

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SPORTS		2012/13	2013/14	
		Current Charge	Charge	Increase over 2012/13
	Price Type	£	£	%
<b>Swimming</b>				
Open, Lane, Adult,	Adult	4.55	4.65	2.20%
Deep End, Women	Adult YorkCARD	3.65	3.75	2.74%
Waterfun & 50+	Concession	3.20	3.30	3.12%
Swim sessions	Conc YorkCARD	2.45	2.50	2.04%
Under 5 policy	Kids go free	free	free	
Family Saver	Yorkcard 2 adults 2 kids	9.75	10.60	8.72%
Family Sav. Plus	Yorkcard 1 adult 2 kids	6.10	6.25	2.46%
	non york 2 adults 2 kids	12.30	12.60	2.44%
	non york 1 adult 2 kids	7.75	7.95	2.58%
Swim lessons	Kids 30 mins	4.75	5.00	5.26%
	Kids 45 mins	6.10	6.40	4.92%
	Adults 30 mins	4.75	5.00	5.26%
	Adults 40 mins	6.10	6.40	4.92%
	60 mins	6.35	6.65	4.72%
	1:1 course of 5	89.00	100.00	12.36%
	1:1 individual	20.05	21.05	4.99%
Aquafit & Aquanatal	Adult	5.45	5.60	2.75%
	Adult YorkCARD	4.35	4.45	2.30%
	Concession	4.20	4.30	2.38%
	Conc YorkCARD	3.45	3.55	2.90%
Loyalty Swim Card	Adult	36.40	37.20	2.20%
	Adult YorkCARD	29.20	30.00	2.74%
	Concession	25.60	26.40	3.12%
	Conc YorkCARD	19.60	20.00	2.04%
CYC/NHS 10 Swim Card		23.40	24.00	2.56%
<b>NEW POOL HIRE RATES WHICH INCLUDE 2 LIFEGUARDS AS STANDARD</b>				
Whole Pool Hire	ex-vat 1 hour	105.00	108.00	2.86%
<b>SCHOOL POOL HIRE RATES WHICH INCLUDE 2 LIFEGUARDS &amp; 2 TEACHERS AS STANDARD (based on 10 wks)</b>				
School Pool Hire	1/2 hr Per term	665.00	681.65	2.50%
<b>Dry Side</b>				
BeActive	12 mth contract DD	38.00	38.00	
	3 mth contract DD	33.00	33.00	
	Corp/student mth	28.00	28.00	
Casual prices	Adult	6.00	6.15	2.50%
	Adult YorkCARD	4.80	4.95	3.13%
	Concession	4.45	4.55	2.25%
	Conc YorkCARD	3.55	3.65	2.82%
Creche		1.20	2.45	104.17%

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**NEWGATE MARKET TOLLS**

DAY	ZONE	AVERAGE OCCUPANCY	Current Fee 2012/13	52 Weeks	Proposed Fee 2013/14	52 Weeks	Increase over 2012/13
MONDAY	A	95.0%	17.75	10522.20	17.75	10522.20	0.0%
	B	95.0%	15.75	9336.60	15.75	9336.60	0.0%
	C	78.0%	10.25	4988.88	10.25	4988.88	0.0%
	D	25.0%	6.00	936.00	6.00	936.00	0.0%
	E - o/s	78.0%	18.50	9004.32	18.50	9004.32	0.0%
	F - o/s	100.0%	43.00	26832.00	43.00	26832.00	0.0%
<b>TOTAL INC</b>			<b>61620.00</b>	<b>61620.00</b>		<b>61620.00</b>	
TUESDAY	A	95.0%	22.00	13041.60	22.25	13189.80	1.1%
	B	95.0%	20.50	12152.40	20.50	12152.40	0.0%
	C	70.0%	17.50	7644.00	17.50	7644.00	0.0%
	D	30.0%	12.00	2246.40	12.00	2246.40	0.0%
	E - o/s	78.0%	20.50	9977.76	21.00	10221.12	2.4%
	F - o/s	100.0%	43.00	26832.00	43.00	26832.00	0.0%
<b>TOTAL INC</b>			<b>71894.16</b>	<b>72285.72</b>		<b>72285.72</b>	
WEDNESDAY	A	95.0%	21.00	12448.80	21.25	12597.00	1.2%
	B	95.0%	19.00	11263.20	19.00	11263.20	0.0%
	C	70.0%	16.50	7207.20	16.50	7207.20	0.0%
	D	30.0%	11.00	2059.20	11.00	2059.20	0.0%
	E - o/s	78.0%	20.50	9977.76	21.00	10221.12	2.4%
	F - o/s	100.0%	43.00	26832.00	43.00	26832.00	0.0%
<b>TOTAL INC</b>			<b>69788.16</b>	<b>70179.72</b>		<b>70179.72</b>	
THURSDAY	A	95.0%	23.00	13634.40	23.25	13782.60	1.1%
	B	95.0%	22.50	13338.00	22.50	13338.00	0.0%
	C	75.0%	19.50	9126.00	19.50	9126.00	0.0%
	D	30.0%	11.00	2059.20	11.00	2059.20	0.0%
	E - o/s	70.0%	21.00	9172.80	21.00	9172.80	0.0%
	F - o/s	100.0%	43.00	26832.00	43.00	26832.00	0.0%
<b>TOTAL INC</b>			<b>74162.40</b>	<b>74310.60</b>		<b>74310.60</b>	

DAY	ZONE	AVERAGE OCCUPANCY	Current Fee 2012/13	52 Weeks	Increase over 2012/13
FRIDAY	A	95.0%	26.50	15,709.20	0.9%
	B	95.0%	25.50	15,116.40	1.0%
	C	75.0%	22.50	10,530.00	0.0%
	D	50.0%	13.00	4,056.00	0.0%
	E - o/s	78.0%	21.00	10,221.12	0.0%
	F - o/s	100.0%	45.00	28,080.00	0.0%
<b>TOTAL INC.</b>			<b>83,712.72</b>		
SATURDAY	A	100.0%	35.00	21,840.00	2.1%
	B	100.0%	32.00	19,968.00	1.6%
	C	78.0%	25.00	12,168.00	2.0%
	D	50.0%	22.00	6,864.00	2.3%
	E - o/s	78.0%	21.00	10,221.12	2.4%
	F - o/s	100.0%	50.00	31,200.00	0.0%
<b>TOTAL INC.</b>			<b>102,261.12</b>		
SUNDAY	A	100.0%	24.00	14,976.00	4.2%
	B	100.0%	23.00	14,352.00	2.2%
	C	78.0%	20.00	9,734.40	2.5%
	D	30.0%	7.50	1,404.00	0.0%
	E - o/s	75.0%	21.00	9,828.00	0.0%
	F - o/s	100.0%	44.00	27,456.00	0.0%
<b>TOTAL INC.</b>			<b>77,750.40</b>		

**KEY :-**

A	Jubbergate
B	Prime Stalls
C	Standard Stalls
D	Rear Stalls
E - o/s	Open spaces pitches
F - o/s	Brunch Wagon

Event Markets		2013/14 Event Fee	Current Fee 2012/13	Proposed Fee 2013/14	Increase over 2013/14	DAILY INCREASE
		£	£	£	%	£
<b>Easter Fayre Market</b>	MM's	330	110.00	115.00	5%	5.00
	DY	4,500	70.00	75.00	5%	5.00
	1.5m Chalet	750	162.50	187.50		25.00
<b>ST NICH'S FAYRE</b> Parliament Street	3m Chalet	650	137.50	162.50		25.00
	DY	15,000	137.50	144.50	5.0%	7.00
Coppergate Guildhall	MM's	400	100.00	100.00	0.0%	NIL
	Fixed Fee	630			5.0%	30.00
<b>YORK FESTIVE FAYRE</b>	4.5m Chalet	3,230	160.00	168.00	5.0%	8.00
	3m Chalet	2,280	115.00	120.00	5.0%	10.00
	Special Market Events	New	35.00	various	5.0%	Nil
Farmers & Misc others 3rd Parties					5.0%	

Under the Market rules and regulations the Senior Market Officer has discretion to offer reduced rates to attract new stall-holders and to encourage existing stall-holders to occupy adjacent vacant stalls

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BUDGET  
2012/13  
£'000**Expenditure:**

	Repairs & Maintenance	
5,046	Jobs General	5,228
877	Projects	877
257	Estate Improvements	257
101	Decoration Allowance	101
30	Rechargeable Repairs	30
<u>6,311</u>		<u>6,493</u>
	General Management	
75	Tenant Support and Information	75
2,662	Corporate and Directorate Recharges	2,662
89	AD Housing and Community Safety	91
1,902	Landlord Services	2,005
635	Building Services Management	669
20	Business Improvement	20
31	HRA Training	31
<u>5,414</u>		<u>5,553</u>
	Special Services	
777	Sheltered Housing	787
92	Energy Costs	110
673	Temporary Accommodation	683
57	Discus Bungalows	0
379	Grounds Maintenance	382
256	Caretaking Costs	259
21	Cleaning Costs	22
41	Lifts	55
6	Communal Aerials	10
6	Contribution to Energy Efficiency	6
<u>2,308</u>		<u>2,314</u>
	Rents etc.	
5	Rent & Rates	6
209	Insurance	213
1	RTB Legal Fees	1
<u>215</u>		<u>220</u>
	Provision for Bad and Doubtful Debts	
115	Council Housing	462
<u>115</u>		<u>462</u>
	Capital Charges	
7,189	Depreciation	7,189
50	Debt Management	50
<u>7,239</u>		<u>7,239</u>
<u>21,602</u>	<b>TOTAL EXPENDITURE</b>	<u>22,281</u>

BUDGET  
2012/13**Income:**

## Rents

-29,391	Council Housing	-30,437
<u>-290</u>	Temporary Accommodation	<u>-290</u>
-29,681		-30,727
	<b>Non Dwellings Rents</b>	
-318	Council Garages	-325
-251	Council Shops	-251
<u>-38</u>	General Rents	<u>-38</u>
-607		-614
	<b>Charges for Services and Facilities</b>	
-7	Fees & Charges - Council Housing	-7
-85	- Legal Fees	-85
-85	- RSL management fee	-85
-528	- Sheltered Housing	-528
-2	- Temporary Accommodation	-2
-39	Cookers	-30
<u>-90</u>	Leaseholder Admin Charge	<u>-90</u>
-836		-827
	<b>Contribution Towards Expenditure</b>	
-11	- Sheltered Housing	-11
<u>-25</u>	- Rechargeable Repairs	<u>-25</u>
-36		-36
	<b>Supporting People Income</b>	
<u>-339</u>	- Temporary Accommodation	<u>-339</u>
-339		-339
	<b>Transfer from General Fund</b>	
<u>-3</u>	Amenities Shared by the Whole Community	<u>-3</u>
-3		-3
<u><u>-31,502</u></u>	<b>TOTAL INCOME</b>	<u><u>-32,546</u></u>
<u><u>-9,900</u></u>	<b>NET COST OF SERVICE</b>	<u><u>-10,265</u></u>
4,941	Loan Interest Paid	4,941
-1	Mortgage Interest Received	-1
-160	Revenue Cash Interest Received	-94
1,051	Capital Expenditure financed from Revenue	2,446
0	Contribution to/(from) MRR	0
3,000	Contribution to/(from) Earmarked Reserves	4,500
<u><u>-1,069</u></u>	<b>(SURPLUS) / DEFICIT IN YEAR</b>	<u><u>1,527</u></u>
-10,811	(SURPLUS) / DEFICIT BROUGHT FORWARD	-12,126
-1,069	(SURPLUS) / DEFICIT IN YEAR	1,527
-11,880	(SURPLUS) / DEFICIT CARRIED FORWARD	-10,599

**Dedicated Schools Grant (DSG) and the Schools Budget**

- 1 The DSG is ring-fenced for funding the provision of education for pupils in schools (maintained, pupil referral units (PRUs), private, voluntary and independent (PVI) nurseries or externally purchased places). As such it covers funding delegated to individual LA maintained schools and PVI providers through the LMS & Early Years Funding Formula, plus funding for other pupil provision which is retained centrally by the LA (e.g. SEN, PRUs, behaviour support, home & hospital tuition, school contingencies etc.). It is distributed according to a formula that guarantees a minimum per pupil increase for each authority (0% in 2013/14).
- 2 The council itself cannot use the DSG for any purpose other than schools block funding, although with the permission of the York Education Partnership Board limited contributions are being made to the following areas:
  - Combined budgets supporting Every Child Matters objectives where there is a clear educational benefit.
  - Prudential Borrowing, where overall net savings to the Schools Budget have been demonstrated.
  - Some SEN transport costs, again only where there is a net Schools Budget saving.
- 3 There are also strict limits (Central Expenditure Limits) on the amount of the DSG that the council can retain centrally to either fund pupil costs outside of mainstream schools, or use to provide targeted allocations during the financial year to maintained schools. The funding reform changes for 2013/14 have further tightened these regulations, significantly reducing flexibility.
- 4 To some degree the government has attempted to protect schools from the full effect of their spending reductions when compared to other parts of the public sector, and the remainder of local government services in particular. The key features of the Schools Settlement for 2013/14 are:
  - Another one-year only settlement for 2013/14.
  - Significant changes to the system of allocating funding to schools and other providers for both mainstream and high needs pupils.
  - A continued flat cash per pupil allocation for all of the LA's core school funding.

## Annex 5

- Increased funding through the pupil premium for disadvantage.
  - Increased funding for 2 year old nursery provision for disadvantaged pupils.
- 5 During 2012 the DfE undertook a major review of school funding arrangements, and has subsequently started to implement its proposals under “School Funding Reform – Next Steps to a Fairer System”. The main objective of these reforms is to move to a national funding formula for schools to be introduced at the start of the next spending review period in 2015/16.
- 6 As part of the progression towards this national funding formula, the DfE has instructed each LA to review and simplify its current LMS Funding Formula for the 2013/14 financial year. The new formula needs to be fully compliant with the DfE revised School Funding Regulations which describe:
- A reduction in the number of allowable factors from the current 37 (22 used in York) to 10, and significant prescription on how these remaining factors are to be applied.
  - A requirement to delegate to schools a number of budgets and services that are currently held and managed centrally by the LA.
  - An option for schools (via the York Education Partnership Board) to agree to de-delegate some of these services back to the LA if they wish.
  - New constraints on the use that the LA can make of any remaining centrally retained budgets.
  - Changes to the funding arrangements for high needs SEN and Alternative Provision (AP) pupils by introducing a commissioner / provider arrangement, with commissioners (including schools for AP) responsible for funding the actual cost of provision for their pupils.

#### LMS Formula Funding for Schools

- 7 As reported to the Cabinet Member in November, the revised funding formula has, despite best efforts to limit any turbulence, resulted in changes to the distribution of funding between schools for 2013/14 and beyond. However, under the new regulations the Minimum Funding Guarantee (MFG) will remain in place at -1.5% per pupil for 2013/14 and 2014/15. This will ensure that no school will see a significant reduction in

**Annex 5**

funding following the introduction of the new formula. In order to fund the MFG the council is allowed to set a local limit on gains for those schools whose funding will increase under the new formula. This will again operate on a per pupil basis, and will be a ceiling increase of +1.38%. The range of change for individual schools in 2013/14 on a like for like basis is shown in the table below.

	Maximum Loss £000	Maximum Gain £000
Primary Schools	21	22
Secondary Schools	58	67

- 8 It is also important to understand the potential projected impact for individual schools once all of the transitional arrangements have run their course. In these circumstances the level of potential change for individual schools is more material. In summary, the range of change for schools at their target funding levels is as follows:

	Maximum Loss		Maximum Gain	
	£000	%	£000	%
Primary Schools	92	6.9%	68	9.5%
Secondary Schools*	87	2.4%	189	4.5%

\* Note – Excluding Burnholme Community College which is subject to separate support arrangements during its phased closure period.

### High Needs SEN and Alternative Provision

- 9 The DfE has made some significant changes to the way the costs of high needs pupils are to be funded from 2013/14. In particular the LA acquires the responsibility for commissioning all 16-25 year old SEN placements. At the time of writing this report we are still in discussions with the Education Funding Agency (EFA) around the number of high needs pupil places that they will fund for 2013/14. It is currently estimated that there could be a shortfall in the funding required to support the new arrangements of between £200k - £400k in 2013/14.

### Schools Budget Projection for 2013/14

- 10 A summary of the overall schools budget position is shown in Table 1 below. A full report on the schools budget and funding for schools has

**Annex 5**

been prepared for the York Education Partnership Board (YEPB) on 12 February (the YEPB undertakes the statutory responsibilities of the Schools Forum in York in relation to school finances). The YEPB report can be provided to any Member on request and provides further explanations of the figures set out in Table 1

**Table 1: Schools Budget Projection for 2013/14**

	<b>£000</b>
<b>2012/13 Approved Budget</b>	<b>116,269</b>
Impact of Previous Years Decisions:	
Burnholme Community College Closure - Transitional Arrangements	<b>+ 436</b>
<b>2013/14 Base Budget</b>	<b>116,705</b>
Provision for Pay Increases	<b>+ 109</b>
LA Centrally Retained Budget Efficiencies	<b>- 200</b>
LMS Funding Formula Requirements	<b>+ 122</b>
2 Year Old Nursery Provision	<b>+ 1,161</b>
Early Years Single Funding Formula (3&4 Year Olds)	<b>+ 100</b>
High Needs SEN & Alternative Provision	<b>+ 669</b>
Pupil Premium for Disadvantage	<b>+ 1,332</b>
<b>2013/14 Initial Budget Projection</b>	<b>119,998</b>
<b>Funding Available:</b>	
Dedicated Schools Grant	<b>109,558</b>
EFA Post 16 Grants	<b>6,543</b>
Pupil Premium	<b>3,708</b>
DSG Surplus b/f from 2012/13	<b>-</b>
<b>Total Estimated Available Funding</b>	<b>119,809</b>
<b>Schools Budget Shortfall</b>	<b>189</b>

Funding Available within the DSG

- 11 The funding available includes the estimated 2013/14 DSG allocation of £109,558k, the existing allocation of funding for post 16 pupils from the EFA of £6,543k, the estimated level of the pupil premium for York schools of £3,708k and an estimated zero balance carry forward of DSG from 2012/13. Table 2 sets out the latest estimate of the DSG for 2013/14.



**Table 2 – DSG Funding 2012–14**

	<b>2012/13</b>	<b>2013/14</b>
Early Years Pupil Numbers	1,616	1,616
DSG Per EY Pupil	£3,443.79	£3,443.79
<b>Early Years Allocation</b>	<b>£5.565m</b>	<b>£5.565m</b>
5-16 Year Old Pupil Numbers	21,032	21,222
DSG Per 5-16 Pupil	£4,209.24	£4,209.24
<b>5-16 Year Old Allocation</b>	<b>£88.529m</b>	<b>£89.329m</b>
<b>High Needs Allocation</b>	<b>£13.510m</b>	<b>£13.446m</b>
<b>New 2 Year Old Allocation</b>	<b>N/A</b>	<b>£1.186m</b>
<b>NQT Induction Transfer</b>	<b>N/A</b>	<b>£0.032m</b>
<b>DSG Total for 2013/14</b>	<b>£107.604m</b>	<b>£109.558m</b>

### Balancing the Schools Budget

- 12 At the time of writing this report there is a potential shortfall in the overall Schools Budget of between £200k - £400k as a result of the change to post 16 SEN funding. Clearly further work may be required in conjunction with the YEP to produce a balanced Schools Budget for 2013/14 pending the outcome of discussions with the EFA on the level of resource to be transferred to the authority for post 16 SEN pupils.
- 13 This may result in a deficit Schools Budget having to be set for 2013/14 of up to £400k, and in this situation in year mitigating savings would be sought. Ultimately any remaining deficit would have to be carried forward to 2014/15 and dealt with as part of that year's budget setting process, most likely as a reduction in the amount of funding available for schools through the LMS Funding Formula.

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## RISK ASSESSMENT

<b>Risk</b>	<b>Likelihood</b>	<b>Seriousness</b>	<b>How we will manage the risk</b>
Financial implications of new system of business rates localisation are not as forecast in the budget strategy	Medium	Medium	<ul style="list-style-type: none"> <li>regular monitoring</li> </ul>
Failure to collect income following introduction of new system of Council Tax Support	Medium	Medium	<ul style="list-style-type: none"> <li>regular monitoring to identify trends, with corrective action to ensure collection</li> </ul>
Budgets are overspent due to external pressures	Medium	High	<ul style="list-style-type: none"> <li>regular monitoring with corrective action</li> </ul>
Savings are not achieved due to reduced management and support services capacity to deliver	High	High	<ul style="list-style-type: none"> <li>regular budget monitoring focused on high risk areas to identify issues at an early stage</li> <li>where savings are not achieved ensure alternative savings identified</li> <li>regular monitoring with corrective action at DMTs</li> <li>effective project management</li> </ul>
Service reviews do not deliver required savings	High	Medium	<ul style="list-style-type: none"> <li>regular monitoring with corrective action at DMTs</li> <li>robust tracking of all savings across the council</li> <li>effective project management</li> </ul>
Continued pressure on income budgets	Medium	Medium	<ul style="list-style-type: none"> <li>Regular budget monitoring to identify trends</li> </ul>
Savings that are subject to further reviews may not be fully delivered in 2014/15	Medium	Medium	<ul style="list-style-type: none"> <li>regular progress monitoring at DMTs</li> <li>effective project management</li> <li>consideration of alternative short / medium term savings options if required</li> </ul>

## Annex 6

Potential for reserves to go below minimum levels due to budgets being exceeded	Medium	High	<ul style="list-style-type: none"> <li>• Ensure minimum levels are maintained</li> <li>• Robust financial management/prudent budget setting</li> </ul>
Costs of redundancy/retirement as a result of service changes exceed budget	Low	Medium	<ul style="list-style-type: none"> <li>• Provision made for costs of retirement/redundancy in budgets</li> </ul>

## Annex 7 – Background Information

### Council Tax Freeze Grant Offers

The table below shows the history of Council Tax Freeze grant offers from government including offer, the value, the period of time it was offered and therefore when it would fall out of the funding system.

	Offer	Value (£k)	Period	Falls Out	Action
2011/12	2.5%	1,828	4 yrs	2015/16	Accepted
2012/13	2.5%	1,830	1 yr	2013/14	Rejected
2013/14	1.0%	763	2 yrs	2015/16	Considered In Report

### Historic Council Tax Levels

The following table shows the historic Council Tax increases for the council since 2003/04.

Year	Council Tax Increase	Annual Average RPI
2012/13	2.90%	3.1%
2011/12	0.00%	5.2%
2010/11	2.70%	4.6%
2009/10	3.25%	-0.5%
2008/09	4.75%	4.0%
2007/08	4.50%	4.3%
2006/07	5.49%	3.2%
2005/06	4.95%	2.8%
2004/05	2.90%	3.0%
2003/04	5.97%	2.9%

### Historic Grant Increases/Reductions

The following table shows historic grant increases (+) or reductions (-) since 2007/08. It should be noted that in 2011/12, the council received a further reduction in specific grants of £5,729k taking the total loss in grants that year to £14,950k.

	<b>Formula Grant Changes (£k)</b>
2014/15*	-5,000
2013/14	-3,907
2012/13	-5,040
2011/12	-9,221
2010/11	1,090
2009/10	1,114
2008/09	4,023
2007/08	1,192

\*provisional

Historic Budget Savings

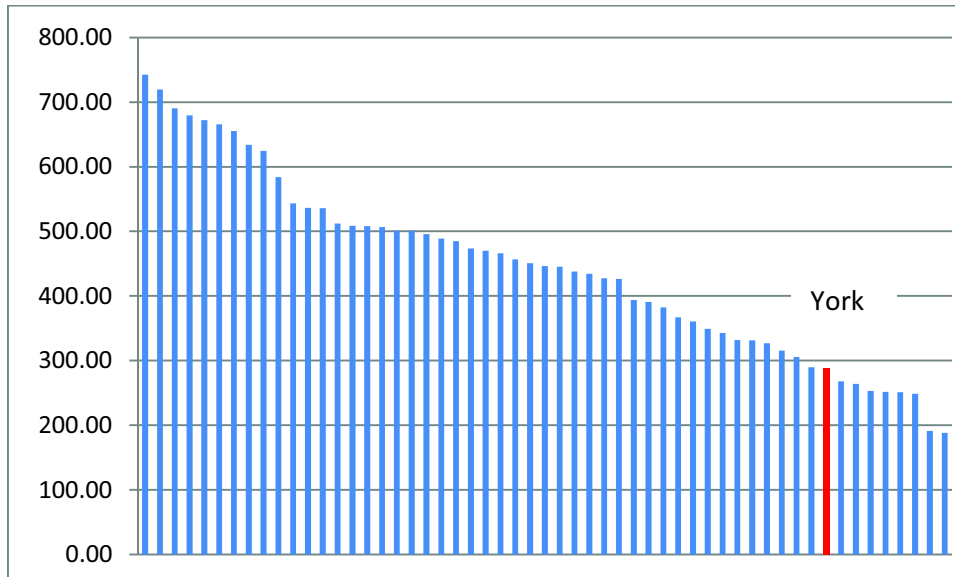
The following table shows historic budget savings since 2007/08.

	<b>Budget Savings (£k's)</b>
2014/15*	11,091
2013/14	8,821
2012/13	10,745
2011/12	21,170
2010/11	10,180
2009/10	5,228
2008/09	6,293
2007/08	4,879

\*provisional

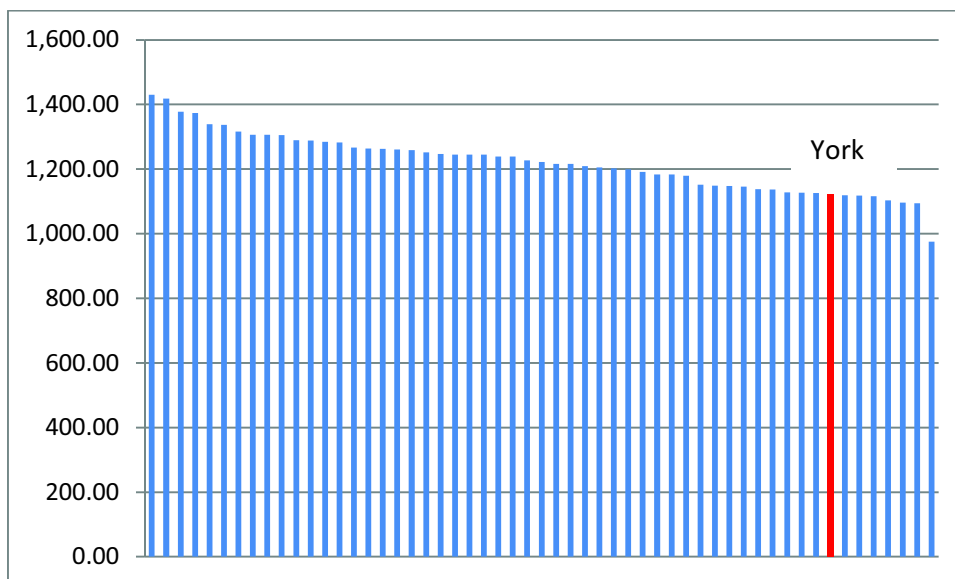
### 2013/14 Start Up Assessment Per Head

The following graph shows York as the 9<sup>th</sup> lowest Start Up Assessment per head of population in comparison to other unitary authorities. This uses the allocations and population data as per the 2013/14 announcement.



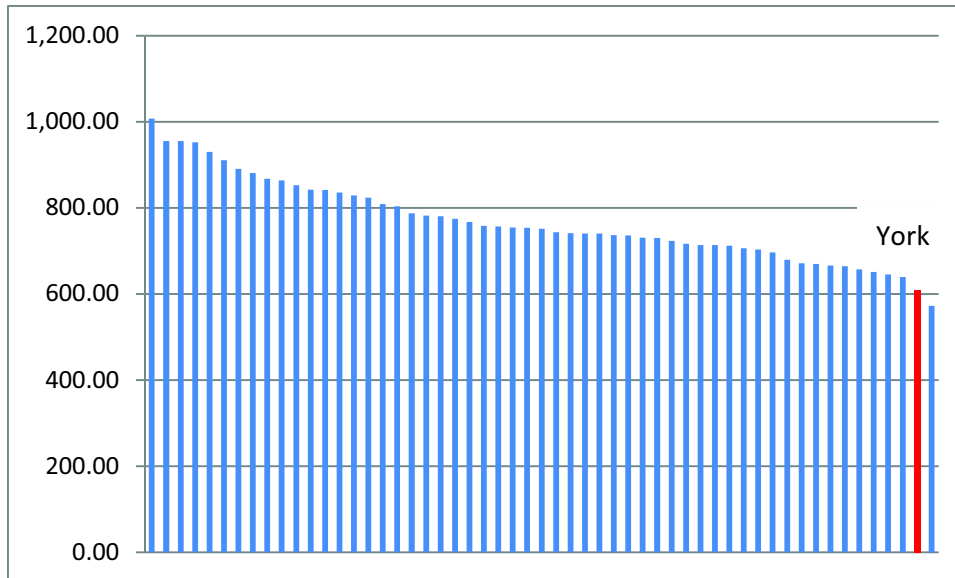
### 2012/13 Basic Band D Council Tax

The following graph shows York has the 8th lowest basic Band D Council Tax in comparison to other unitary authorities. This uses the approved 2012/13 levels.



### 2012/13 Net Budget Spend Per Head

The following graph shows York has the 2<sup>nd</sup> lowest net budget spend per head in comparison to other unitary authorities. This uses the approved 2012/13 levels.



### Data Tables

The following pages provide the supporting detail for the graphs and provides the most up to date information where possible, i.e. population data.



**2013/14 Start Up Assessment (SA) Per Head**

<u>Unitary Authority</u>	<u>2013/14 SA (£k)</u>	<u>Population</u>	<u>SA Per Head (£)</u>	<u>Rank</u>
Blackpool	105,634	142,259	742.55	1
Middlesbrough	100,629	139,855	719.52	2
Kingston upon Hull	178,397	258,403	690.38	3
Nottingham	211,191	310,877	679.34	4
Hartlepool	62,302	92,707	672.03	5
Leicester	221,573	332,781	665.82	6
Blackburn with Darwen	97,454	148,683	655.45	7
Stoke-on-Trent	159,342	251,337	633.98	8
Halton	78,949	126,404	624.58	9
Redcar and Cleveland	78,844	135,065	583.75	10
North East Lincolnshire	86,883	159,921	543.29	11
Torbay	71,158	132,662	536.39	12
Durham	278,375	519,588	535.76	13
Isle of Wight Council	71,660	139,895	512.24	14
Bristol	223,044	438,711	508.41	15
Portsmouth	106,102	208,889	507.94	16
Luton	106,570	210,279	506.80	17
Southampton	121,046	241,386	501.46	18
Telford and the Wrekin	84,715	169,065	501.08	19
Derby	126,219	254,569	495.82	20
Plymouth	127,563	261,024	488.70	21
Peterborough	91,867	189,458	484.89	22
Northumberland	150,699	318,152	473.67	23
Darlington	50,091	106,565	470.05	24
Brighton & Hove	129,313	277,442	466.09	25
Slough	66,218	144,988	456.71	26
Cornwall	245,213	544,216	450.58	27
Thurrock	72,615	162,685	446.35	28
Stockton-on-Tees	86,748	194,795	445.33	29
Southend-on-Sea	77,180	176,379	437.58	30
Bedford	70,280	161,759	434.47	31
North Lincolnshire	72,536	169,789	427.21	32
Reading	67,112	157,319	426.60	33
Milton Keynes	101,619	258,213	393.55	34
Medway	105,432	269,734	390.87	35

Herefordshire	71,377	186,734	382.24	36
Bournemouth	69,117	188,413	366.84	37
Shropshire	111,701	309,842	360.51	38
Cheshire West and Chester	115,794	331,643	349.15	39
East Riding of Yorkshire	116,398	339,546	342.81	40
North Somerset	69,501	209,333	332.01	41
Warrington	68,511	206,662	331.51	42
Swindon	70,611	216,001	326.90	43
Bracknell Forest	36,807	116,668	315.48	44
South Gloucestershire	82,365	269,448	305.68	45
Bath & North East Somerset	51,801	178,896	289.56	46
<b>York</b>	<b>58,069</b>	<b>201,559</b>	<b>288.10</b>	<b>47</b>
Central Bedfordshire	70,354	262,512	268.00	48
Wiltshire	126,591	479,992	263.73	49
Rutland	9,741	38,504	252.98	50
West Berkshire	39,582	157,352	251.55	51
Poole	37,942	151,184	250.97	52
Cheshire East	93,016	374,183	248.58	53
Wokingham	30,880	161,519	191.18	54
Windsor and Maidenhead	27,832	147,983	188.08	55

Source: Gov.uk

**Unitary Authority Band D Council Tax Figures 2012-13**

<u>Unitary Authority</u>	<u>Basic Band D (£)</u>	<u>Rank</u>
Rutland	1,430.51	1
Hartlepool	1,418.70	2
Nottingham	1,377.58	3
Northumberland	1,373.40	4
Bristol	1,338.95	5
Redcar & Cleveland	1,336.68	6
Central Bedfordshire	1,316.59	7
Blackpool	1,306.09	8
Middlesbrough	1,305.85	9
Bedford	1,304.84	10
Isle of Wight	1,289.80	11
Reading	1,288.80	12
North Lincolnshire	1,284.88	13
Durham	1,282.86	14
Blackburn with Darwen	1,266.85	15
Stockton-on-Tees	1,264.16	16
Brighton & Hove	1,262.49	17
Torbay	1,261.17	18
Bournemouth	1,258.29	19
Cheshire West and Chester	1,251.45	20
North East Lincolnshire	1,246.87	21
South Gloucestershire	1,245.20	22
Plymouth	1,244.67	23
Cornwall	1,244.41	24
Southampton	1,239.21	25
West Berkshire	1,238.79	26
Leicester	1,227.45	27
Wiltshire	1,222.43	28
Cheshire East	1,216.34	29
East Riding of Yorkshire	1,215.79	30
Poole	1,209.60	31
Herefordshire	1,205.09	32
Bath & North East Somerset	1,201.85	33
Wokingham	1,199.24	34
Darlington	1,191.28	35

Stoke-on-Trent	1,183.46	36
Luton	1,183.24	37
Shropshire	1,179.36	38
Slough	1,151.39	39
Portsmouth	1,149.12	40
North Somerset	1,147.93	41
Swindon	1,146.11	42
Halton	1,137.91	43
Warrington	1,136.64	44
Peterborough	1,128.03	45
Derby	1,127.21	46
Telford & Wrekin	1,126.09	47
<b>York</b>	<b>1,122.48</b>	<b>48</b>
Medway	1,119.15	49
Southend-on-Sea	1,117.89	50
Milton Keynes	1,116.27	51
Thurrock	1,102.77	52
Kingston-upon-Hull	1,096.63	53
Bracknell Forest	1,093.95	54
Windsor and Maidenhead	975.03	55

Source: CIPFAstats.net

**Unitary Authority  
2012/13 Spend Per  
Head**

<u>Unitary Authority</u>	<u>2012/13 Net Budget (£k)</u>	<u>Population</u>	<u>Spend Per Head (£)</u>	<u>Rank</u>
Blackpool	143,286	142,259	1,007.22	1
Isle of Wight	133,627	139,895	955.19	2
Middlesbrough	133,588	139,855	955.19	3
Hartlepool	88,243	92,707	951.85	4
Torbay	123,349	132,662	929.80	5
Redcar & Cleveland	122,942	135,065	910.24	6
Nottingham	276,947	310,877	890.86	7
Northumberland	280,308	318,152	881.05	8
Kingston upon Hull	224,166	258,403	867.51	9
Cornwall	470,171	544,216	863.94	10
Blackburn with Darwen	126,730	148,683	852.35	11
Durham	437,449	519,588	841.92	12
Halton	106,364	126,404	841.46	13
Leicester	278,079	332,781	835.62	14
Stoke-on-Trent	208,249	251,337	828.56	15
Bristol	361,197	438,711	823.31	16
North East Lincolnshire	129,338	159,921	808.76	17
Brighton & Hove	222,990	277,442	803.74	18
Bedford	127,395	161,759	787.56	19
Herefordshire	146,056	186,734	782.16	20
Plymouth	203,766	261,024	780.64	21
Reading	121,856	157,319	774.58	22
Stockton-on-Tees	149,410	194,795	767.01	23
Southampton	183,062	241,386	758.38	24
Telford & Wrekin	127,916	169,065	756.61	25
Rutland	29,063	38,504	754.80	26
North Lincolnshire	128,018	169,789	753.98	27
Darlington	80,108	106,565	751.73	28
Bournemouth	140,025	188,413	743.18	29
Cheshire West and Chester	245,846	331,643	741.30	30
Portsmouth	154,746	208,889	740.80	31
Southend-on-Sea	130,551	176,379	740.17	32
Derby	187,592	254,569	736.90	33

Shropshire	228,046	309,842	736.01	34
Peterborough	138,404	189,458	730.53	35
East Riding of Yorkshire	247,946	339,546	730.23	36
Luton	152,072	210,279	723.19	37
West Berkshire	112,768	157,352	716.66	38
Milton Keynes	184,345	258,213	713.93	39
Thurrock	116,107	162,685	713.69	40
North Somerset	149,034	209,333	711.95	41
Central Bedfordshire	185,336	262,512	706.01	42
Slough	101,924	144,988	702.98	43
Wiltshire	334,329	479,992	696.53	44
Bath & North East Somerset	121,517	178,896	679.26	45
Poole	101,547	151,184	671.68	46
Cheshire East	250,673	374,183	669.92	47
Medway	179,759	269,734	666.43	48
South Gloucestershire	179,122	269,448	664.77	49
Warrington	135,864	206,662	657.42	50
Bracknell Forest	75,990	116,668	651.34	51
Swindon	139,337	216,001	645.08	52
Wokingham	103,293	161,519	639.51	53
<b>York</b>	<b>122,850</b>	<b>201,559</b>	<b>609.50</b>	<b>54</b>
Windsor & Maidenhead	84,771	147,983	572.84	55

Source: CIPFAStats.net



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**Cabinet****12 February 2013**

Report of the Cabinet Member for Corporate Services

**Treasury Management Strategy Statement and Prudential Indicators for 2013/14 to 2017/18****Purpose**

1. The purpose of this report is to ask the Cabinet to recommend that Council approve the:
  - Integrated treasury management strategy statement including the annual investment strategy and the minimum revenue provision policy statement;
  - Prudential indicators for 2013/14 to 2017/18
  - Revised treasury management policy statement
  - Specified and non-specified investments schedule
  - Treasury management scheme of delegation and role of the section 151 officer

**Background**

2. The Council is required to operate a balanced budget, which broadly means that cash raised during the year will meet cash expenditure. The first function of the treasury management operation is to ensure that this cash flow is adequately planned, with cash being available when it is needed. Surplus monies are invested in low risk counterparties or instruments commensurate with the Council's low risk appetite, providing adequate liquidity initially before considering investment return.
  3. The second main function of the treasury management service is the funding of the Council's capital programme. The capital programme provides a guide to the borrowing need of the Council, essentially the longer term cash flow planning to ensure that the Council can meet its capital spending obligations. This management of longer term cash may involve arranging long or short term loans, or using longer term cash flow surpluses. On occasion any debt previously drawn may be restructured to meet Council risk or cost objectives.
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4. CIPFA (Chartered Institute of Public Finance and Accountancy) defines treasury management as:

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

### **Reporting requirements**

5. The Council is required to receive and approve, as a minimum, three main reports each year, which incorporate a variety of policies, estimates and actuals. The three reports are:
    - a) **Treasury management strategy statement and prudential indicators report** (this report) – which covers the capital plans including prudential indicators, the minimum revenue provision policy, the treasury management strategy, the annual investment strategy;
    - b) **A Mid Year Treasury Management Report** – updates members with whether the treasury activities are meeting the strategy, whether any policies require revision, amending prudential indicators if necessary;
    - c) **An Annual Treasury Report** – updates on treasury activity/operations for the year and compares actual prudential indicators with estimates in the strategy.
  6. These reports are required to be adequately scrutinised by committee before being recommended to the Council. The scrutiny role is undertaken by the Audit & Governance Committee.
  7. The CIPFA Code requires the responsible officer to ensure that members with responsibility for treasury management receive adequate training in treasury management. This especially applies to members responsible for scrutiny. The training needs of treasury management officers is also periodically reviewed.
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## **Treasury Management Strategy for 2013/14**

8. The treasury management strategy for 2013/14 covers two main areas:

a) Capital Issues 2013/14 to 2017/18 -

- Prudential Indicators relating to the Capital Programme;
- Minimum Revenue Provision (MRP) Policy Statement .
- Prudential Indicators to assess affordability of the Capital programme

b) Treasury management Issues – Treasury Management Strategy

- Prudential Indicators which will limit the treasury management risk and activities of the Council;
- the current treasury position;
- Economic background and prospects for interest rates;
- the borrowing strategy;
- Prudential indicators;
- policy on borrowing in advance of need;
- debt rescheduling;
- investment policy;
- creditworthiness policy;
- investment strategy;
- policy on use of external service providers;
- Scheme of delegation and the role of the S151 officer

9. These elements cover the statutory and regulatory requirements of the Local Government Act 2003, the CIPFA Prudential Code, the Communities and Local Government (CLG) Minimum Revenue Provision (MRP) Guidance, the CIPFA Treasury Management Code and the CLG Investment Guidance.

## **The Capital Prudential Indicators 2013/14 – 2017/18**

10. The Council's capital expenditure plans are the key driver of treasury management activity. The Council's capital expenditure plans are the subject of a separate report the Capital Programme Budget 2013/14 to 2017/18. The output of the capital programme is reflected in this report in the capital prudential indicators, which are designed to assist member's

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overview of the council's capital programme to ensure that the capital expenditure plans are affordable, sustainable and prudent.

11. The capital prudential indicators (PI) along with the treasury management prudential indicators (PI) are included throughout the report:

- PI 1: Capital Expenditure
- PI 2: Capital financing requirement
- PI 3: Ratio of financing cost to Net revenue stream
- PI4&5: Incremental impact of capital investment decisions on council tax and housing rent
- PI6A: Affordable borrowing limit
- PI 6B: Operational boundary
- PI 6C: HRA debt Limit
- PI 7: Interest rate exposure for fixed and variable rated debt
- PI 8: Maturity structure of debt
- PI 9: Surplus funds invested >3654 days

12. **Prudential Indicator 1 - Capital Expenditure.** This prudential Indicator is a summary of the Council's capital expenditure plans forming part of this budget cycle, where detail is provided in the Capital Programme Budget 13/14 to 17/18 report:

Capital Expenditure £m	2012/13 Estimate	2013/14 Estimate	2014/15 Estimate	2015/16 Estimate	2016/17 Estimate	2017/18 Estimate
Non-HRA	48.6	56.6	24.2	22.5	19.0	13.0
HRA existing	8.7	10.2	8.2	7.1	8.8	7.2
<b>Total</b>	<b>57.3</b>	<b>66.8</b>	<b>32.4</b>	<b>29.6</b>	<b>27.8</b>	<b>20.2</b>

Table 1: Capital Expenditure

13. Table 1 details the capital expenditure of the Council excluding other long term liabilities, such as PFI and leasing arrangements which already include borrowing instruments. There were no PFI schemes forecast to be taken in 2013/14.
14. Prudential Indicator 2 - **The Capital Financing Requirement (CFR) (Council's Borrowing Need)**; the second prudential indicator is the Council's Capital Financing Requirement (CFR). The CFR is simply the total historic outstanding capital expenditure which has not yet been paid for from either revenue or capital resources. It is essentially a measure of the Council's underlying borrowing need. Any capital expenditure above, which has not immediately been paid for and will be funded by borrowing, will increase the CFR.
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15. The CFR does not increase indefinitely, because the minimum revenue provision (MRP) is a statutory annual revenue charge, which broadly reduces the borrowing need in line with each assets life. Therefore, the CFR is reduced with this provision to repay debt.
16. The CFR includes any other long term liabilities (e.g. PFI schemes, finance leases). Whilst these increases the CFR, and therefore the Council's overall borrowing requirement, these types of scheme include a borrowing facility and so the Council is not required to separately borrow for these schemes. The Council currently has a limit to cover such schemes of £20m included within the CFR.
17. Table 2 below, shows the Capital Financing Requirement, excluding other long term liabilities:

Capital Financing Requirement £m	2012/13 Estimate	2013/14 Estimate	2014/15 Estimate	2015/16 Estimate	2016/17 Estimate	2017/18 Estimate
<b>Non-HRA CFR</b>	<b>174.2</b>	<b>180.9</b>	<b>181.9</b>	<b>181.9</b>	<b>180.7</b>	<b>175.3</b>
HRA existing	18.8	18.8	18.8	18.8	18.8	18.8
HRA settlement	121.5	121.5	121.5	121.5	121.5	121.5
<b>HRA CFR</b>	<b>140.3</b>	<b>140.3</b>	<b>140.3</b>	<b>140.3</b>	<b>140.3</b>	<b>140.3</b>
<b>Total CFR</b>	<b>314.5</b>	<b>321.2</b>	<b>322.2</b>	<b>322.2</b>	<b>321.0</b>	<b>315.6</b>

Table 2: Capital Financing Requirement (CFR)

### Minimum Revenue Provision (MRP) Policy Statement

18. The Council is required to pay off an element of the accumulated General Fund (non-HRA) capital expenditure each year (the CFR) through a revenue charge (the minimum revenue provision - MRP), although it is also allowed to undertake additional voluntary payments if required (voluntary revenue provision - VRP).
19. CLG Regulations (statutory Instrument (SI) 2008 no.414 s4) have been issued which require full Council to approve an MRP Statement in advance of each year. The guidance offers four main options under which MRP could be made, with an overriding recommendation that the Council should make prudent provision to redeem its debt liability over a period which is reasonably commensurate with that over which the capital expenditure is estimated to provide benefits.
20. The Council is recommended to approve the following MRP Statement. For capital expenditure incurred before 1 April 2008 or which in the future will be Supported Capital Expenditure, the MRP policy will be:
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- **Existing practice** - MRP will follow the existing practice outlined in former CLG regulations (S28 in SI 2003 no. 3146)
21. This options provides for an approximate 4% reduction in the borrowing need (CFR) each year.
  22. From 1 April 2008 for all unsupported borrowing (including PFI and finance leases) the MRP policy will be
    - **Asset Life Method** – MRP will be based on the estimated life of the assets, in accordance with the proposed regulations (this option must be applied for any expenditure capitalised under a Capitalisation Direction) (option D);
  23. This option provides for a reduction in the borrowing need over approximately the asset's life. The asset life is an absolute maximum and wherever possible the debt should be repaid over a shorter period. Estimated asset life periods will be determined under delegated powers. It should be noted that with all debts, the longer the repayment period the more is paid in interest over the period of the loan. It is therefore deemed as prudent to reduce the period over which the repayments are made.
  24. No revenue charge is currently required for the HRA under the HRA self-financing reform in the next 4 years. Under the HRA reform the HRA will be required to charge depreciation on its assets, which will have an increased revenue cost effect. In order to address any possible adverse impact in the next 4 years, regulations allow the Major Repairs Allowance to be used as a proxy for depreciation and for the depreciation charge to be reversed therefore, having no revenue impact on council tax. Further clarification on depreciation will be provided in future years.
  25. Repayments included in annual PFI or finance leases are also applied as MRP.

### **Affordability Prudential Indicators**

26. Affordability Prudential Indicators - The prudential indicators mentioned so far in the report cover the overall capital programme and the control of borrowing through the capital financing requirement (CFR). In addition, it is necessary to assess the affordability of the Council's capital investment plans. These prudential indicators provide an indication of the impact of the capital programme investment plans on the Council's overall finances.
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**27. Prudential Indicator 3 - Ratio of financing costs to net revenue stream.** This indicator identifies the trend in the cost of capital (borrowing and other long-term obligation costs net of investment income) and compares it to the Council's net revenue stream.

%	2012/13 Estimate	2013/14 Estimate	2014/15 Estimate	2015/16 Estimate	2016/17 Estimate	2017/18 Estimate
Non-HRA	9.73%	10.85%	11.43%	10.45%	11.54%	11.62%
HRA	2.05%	2.27%	2.12%	1.71%	1.68%	1.35%

Table 3: Ratio of financing costs to net revenue stream

28. The estimates of financing costs include current commitments and the proposals in the Capital programme Budget 2013/14 to 2017/18 report.

**29. Prudential Indicator 4 - Incremental impact of capital investment decisions on council tax.** This indicator identifies the revenue costs associated with proposed changes to the five-year capital programme recommended in the Capital programme 2012/13 to 2016/17 budget report and compared to the Council's existing approved commitments and current plans. The assumptions are based on the budget.

£	2012/13 Estimate	2013/14 Estimate	2014/15 Estimate	2015/16 Estimate	2016/17 Estimate	2017/18 Estimate
Council tax - band D	18.29	14.43	4.87	1.00	0.00	0.00

Table 4: - Incremental impact of capital investment decisions on the band D council tax

**30. Prudential Indicator 5 - Incremental impact of capital investment decisions on housing rent levels.** Similar to the council tax calculation, this indicator identifies the trend in the cost of proposed changes in the housing capital programme recommended in the capital programme budget report compared to the Council's existing commitments and current plans, expressed as a discrete impact on weekly rent levels. This indicator is zero as the housing rent levels are set by Government and is not directly impacted by the Council's capital plans.

£	2012/13 Estimate	2013/14 Estimate	2014/15 Estimate	2015/16 Estimate	2016/17 Estimate	2017/18 Estimate
Weekly housing rent levels	£0.00	£0.00	£0.00	£0.00	£0.00	£0.00

Table 5 - Incremental impact of capital investment decisions on housing rent levels

## Treasury Management Strategy

31. The capital prudential indicators set out above ensure that the Council's capital programme / expenditure plans are affordable, sustainable and prudent. The treasury management function ensures that the Council's cash is available to meet the Council's capital programme requirements and also revenue activity needs in accordance with the Local Government Act 2003 and relevant professional codes
32. The treasury management fundction involves both the forecasting of the cash flow and, where capital plans are require, the organisation of appropriate borrowing facilities. The strategy covers the prudential / treasury indicators, the current and projected debt positions and the annual investment strategy.

## Current Portfolio Position

33. The Council's treasury portfolio position at 31 December 2012 is detailed below in table 6:

Institution Type	Principal	Average Rate
<u>Public Works Loan Board (PWLB)</u> – Money borrowed from the Debt Mgt Office (Treasury Agency)	£238.6m	3.61%
<u>Market Loans</u>		
Club Loan – A loan taken in conjunction with 2 other Authorities	£10.0m	7.155%
LOBO Loan – Lender Option Borrower Option	£10.0m	3.74%
<b>Total Gross Borrowing (GF &amp; HRA)</b>	<b>£258.6</b>	<b>3.76%</b>
<b>Total Investments</b>	<b>£ 33.0</b>	<b>1.5%</b>

Table 6: Current position at 31 December 2012

34. The Council at 31 December 2012 had £258.6m of fixed interest rate debt, of which £139.9m was HRA and £118.7m General Fund. Investment balance was £33.0m. The level of investments continues to fall as no borrowing has occurred during 2012/13 to date and the capital programme continues to spend.
35. Further to the current treasury management position above, it is key that the council operates its treasury management activities within defined prudential indicator limits. One of these is that the Council needs to ensure that its total gross debt, does not, except in the short term, exceed the total of the Capital Financing Requirement (CFR) in the preceding year 2011/12 plus the estimates of any additional CFR for 2012/13 and the
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following two financial years . This allows the flexibility to borrow in advance of need and ensures that borrowing is for a capital purpose and that borrowing is not undertaken for revenue purposes.

36. Table 7 shows that the estimated gross debt position of the Council does not exceed the underlying capital borrowing need (the CFR). The Director of Customer Business & Support Services (S151 Officer) confirms that the Council complied with this prudential indicator and does not envisage difficulties for the future.

£m	2012/13 Estimate	2014/15 Estimate	2014/15 Estimate	2015/16 Estimate	2016/17 Estimate	2017/18 Estimate
External Debt	258.1	287.7	289.7	291.7	293.7	295.7
Total CFR	314.5	321.2	322.2	322.2	321.1	315.6
Under/(over) Borrowed	Under	Under	Under	Under	Under	Under

Table 7: External Debt< Capital Financing Requirement

### Prudential Indicators: Limits on Authority to Borrow

37. **Prudential Indicator 6A – Authorised Borrowing Limit** - It is a statutory duty under Section 3 (1) of the Local Government Act 2003 and supporting regulations, for the Council to determine and keep under review how much it can afford to borrow. The amount so determined is termed the “Authorised Borrowing Limit”, and represents a control on the maximum level of debt. This is a limit beyond which external debt is prohibited, and this limit needs to be set or revised by the full Council. It reflects the level of external debt which, while not desired, could be afforded in the short term, but is not sustainable in the longer term.

Authorised Limit £m	2012/13 Estimate	2013/14 Estimate	2014/15 Estimate	2015/16 Estimate	2016/17 Estimate	2017/18 Estimate
Borrowing	337.9	342.3	342.9	342.9	342.2	341.0
Other Long term liabilities	20	20	20	20	20	20
<b>Total</b>	<b>357.9</b>	<b>362.3</b>	<b>362.9</b>	<b>362.9</b>	<b>362.2</b>	<b>361.0</b>

Table 8: Authorised Borrowing Limit

38. Prudential Indicator 6B – Operational Boundary. In addition to the “authorised Borrowing Limit”, there is a limit which is the maximum level of debt allowed for, on an ongoing operational purpose. This is the Operational Boundary. The Operational Boundary in reality would only be breached because of in year cash flow movements. In most cases, this would be a similar figure to the CFR, but may be lower or higher depending on the levels of actual debt

Operational Boundary £m	2012/13 Estimate	2013/14 Estimate	2014/15 Estimate	2015/16 Estimate	2016/17 Estimate	2017/18 Estimate
Borrowing	307.9	332.9	332.9	332.9	332.2	331.0
Other Long term liabilities	20	20	20	20	20	20
<b>Total</b>	<b>327.9</b>	<b>352.9</b>	<b>352.9</b>	<b>352.9</b>	<b>352.2</b>	<b>351.0</b>

Table 9: Operational Boundary

39. Separately, the Council is also limited to a maximum HRA CFR through the HRA self-financing regime, known as the HRA Debt Limit. This limit is currently:

HRA Debt Limit £m	2012/13 Estimate	2013/14 Estimate	2014/15 Estimate	2015/16 Estimate	2016/17 Estimate	2017/18 Estimate
<b>Total HRA</b>	<b>145.97</b>	<b>145.97</b>	<b>145.97</b>	<b>145.97</b>	<b>145.97</b>	<b>145.97</b>

Table 10: HRA Debt Limit

## Economic Background

40. The economic situation is the background to which all treasury management activities operate. It assists in the formation of the treasury management strategy as it details the current economic and market environment. Further information on the current economic environment is available on request.

## Prospects for Interest Rates

41. Current interest rates and the future direction of both long term and short term interest rates have a major influence on the overall treasury management strategy and affects both investment and borrowing decisions. To facilitate treasury management officers in making informed investment and borrowing decisions the Council contracts Sector as its treasury adviser. Part of their service is to assist the Council in formulating a view on interest rates. Annex A draws together a number of current City forecasts for short term (Bank Rate) and longer fixed interests rates. Table 11 gives Sector's central view:

Annual Average %	Bank Rate	PWLB Borrowing Rates (including certainty rate adjustment)		
		5 year	25 year	50 year
Dec 2012	0.50	1.50	3.70	3.90
March 2013	0.50	1.50	3.80	4.00
June 2013	0.50	1.50	3.80	4.00
Sept 2013	0.50	1.60	3.80	4.00
Dec 2013	0.50	1.60	3.80	4.00
March 2014	0.50	1.70	3.90	4.10
June 2014	0.50	1.70	3.90	4.10
Sept 2014	0.50	1.80	4.00	4.20
Dec 2014	0.50	2.00	4.10	4.30



March 2015	0.75	2.20	4.30	4.50
June 2015	1.00	2.30	4.40	4.60
Sept 2015	1.25	2.50	4.60	4.80
Dec 2015	1.50	2.70	4.80	5.00
March 2016	1.75	2.90	5.00	5.20

Table 11 – Sector's Bank Rate forecast for financial year ends

42. The economic recovery in the UK since 2008 has been the worst and slowest recovery in recent history, although the economy returned to positive growth in the third quarter of 2012. Growth prospects are weak and consumer spending, the usual driving force of recovery, is likely to remain under pressure due to consumers focusing on repayment of personal debt, inflation eroding disposable income, general malaise about the economy and employment fears.
43. The primary drivers of the UK economy are likely to remain external. 40% of UK exports go to the Eurozone so the difficulties in this area are likely to continue to hinder UK growth. The US, the main world economy, faces similar debt problems to the UK, but urgently needs to resolve the fiscal cliff now that the Presidential elections are out of the way. The resulting US fiscal tightening and continuing Eurozone problems will depress UK growth and is likely to see the UK deficit reduction plans slip.
44. This challenging and uncertain economic outlook has several key treasury management implications:
- The Eurozone sovereign debt difficulties provide a clear indication of high counterparty risk. This continues to suggest the use of higher quality counterparties for shorter time periods;
  - Investment returns are likely to remain relatively low during 2013/14 and beyond;
  - Borrowing interest rates continue to be attractive and may remain relatively low for some time. The timing of any borrowing will need to be monitored carefully;
  - There will remain a cost of carry – any borrowing undertaken that results in an increase in investments will incur a revenue loss between borrowing costs and investment returns

### **Borrowing Strategy**

45. The Council undertakes long term borrowing in accordance with the capital expenditure requirements of the capital programme.
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The Council's borrowing requirement is known as the Capital Financing Requirement (CFR) as explained above in paragraph 15. As a result of the capital programme 2013/14 to 2017/18 the borrowing is projected to increase by £8.050m over the next 5 years. The CFR (the Council's actual need to borrow) does not necessarily increase by this £8.050m as a minimum amount of revenue provision is set aside every year in accordance with statutory requirement and this therefore reduces the actual amount that is required to be borrowed. This will see the level of debt maintained around £258.6m.

46. The borrowing strategy takes into account the borrowing requirement, the current economic and market environments and is also influenced by the above interest rate forecast. The Council is currently maintaining an under-borrowed position. This means that the capital borrowing need (the Capital Financing Requirement), has not been fully funded with loan debt as cash supporting the Council's reserves, balances and cash flow has been used as a temporary measure. This strategy is prudent as investment returns are low and counterparty risk is relatively high.
  47. It is therefore beneficial to have a borrowing strategy where consideration is given to taking some longer term borrowing if favourable rates arise and also use some cash reserves.
  48. External borrowing will be considered throughout the financial year when interest rates seem most favourable. A target interest rate in light of table 11 above is 4%. This will enable borrowing to be taken through the year at different time periods. Consideration will also be given to the maturity profile of the debt portfolio so the Council is not exposed to the concentration of debt being in any one year.
  49. Against this background and the risks within the economic forecast, caution will be adopted with the 2013/14 treasury operations. The Director of Customer Business and Support Services will monitor interest rates in financial markets and adopt a pragmatic approach to changing circumstances:
    - if it was felt that there was a significant risk of a sharp FALL in long and short term rates, e.g. due to a marked increase of risks around relapse into recession or of risks of deflation, then long term borrowings will be postponed, and potential rescheduling from fixed rate funding into short term borrowing will be considered.
    - if it was felt that there was a significant risk of a much sharper RISE in long and short term rates than that currently forecast,
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perhaps arising from a greater than expected increase in world economic activity or a sudden increase in inflation risks, then the portfolio position will be re-appraised with the likely action that fixed rate funding will be drawn whilst interest rates were still relatively cheap.

50. The HRA strategy in 2013/14 for borrowing will be the same as the borrowing strategy described above for the whole Council. However, it is not expected that the HRA will take any further borrowing in the foreseeable future. The HRA Business Plan will guide and influence the overall HRA borrowing strategy.
51. All decisions will be reported to the appropriate decision making body – Cabinet - at the next available opportunity.

### **Prudential Indicators – Limits on Borrowing Activity**

52. There are three debt / borrowing related prudential indicators. The purpose of these are to constrain the activity of the treasury function within certain limits, thereby managing risk and reducing the impact of any adverse movement in interest rates. However, if these are set to be too restrictive they will impair the opportunities to reduce costs / improve performance. The indicators are:

- Upper limits on variable interest rate exposure. This identifies a maximum limit for variable interest rates based upon the debt position net of investments
- Upper limits on fixed interest rate exposure. This is similar to the previous indicator and covers a maximum limit on fixed interest rates;
- Maturity structure of borrowing. This gross limit is set to reduce the Council's exposure to large fixed rate sums falling due for refinancing in a confined number of years.

53. These three debt/borrowing related prudential indicators are calculated to include the debt undertaken for the HRA as well as the remaining borrowing debt portfolio.

£m	2013/14 Estimate	2014/15 Estimate	2015/16 Estimate	2016/17 Estimate	2017/18 Estimate
<b>Interest rate Exposure</b>					
	<b>Upper</b>	<b>Upper</b>	<b>Upper</b>	<b>Upper</b>	<b>Upper</b>
<b>Limits on fixed interest rates based on net debt</b>	<b>109%</b>	<b>109%</b>	<b>109%</b>	<b>109%</b>	<b>109%</b>

<b>Limits on variable interest rates based on net debt</b>	-9%	-9%	-9%	-9%	-9%
<b>Maturity Structure of borrowing 2012/13</b>					
	<b>Lower</b>		<b>Upper</b>		
Under 12 months	0%		30%		
12 months to 2 years	0%		30%		
2 years to 5 years	0%		40%		
5 years to 10 years	10%		50%		
10 years and above	30%		90%		

Table 12: Limits on Interest rate exposure and the Maturity Structure of Borrowing

### **Policy on Borrowing in Advance of Need**

54. The Council will not borrow more, than or in advance of its needs, purely in order to profit from the investment of the extra sums borrowed.
55. Under regulation, the Council can borrow in advance of need in line with its future borrowing requirements in accordance with the Capital Financing Requirement. Any borrowing decision in advance of need will be considered carefully to ensure that value for money can be demonstrated, it is affordable, sustainable & prudent, that the treasury management revenue budget can support the borrowing finance costs in the longer term and that the Council can ensure the security of such funds if invested.
56. Borrowing in advance will be made within the constraints of the CIPFA Prudential Code that ensures that total gross debt, does not, except in the short term, exceed the total of the CFR in the preceding year 2012/13 plus the estimates of any additional CFR for 2013/14 and the following two financial years.
57. Risks associated with any borrowing in advance activity will be subject to prior appraisal and subsequent reporting through the mid-year or annual reporting mechanism.

### **Debt Rescheduling**

58. It is forecast that short term borrowing rates will be considerably cheaper than longer term fixed interest rates in the foreseeable future. Therefore, there may be potential opportunities to generate savings by switching from long term debt to short term debt. However, these savings will need to be considered in the light of the current treasury management
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position, the short term nature of the loans, the costs of premiums involved in premature repayment for existing debt and the likely cost of refinancing those short-term loans, once they mature.

59. Debt rescheduling will also be considered for the HRA and the costs and benefits assessed to ensure value for money.
60. The reasons for any rescheduling to take place will include:
  - a) the generation of cash savings and / or discounted cash flow savings;
  - b) helping to fulfil the strategy outlined above, and
  - c) enhancing the balance of the portfolio (amend the maturity profile and/or the balance of volatility).
61. Consideration will also be given to identify if there is any residual potential left for making savings by running down investment balances to repay debt prematurely as short term rates on investments are likely to be lower than rates paid on current debt.
62. Any rescheduling will be reported to Cabinet, in accordance with the usual monitoring cycle.

## **Annual Investment Strategy**

### **Investment Policy**

63. The Council's investment policy has regard to the Communities and Local Government's (CLG) Guidance on Local Government Investments ("the Guidance") and the 2011 CIPFA's Treasury Management in Public Services Code of Practice and Cross Sectoral Guidance Notes ("the CIPFA TM Code").
  64. The Council's investment priorities are the security of capital and liquidity of its investments. The Council also aims to achieve the optimum return on its investments commensurate with proper levels of security and liquidity.
  65. The borrowing of monies specifically to invest or lend on and make a return is unlawful and the Council will not engage in such activity.
  66. In accordance with guidance from the CLG and CIPFA, and in order to minimise the risk to investments, the Council has below clearly stipulated the minimum acceptable credit quality of counterparties for inclusion on the lending list. The creditworthiness methodology used to create the counterparty
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list fully accounts for the ratings, watches and outlooks published by all three ratings agencies with a full understanding of what these reflect in the eyes of each agency. Using the Sector ratings service potential counterparty ratings are monitored on a real time basis with knowledge of any changes notified electronically as the agencies notify modifications.

67. Furthermore, the Council's officers recognise that ratings should not be the sole determinant of the quality of an institution and that it is important to continually assess and monitor the financial sector on both a micro and macro basis and in relation to the economic and political environments in which institutions operate. The assessment will also take account of information that reflects the opinion of the markets. To this end the Council will engage with its advisors to maintain a monitor on market pricing such as "credit default swaps" and overlay that information on top of the credit ratings. This is fully integrated into the credit methodology provided by the advisors, Sector in producing its colour codings which show the varying degrees of suggested creditworthiness.
68. Other information sources used will include the financial press, share price and other such information pertaining to the banking sector in order to establish the most robust scrutiny process on the suitability of potential investment counterparties.
69. The aim of the strategy is to generate a list of highly creditworthy counterparties which will also enable diversification and thus avoidance of concentration risk. The intention of the strategy is to provide security of investment and minimisation of risk.
70. Investment instruments identified for use in the financial year are listed in annex B under the 'specified' and 'non-specified' investments categories. Counterparty limits will be as set out in the later section - the Investment Strategy.
71. The Council continues to take a prudent approach to investing funds as set out in the Creditworthiness Policy below.

### **Creditworthiness Policy**

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

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

73. This modelling approach combines credit ratings, credit watches, credit outlooks in a weighted scoring system which is then combined with an overlay of CDS (Credit Default Swap) spreads for which the end product is a series of colour code bands, which indicate the relative creditworthiness of counterparties. These colour codes are also used by the Council to determine the duration for investments. The Council will therefore use counterparties within the following durational bands:

Yellow	5 years*
Purple	2 years
Blue	1 year (only applies to nationalised or semi nationalised UK Banks)
Orange	1 year
Red	6 months
Green	3 months
No colour	not to be used

*\*This category is for AAA rated Government debt or its equivalent;*

74. The Sector creditworthiness service uses a wider array of information than just primary ratings and by using a risk weighted scoring system, does not give undue preponderance to just one agency's ratings.

75. Typically the minimum credit ratings criteria the Council use will be a short term rating (Fitch or equivalents) of Short Term rating F1, Long Term rating A-, Viability ratings of A-, and a Support rating of 1. There may be occasions when the counterparty ratings from one rating agency are marginally lower than these ratings but may still be used. In these instances consideration will be given to the whole range of ratings available, or other topical market information, to support their use.

76. All credit ratings will be monitored on an ongoing basis as information is provided weekly basis and also adhoc. The Council is alerted to changes to ratings of all three agencies through its use of the Sector creditworthiness service:

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- If a downgrade results in the counterparty/investment scheme no longer meeting the Council's minimum criteria, its further use as a new investment will be withdrawn immediately.
- In addition to the use of Credit Ratings the Council will be advised of information in movements in Credit Default Swap against the iTraxx benchmark and other market data on a weekly basis. Extreme market movements may result in downgrade of an institution or removal from the Councils lending list.

77. Sole reliance will not be placed on the use of this external service. In addition this Council will also use market data and market information, information on government support for banks and the credit ratings of that supporting government.

78. The Council has determined that it will only use approved counterparties from countries with a minimum sovereign credit rating of AA- from Fitch Ratings (or equivalent from other agencies if Fitch does not provide). The list of countries that qualify using this credit criteria as at the date of this report are shown in Annex C. This list will be added to or deducted from by officers should ratings change in accordance with this policy.

### **Investment Strategy**

79. Investments will be made with reference to the core balance and cash flow requirements and the outlook for short-term interest rates (i.e. rates for investments up to 12 months). The Council uses matrices that stipulate both time and financial limits in order to spread counterparty (credit) risk when investing money with approved counterparties. The matrices are based on the projected average balance for the year. Therefore for 2012/13 with the average balance forecast to be between £20m and £60m, the matrix stipulates a limit for £8m for counterparties with a durational band of 3 months and £15m longer than 3 months.

80. Bank Rate is forecast to remain unchanged at 0.5% before starting to rise from Qtr 4 of 2014. Bank rate forecasts for financial year ends (March) are:

2012/13	0.50%
2013/14	0.50%
2014/15	0.750%
2015/16	1.75%

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81. There are downside risks to these forecasts (i.e. start of increases in Bank Rate is delayed even further) if economic growth remains weaker for longer than expected. However, should the pace of growth pick up more sharply than expected there could be upside risk, particularly if Bank of England inflation forecasts for two years ahead exceed the Bank of England's 2% target rate.
82. For its cash flow generated balances, the Council will seek to utilise, business reserve accounts (call accounts), 15 to 30 day notice accounts, short dated fixed term deposits and money market funds. The Council will avoid locking into longer term deals while investment rates are down at historically low levels unless attractive rates are available with counterparties of particularly high creditworthiness, which make longer-term deals worthwhile, and within the risk parameters set by this council.
83. The suggested budgeted investment earnings rates for returns on investments placed for periods up to three months during each financial year for the next four years are as follows:
- |         |       |
|---------|-------|
| 2012/13 | 0.50% |
| 2013/14 | 0.50% |
| 2014/15 | 0.60% |
| 2015/16 | 1.50% |
84. Therefore for 2013/14, the Council has budgeted for an investment return target of 0.05% on investments placed during the financial year and uses the 7 day LIBID rate as a benchmark for the rate of return on investment.
85. **Prudential Indicator 9** - total principal investment funds invested for greater than 364 days. This limit is set with regards to the Council's liquidity requirements and are based on the availability of funds after each year-end. A maximum principal sum to be invested for greater than 364 days is £10m
86. At the end of the financial year, the Council will report on its investment activity as part of its Annual Treasury Report. It should be noted that the Investment policy, creditworthiness policy and investment strategy are applicable to the Council's overall surplus funds and are also pertinent to the HRA.

### **Policy on the use of external service providers**

87. The Council uses Sector as its external treasury management advisors.
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88. The Council recognises that responsibility for treasury management decisions remains with the organisation at all times and will ensure that undue reliance is not placed upon our external service providers.
89. It also recognises that there is value in employing external providers of treasury management services in order to acquire access to specialist skills and resources. The Council will ensure that the terms of their appointment and the methods by which their value will be assessed are properly agreed and documented, and subjected to regular review.

### **Scheme of Delegation and the Role of the Section 151 Officer**

90. Those charged with governance are responsible for the treasury management activities and are clearly defined within the organisation. Attached at Annex D are the Treasury Management Scheme of Delegation and also the Treasury Management role of the section 151 officer (Director of Customer & Business Support Services).

### **Consultation and Options**

91. The treasury management function of any business is a highly technical area, where decisions are often taken at very short notice in reaction to the financial markets. Therefore, to enable effective treasury management, all operational decisions are delegated by the Council to the Director of Customer & Business Support Services, who operates within the framework set out in this strategy and through the Treasury Management Policies and Practices. In order to inform sound treasury management operations the Council works with its Treasury Management advisers, Sector. Sector offers the Council a comprehensive information and advisory service to enable the Council to maximise its investment returns and minimise the costs of its debts.
92. Treasury Management strategy and activity is influenced by the capital investment and revenue spending decisions made by the Council. Both the revenue and capital budgets have been through a corporate process of consultation and consideration by the elected politicians. The revenue budget and capital budget proposals are included within this agenda.
93. At a strategic level, there are a number of treasury management options available which depend on the Council's stance on interest rate movements. The report sets out the Council's stance and recommends the setting of key trigger
-

points for borrowing and investing over the forthcoming financial year.

### **Council Plan**

94. The Treasury Management Strategy Statement and Prudential Indicators are aimed at ensuring the Council maximises its return on investments and minimises the cost of its debts. This will allow more resources to be freed up to invest in the Council's priorities, values and imperatives, as set out in the Council's Plan.

### **Implications**

95. Implications of the report are as follows:

- **Financial** – The revenue implications of the treasury strategy are set out in the Revenue Budget report also on this agenda.
- **Human Resources (HR)** – None
- **Equalities** – None
- **Legal** – Treasury Management activities have to conform to the Local Government Act 2003, the Local Authorities (Capital; Finance and Accounting) (England) Regulations 2003 (SI 2003/3146), which specifies that the Council is required to have regard to the CIPFA Prudential Code and the CIPFA Treasury Management Code of Practice and also the Local Authorities (Capital Finance and Accounting) (England) (Amendment) Regulations 2008 (SI 2008/414), which clarifies the requirements of the Minimum Revenue Provision guidance.
- **Crime and Disorder** – None
- **Information Technology (IT)** – None
- **Property** – None

### **Risk Management**

96. The treasury management function is a high-risk area because of the volume and level of large money transactions. As a result of this the Local Government Act 2003 (as amended), supporting regulations, the CIPFA Prudential Code and the CIPFA Treasury Management in the Public Services Code of Practice (the code) are all adhered to as required.

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## Recommendations

97. The Cabinet are asked to recommend that Council approve:

- a. The proposed Treasury Management Strategy for 2013/14 including the annual investment strategy and the minimum revenue provision policy statement;
- b. The Prudential Indicators for 2013/14 to 2017/18 in the main body of the report;
- c. The Specified and Non-Specified Investments schedule (Annex B)
- d. The Scheme of Delegation and the Role of the Section 151 Officer (Annex D)

Reason: To enable the continued effective operation of the Treasury Management function and ensure that all Council borrowing is prudent, affordable and sustainable.

### Contact Details

<b>Author:</b>	<b>Cabinet Member &amp; Chief Officer Responsible for the report:</b>		
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	<b>Report Approved</b>	✓	<b>Date</b> 31 January 2013
<b>Specialist Implications Officer(s)</b>			
<i>Implication ie Financial</i>		<i>Implication ie Legal</i>	
<i>Name: Ian Floyd</i>		<i>Name: Andrew Docherty</i>	
<i>Title: Director of CBSS</i>		<i>Title: Assistant Director -</i>	
		Governance & ICT	
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<b>Wards Affected:</b> List wards or tick box to indicate all			<b>All</b> ✓

**For further information please contact the author of the report**

### Background Papers

Prudential indicator workings 2012/13 to 17/18  
Treasury management budget 2013/14  
Capital programme 2012/13 to 2017/18 report  
Capital budget control 2012/13 to 2017/18.

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Sector - treasury management advisers commentary.

**Annexes**

Annex A – Interest Rate Forecast

Annex B – Specified and Non-Specified Investments categories  
Schedule

Annex C – Approved countries for investments

Annex D – Scheme of Delegation and the Role of the Section 151  
Officer

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## ANNEX A - Interest Rate Forecast 2013/2016

Sector's Interest Rate View														
	Now	Mar-13	Jun-13	Sep-13	Dec-13	Mar-14	Jun-14	Sep-14	Dec-14	Mar-15	Jun-15	Sep-15	Dec-15	Mar-16
<b>Sector's Bank Rate View</b>	0.50%	0.50%	0.50%	0.50%	0.50%	0.50%	0.50%	0.50%	0.50%	0.75%	1.00%	1.25%	1.50%	1.75%
3 Month LIBID	0.39%	0.50%	0.50%	0.50%	0.50%	0.50%	0.50%	0.60%	0.60%	0.70%	0.80%	1.10%	1.40%	1.70%
6 Month LIBID	0.54%	0.70%	0.70%	0.70%	0.70%	0.70%	0.70%	0.80%	0.90%	1.00%	1.10%	1.30%	1.60%	1.90%
12 Month LIBID	0.88%	1.00%	1.00%	1.00%	1.00%	1.00%	1.10%	1.10%	1.20%	1.30%	1.30%	1.50%	1.80%	2.10%
5yrPW IB Rate	1.85%	1.50%	1.50%	1.60%	1.60%	1.70%	1.70%	1.80%	2.00%	2.20%	2.30%	2.50%	2.70%	2.90%
10yrPW IB Rate	2.87%	2.50%	2.50%	2.60%	2.60%	2.70%	2.70%	2.80%	3.00%	3.20%	3.30%	3.50%	3.70%	3.90%
25yrPW IB Rate	4.02%	3.80%	3.80%	3.80%	3.80%	3.90%	3.90%	4.00%	4.10%	4.30%	4.40%	4.60%	4.80%	5.00%
50yrPW IB Rate	4.15%	4.00%	4.00%	4.00%	4.00%	4.10%	4.10%	4.20%	4.30%	4.50%	4.60%	4.80%	5.00%	5.20%
<b>Bank Rate</b>														
Sector's View	0.50%	0.50%	0.50%	0.50%	0.50%	0.50%	0.50%	0.50%	0.50%	0.75%	1.00%	1.25%	1.50%	1.75%
UBS	0.50%	0.50%	0.50%	0.50%	0.50%	0.50%	0.50%	0.50%	0.50%	-	-	-	-	-
Capital Economics	0.50%	0.50%	0.50%	0.50%	0.50%	0.50%	0.50%	0.50%	0.50%	-	-	-	-	-
<b>5yrPW IB Rate</b>														
Sector's View	1.85%	1.50%	1.50%	1.60%	1.60%	1.70%	1.70%	1.80%	2.00%	2.20%	2.30%	2.50%	2.70%	2.90%
UBS	1.85%	-	-	-	-	-	-	-	-	-	-	-	-	-
Capital Economics	1.85%	1.55%	1.30%	1.30%	1.30%	1.30%	1.30%	1.50%	1.60%	-	-	-	-	-
<b>10yrPW IB Rate</b>														
Sector's View	2.87%	2.50%	2.50%	2.60%	2.60%	2.70%	2.70%	2.80%	3.00%	3.20%	3.30%	3.50%	3.70%	3.90%
UBS	2.87%	3.00%	3.10%	3.20%	3.40%	3.50%	3.60%	3.70%	3.80%	-	-	-	-	-
Capital Economics	2.87%	2.55%	2.30%	2.30%	2.30%	2.30%	2.30%	2.30%	2.30%	-	-	-	-	-
<b>25yrPW IB Rate</b>														
Sector's View	4.02%	3.80%	3.80%	3.80%	3.80%	3.90%	3.90%	4.00%	4.10%	4.30%	4.40%	4.60%	4.80%	5.00%
UBS	4.02%	4.20%	4.30%	4.40%	4.50%	4.50%	4.50%	4.50%	4.50%	-	-	-	-	-
Capital Economics	4.02%	3.70%	3.50%	3.50%	3.50%	3.50%	3.50%	3.50%	3.50%	-	-	-	-	-
<b>50yrPW IB Rate</b>														
Sector's View	4.15%	4.00%	4.00%	4.00%	4.00%	4.10%	4.10%	4.20%	4.30%	4.50%	4.60%	4.80%	5.00%	5.20%
UBS	4.15%	4.30%	4.40%	4.50%	4.60%	4.60%	4.60%	4.60%	4.60%	-	-	-	-	-
Capital Economics	4.15%	4.00%	3.80%	3.80%	3.80%	3.80%	3.80%	3.80%	3.80%	-	-	-	-	-

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**Annex B****Specified and Non-Specified Investments Categories**

A variety of specified and non-specified investment instruments will be used to place the Council's surplus funds. These investment instruments are, subject to the credit quality of the institution. The criteria, time limits and monetary limits applying to institutions or investment vehicles are list in the tables below.

**Accounting treatment of investments.** The accounting treatment may differ from the underlying cash transactions arising from investment decisions made by this Council. To ensure that the Council is protected from any adverse revenue impact, which may arise from these differences, we will review the accounting implications of new transactions before they are undertaken.

**SPECIFIED INVESTMENTS:**

All such investments will be sterling denominated, with maturities up to maximum of 1 year, meeting the minimum 'high' rating criteria where applicable

<b>Institution / Counterparty</b>	<b>Minimum 'High' Credit Criteria</b>	<b>Use</b>
Debt Management Agency Deposit Facility	UK Sovereign rating	In-house
Term deposits – local authorities	UK Sovereign rating	In-house
Term deposits – banks and building societies	Coded: Orange on Sectors Matrix. Fitch's rating: Short-term F1+, Long-term AA-, Individual B, Support 2 Or equivalent rating from Standard & Poors and Moody's	In-house
UK Part nationalised banks	Coded: Blue on Sectors Matrix. Fitch's rating: Short-term F1+, Long-term AA-, Individual B, Support 2 Or equivalent rating from Standard & Poors and Moody's	In-house and Fund Mangers
Banks part nationalised by high credit rated (sovereign rating) countries – non UK	Coded: Blue on Sectors Matrix. Fitch's rating: Short-term F1+, Long-term AA-, Individual B, Support 2	In-house and Fund Mangers

	Or equivalent rating from Standard & Poors and Moody's	
Collateralised deposit	Coded: Orange on Sectors Matrix / UK Sovereign rating	In-house and Fund Mangers
Certificates of deposits issued by banks and building societies covered by UK Government guarantee	Coded: Orange on Sectors Matrix / UK Sovereign rating	In-house and Fund Mangers
Certificates of deposits issued by banks and building societies	F Coded: Orange on Sectors Matrix / Fitch's rating: UK sovereign rating or Short-term F1+, Long-term AA-, Individual B, Support 2 or equivalent rating from Standard& Poors and Moodys	In-house and Fund Mangers
UK Government Gilts	Coded: Orange on Sectors Matrix / UK Sovereign rating	In-house buy and hold and Fund Mangers
Bonds issued by multilateral development banks	Coded: Orange on Sectors Matrix / Long term AAA	In-house buy and hold and Fund Mangers
Bonds issued by a financial institution which is guaranteed by the UK government	Coded: Orange on Sectors Matrix / UK Sovereign rating	In-house buy and hold and Fund Mangers
Sovereign bond issues (other than the UK govt)	Coded: Orange on Sectors Matrix / Sovereign rating	In-house buy and hold and Fund Mangers
Treasury Bills	Coded: Orange on Sectors Matrix / UK Sovereign rating	Fund Mangers
Collective Investment Schemes structured as Open Ended Investment Companies (OEICs): -		
1. Government Liquidity Funds	Short-term F1, Long-term AAA	In-house and Fund Mangers
2. Money Market Funds	Short-term F1, Long-term AAA	In-house and Fund Mangers
.3. Enhanced cash funds	Short-term F1, Long-term AAA	In-house and Fund Mangers
4. Bond Funds	Long-term AAA	In-house and Fund Mangers
5. Gilt Funds	Long-term AAA	In-house and Fund Mangers
6. Property Funds	Long-term AAA	In-house and Fund Mangers
UK Nationalised Banks	UK sovereign rating	In-house and Fund Mangers
UK Part nationalised Banks	UK sovereign rating	In-house and Fund Mangers

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**NON-SPECIFIED INVESTMENTS:**

A maximum of 100% can be held in aggregate in non-specified investment

## 1. Maturities of ANY period

<b>Institution / Counterparty</b>	<b>Minimum Credit Criteria</b>	<b>Use</b>	<b>Max % of total investments</b>	<b>Max. maturity period</b>
Term deposits – banks and building societies	Coded: red (6mths) and green (3mths) on Sectors Matrix. Fitch's rating: Short-term F1, Long-term A-, Or equivalent rating from Standard & Poors and Moody's	In-house	100%	3-6 Months
Fixed term deposits with variable rate and variable maturities: -Structured deposits	Coded: orange (1yr) red (6mths) and green (3mths) on Sectors Matrix. Fitch's rating: Short-term F1, Long-term A-, Or equivalent rating from Standard & Poors and Moody's	In-house	40%	1 Year
Certificates of deposits issued by banks and building societies NOT covered by UK Government guarantee	Coded: orange (1yr) red (6mths) and green (3mths) on Sectors Matrix. Fitch's rating: Short-term F1, Long-term A-, Or equivalent rating from Standard & Poors and Moody's	In-house buy and hold and Fund Managers	30%	1 Year
Commercial paper issuance covered by a specific UK Government guarantee and issued by banks covered by the UK bank support package	UK Sovereign rating	In-house and Fund Managers	30%	1 Year
Commercial paper other	Coded: orange (1yr) red (6mths) and green (3mths) on Sectors Matrix. Fitch's rating: Short-term F1, Long-term A-, Or equivalent rating from Standard & Poors and Moody's	In-house	30%	1 Year

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Corporate Bonds	Coded: orange (1yr) red (6mths) and green (3mths) on Sectors Matrix. Fitch's rating: Short-term F1, Long-term A-, Or equivalent rating from Standard & Poors and Moody's	In-house and Fund Managers	30%	1 Year
Other debt issuance by UK banks covered by UK Government guarantee	UK Government explicit guarantee	In-house and Fund Managers	30%	
Floating Rate Notes: the use of these investments would constitute capital expenditure unless they are issued by a multi lateral development bank	Long-term AAA	Fund Managers	N/A – Capital Expenditure	N/A – Capital Expenditure
Property fund: the use of these investments would constitute capital expenditure	--	Fund Managers	N/A – Capital Expenditure	N/A – Capital Expenditure
Local Authority mortgage guarantee scheme	Coded: orange (1yr) red (6mths) and green (3mths) on Sectors Matrix. Fitch's rating: Short-term F1, Long-term A-, Or equivalent rating from Standard & Poors and Moody's	In-house		

## 2. Maturities in excess of 1 year

Term deposits – local authorities	--	In-house	10%	> 1 year
Term deposits – banks and building societies	Coded: Purple(2yrs) or Yellow (5yrs) on Sectors Matrix. Fitch's rating: Short-term F1+, Long-term AA-, Support 2 Or equivalent rating from Standard & Poors and Moody's	In-house	10%	> 1 year
Certificates of deposits issued by banks and building societies covered by UK Government guarantee	UK Sovereign	In house and Fund Managers	10%	> 1 year
Certificates of deposits issued by banks and building societies covered by the UK government banking	UK Sovereign	In house and Fund Managers	10%	> 1 year

support package				
Certificates of deposits issued by banks and building societies NOT covered by the UK government banking support package	Coded: Purple(2yrs) or Yellow (5yrs) on Sectors Matrix / Short-term F1+, Long-term AA-, Support 2	In house and Fund Managers	10%	> 1 year
UK Government Gilts	UK Sovereign rating	In-house and Fund Managers	10%	> 1 year
Bonds issued by multilateral development banks	Long term AAA	In-house and Fund Managers	10%	> 1 year
Sovereign bond issues (i.e. other than the UK govt)	Long term AAA	In-house and Fund Managers	10%	> 1 year
Collective Investment Schemes structure as open Ended Investment Companies (OEICs)				
1. Bond Funds	Long-term AAA	In-house and Fund Managers		
2. Gilt Funds	Long-term AAA	In-house and Fund Managers		

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## Approved countries for investments

### AAA

- Australia
- Canada
- Denmark
- Finland
- Germany
- Luxembourg
- Netherlands
- Norway
- Singapore
- Sweden
- Switzerland
- U.K.

### AA+

- France
- Hong Kong
- U.S.A.

### AA

- Abu Dhabi
- Qatar
- UAE

### AA-

- Belgium
  - Japan
  - Saudi Arabia
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**Treasury Management Scheme of Delegation****(i) Cabinet / Full Council**

- receiving and reviewing reports on treasury management policies, practices and activities
- approval of annual strategy and annual outturn

**(ii) Cabinet**

- approval of/amendments to the organisation's adopted clauses, treasury management policy statement and treasury management practices
- budget consideration and approval
- approval of the division of responsibilities
- receiving and reviewing regular monitoring reports and acting on recommendations

**(iii) Audit & Governance Committee**

- receiving and scrutinising reports on treasury management policies, practices and activities
- scrutinising the annual strategy, annual outturn and quarterly updates.

**(iv) Director of resources (Section 151 Officer)**

- reviewing the treasury management policy and procedures and making recommendations to the responsible body.
- all operational decisions are delegated by the Council to the Director of Customer & Business Support Services, who operates within the framework set out in this strategy and through the Treasury Management Policies and Practices
- Approving the selection of external service providers and agreeing terms of contract in accordance with the delegations in financial regulations.

**The Treasury Management Role of the Section 151 Officer**

- recommending clauses, treasury management policy/practices for approval, reviewing the same regularly, and monitoring compliance
  - all operational decisions delegated by the Council to the Director of Customer & Business Support Services (S151 Officer), who operates within the framework set out in this
-

strategy and through the treasury management policies and practices

- submitting regular treasury management policy reports
  - submitting budgets and budget variations
  - receiving and reviewing management information reports
  - reviewing the performance of the treasury management function
  - ensuring the adequacy of treasury management resources and skills, and the effective division of responsibilities within the treasury management function
  - ensuring the adequacy of internal audit, and liaising with external audit
  - recommending the appointment of external service providers.
-



**Cabinet**

**12 February 2013**

## **Report of the Cabinet Member for Corporate Services**

### **CAPITAL PROGRAMME BUDGET – 2013/14 to 2017/18**

#### **Summary**

1. This report summarises the current capital programme position covering 2012/13 – 2016/17 reflecting the Capital Monitor 3 report on this agenda, highlights the existing funding position and associated pressures and then presents the new bids received as part of this years Capital Resource Allocation Model (CRAM) process covering the period 2013/14 – 2017/18.
2. Members are asked to:
  - Note the current funding position of the capital programme
  - Note the new bids for capital schemes and the increased investment this brings, their requirement for funding covering the period 2013/14 – 2017/18 period and how best the available resources can be used to achieve the Councils objectives.
  - Recommend to Council the recommendations contained within this report.

#### **Background**

3. The current 2012/13 –2016/17 capital programme was approved by Council on 23rd February 2012. Since then a number of amendments have taken place as reported to the Cabinet up to and including the 2012/13 Capital Monitor 3 report. The changes made as a result of the above reports have resulted in a current approved capital programme for 2012/13 – 2016/17 of £185.422m, financed by £98.564m of external funding and Council controlled resources of £86.858m. Table

1 illustrates the current approved capital programme profile from 2012/13 – 2016/17 as at capital monitor 3 2012/13.

	2012/13	2013/14	2014/15	2015/16	2016/17	Total
	£m	£m	£m	£m	£m	£m
<b>Gross Capital Programme</b>	<b>57.094</b>	<b>58.207</b>	<b>30.868</b>	<b>19.792</b>	<b>19.461</b>	<b>185.422</b>
Funded by:						
<b>External Funding</b>	<b>21.227</b>	<b>36.347</b>	<b>19.131</b>	<b>10.140</b>	<b>11.719</b>	<b>98.564</b>
<b>Council Controlled Resources</b>	<b>35.867</b>	<b>21.860</b>	<b>11.737</b>	<b>9.652</b>	<b>7.742</b>	<b>86.858</b>
<b>Total Funding</b>	<b>57.094</b>	<b>58.207</b>	<b>30.868</b>	<b>19.792</b>	<b>19.461</b>	<b>185.422</b>

***Table 1 – Capital Programme Funding and Receipts Position***

#### **Funding Position of approved 2012/13 – 2016/17 programme**

- The current economic environment continues to place pressure on the funding of the programme over the 5 year cycle based on current projections. The capital programme continues to place reliance on the achievement of a small number of high value asset disposals which have been affected by the economic downturn.

#### **Options**

- This report sets out the capital investment requests for the 5 year period covering 2013/15 to 2017/18. Members can consider the requests to make additions and amendments to the existing capital programme and choose to approve or reject the proposals contained within the report. Members can choose to approve or reject the recommendations made to Council as a result of the amendments contained in this report. It should be noted that it is a statutory requirement for the Council to set a capital budget for the forthcoming year (2013/14) per Local Government Act 2003 (revised).

## Summary of Proposed Investment

6. The CRAM process invited bids from the departments asking to submit requests for the Councils main capital priorities. Of the requests going forward 18 are asking for direct Council funding, this is comprised of 8 requests for extensions to existing rolling programme schemes, 2 requests for funding to create new rolling programme schemes and 8 requests for new schemes.
  
7. In total, requests that would increase the existing 13/14 – 17/18 Capital Programme by **£48.381m** have been made. The £48.381m is comprised as follows:
  - General Fund schemes requiring financing through Council borrowing **£8.450m** (£8.050m prudential borrowing of which £2.335m are proposed on a self financing basis, this will result in £5.715m requiring additional borrowing that will impact the revenue budget, the remaining £400k is for a specific match funding scheme)
  - General Fund Schemes financed entirely by external funds **£25.974m** (£25.074m Government grant, £900k Developers contributions)
  - Housing Revenue Account schemes financed by HRA funds **£13.957m** (£13.957 HRA funds)
  
8. Tables 2, 3, 4, 5 and 6 show the proposals that result in a net increase of £48.381m. In particular the following key schemes are included in this report :-
  - **Extension of funding for rolling programme schemes for additional years (£3.365m) including:**
    - **Disability Support Budget (£300k)** – To continue to provide discretionary assistance for disabled customers who need financial help. The assistance (loans and grants) given helps disabled people and parents with disabled children to adapt their homes to continue living there and maintain their independence.
    - **Telecare Equipment (£500k)** – Allowing the continuation of the installation of sensors in vulnerable customers' homes to deal with specific assessed risks..
    - **Highways R&R (£750k)** – The continuation of the programme for the resurfacing and reconstruction of the City's roads and

footways established to maintain the asset in the best condition possible with the anticipated level of capital available.

- **City Walls Rolling Repair Programme (£90k)** - Ensuring that continuing essential repairs and restoration are undertaken on York City Walls.
  - **Bridge Maintenance (£200k)** – To allow the continuing programme of maintenance to carry out the work to maintain the structures in a serviceable and safe condition.
  - **Disabled Facilities Grant (£475k)** - To allow payment of mandatory disabled facilities grants (DFGs) in line with statutory requirements (The Housing Grants, Regeneration and Construction Act 1996). The funding enables older and disabled persons to remain safely in their home and maximises their independence.
  - **Capital Contingency (£300k)** – The continuation of a prudent single year capital contingency to address any unexpected capital pressures in year.
  - **Information Technology (IT) Development Fund (£750k)** - Continued investment in the IT infrastructure, hardware and software licences allowing the Council to operate in an efficient and effective manner.
- 
- **LTP Contribution (£600k)** - To top up LTP funding to deliver schemes to fill key gaps in the cycle network, tackle congestion with technology improvements and ensure the transport opportunities of the Reinvigorate York programme are maximised.
  - **River Bank Repairs (£520k)** – To undertake work at Castle Mills Lock Gates, on the River Ouse at New Walk and structural works at numerous points to ensure the Councils is complying with its statutory responsibilities being the Navigation Authority for the Foss and meet its Health and Safety responsibilities.
  - **York Theatre Royal Contribution (£250k)** – A contribution that will make significant improvements to the Theatre which will elevate the experience that it offers its visitors and the ability of the Theatre to generate new income from its activity. This additional contribution from the Council is in addition to the £250k approved in 12/13 taking the Councils total contribution to £500k to help deliver the £1.950m scheme.

- **Fleet Services Vehicles (£1.410m)** – The continuation of a new financial strategy for funding the Councils fleet vehicles. The shift to prudential borrowing will allow the Councils Fleet services more flexibility in asset use when compared to the leasing terms on which vehicles have been previously financed.
- **Community Asset Transfer (£175k)** – A new scheme aimed at improving the condition of assets identified to be transferred to Community groups and organisations so that they can take over control and use of the asset without a repairs liability allowing them to focus on their objectives from a suitable property. Specific community centres that have been identified as suitable are those located at Priory Street, Burton Stone, Sanderson Court, Tang Hall and Foxwood.
- **Little Knavesmire Pavilion (£100k)** – A contribution to part of a £500k scheme to replace the 1940's Royal Observatory Corp building which is currently being used by Hamilton Panthers Football Club as a club house and pavilion.
- **Alley Gating (£50k)** – Creation of a capital fund to allow the installation of gates on alley ways to help reduce the nuisance and other anti social related issues experienced in identified areas
- **Highways Drainage Works (£1.000m)** - Creation of a new rolling programme scheme of works or £200k per annum to support the Councils obligations under the Surface Water Management Plan. It is estimated that further funding of £5m will be required to investigate, record and bring up to a satisfactory standard the council's drainage infrastructure however it is recognised this is a considerable amount, and to make progress this scheme reflects the amount of work that can realistically be done using the available resources within the council where there is extensive local knowledge.
- **Asset Maintenance (£500k)** - Creation of a new rolling programme scheme of works or £100k per annum to maintain the condition of the Councils properties. The fund is not sufficient to deal with the entire repairs backlog but is intended to be directed to specific buildings that warrant investment on a business case consideration

basis and that the Council will look to retain in the long term. Specific schemes will be reported to Cabinet in line with the current reporting protocols.

- **HRA - Modernisation of Local Authority Homes (£5.421m) –** This will see investment in improvement schemes such as Decent Homes Works that will ensure the housing stock continues to meet modern facilities and standards including legislative requirements that provide homes that exceed customer expectations.
- **HRA - Assistance to Older and Disabled People (£800k) -** There is an ongoing need to relocate existing adaptations, renew existing installations and to provide additional installations to meet rising need. This will allow tenants to remain in their homes supporting independent living.
- **HRA - Local Authority Homes (£6.000m) -** The release of £6m funding from the HRA investment fund for the first phase of 60 new council homes, subject to a more detailed report being brought to Cabinet.
- **HRA - Loft Conversions (£1.281m) –** This investment is being made to make best use of the existing affordable housing stock by launching a programme of loft conversions and extensions to existing properties where households are currently overcrowded.
- **HRA - IT Infrastructure (£375k) -** There are a variety of IT systems in use within Housing Services and for varying reasons these have not benefitted from historical investment when needed. This has resulted in a number of inefficiencies that need to be addressed. The investment in the new IT infrastructure will bring housing systems up to date enabling timely and information to support the department.
- **Externally Funded Schemes (£25.974m) –** The Council continues to draw in external funding through Government grants and contributions for continued investment in Children's Services and the Local Transport Plan.



9. Overall this report proposes increases in the value of capital schemes by £48.381m. Details of all schemes can be seen in the accompanying annex that sets out the purpose of each scheme and is summarised on table 9.

## **Detailed Consideration of Proposed Investment, and Financial Implications**

### **Rolling Programme Schemes – Prudential Borrowing**

10. The 2012/13 – 2016/17 contained a number of rolling programme schemes that require funding on an ongoing basis. As this report extends the capital programme to 2017/18 requests have been received to increase the level of currently approved rolling programme schemes by adding an additional year in 16/17 & 17/18 and a request for a single scheme in 13/14 , these schemes are set out in the table below:

<b>Scheme Type / Description</b>	<b>Total Value</b>	<b>Financial Year</b>
	<b>£000</b>	
Capital Contingency	300	13/14
Disability Support Budget	300	16/17 & 17/18
Telecare Equipment	500	16/17 & 17/18
Highways R&R	750	17/18
City Walls Rolling Repair Programme	90	17/18
Bridge Maintenance	200	17/18
Disabled Facilities Grants	475	17/18

IT Development Fund	750*	17/18
<b>Total Rolling Programme Schemes</b>	<b>3,365</b>	
<b>Self financing schemes</b>	<b>750*</b>	17/18
<b>Total Rolling Programme Schemes impacting Ctax</b>	<b>2,615</b>	

**Table 2 – Summary of Rolling Programme Bids Requesting Prudential Borrowing Funding**

11. The £3.365m increase for rolling schemes includes the addition of the 17/18 IT Development Fund at £750k\* that is a self funding scheme. Therefore the value of the schemes that impacts on Council Tax £2.615m. The associated revenue cost (i.e. the debt financing /repayment cost) equates to approximately 9% of the total capital cost.
12. Requests were made as part of this budget process to create 2 new rolling programme schemes totalling £1.5m over the 5 year period of 13/14 – 17/18.
13. The first is a request for recurring funding of £200k per annum covering the 5 year capital budget period totalling £1m for Highways Drainage Works. The bid is made to support the Councils obligations under the Surface Water Management Plan. Specific investment on highway drainage investigations and repairs was triggered by the 2007 flood event and has resulted in repairs covering approximately 10% - 15% of the Council's area. On the basis of expenditure of £855k since 2008 and the progress that has been made, it is estimated that further funding of £5m will be required to investigate, record and bring up to a satisfactory standard the council's drainage infrastructure. It is recognised that this is a considerable amount, and to make progress it is requested that annual funding should reflect the amount of work that can realistically be done using the available resources within the council where there is extensive local knowledge.
14. The second request for recurring funding of £100k per annum covering the 5 years capital budget period totalling £500k for Asset

Maintenance. The asset maintenance fund intends to be directed to specific buildings that warrant investment on a business case consideration basis and that the Council will look to retain in the long term and prevent them from falling into a state that would require a higher level of capital investment to remedy. Specific schemes will be reported to Cabinet in line with the current reporting protocols. The two requests are shown in the table below:

<b>Scheme Type / Description</b>	<b>Total Value</b>	<b>Financial Year</b>
	<b>£000</b>	
Highways Drainage Works (£200k per annum)	1,000	13/14 – 17/18
Asset Maintenance (£100k per annum)	500	13/14 – 17/18
<b>Total New Rolling Programme Schemes</b>	<b>1,500</b>	

**Table 3 – Summary of New Rolling Programme Bids Requesting Prudential Borrowing Funding**

15. The £1.500m increase for new rolling schemes will impact on Council Tax through increased revenue costs associated with the borrowing.

### **New Schemes – Prudential Borrowing**

16. As part of this years capital budget process a number of bids have been received that require discretionary prudential borrowing to be added. Some of this funding is used to help attract external sources of finances as is shown in table 4:

<b>Scheme Type / Description</b>	<b>Total Scheme Value</b>	<b>CYC Funded Value</b>	<b>Financial Year</b>
	£000	£000	
Little Knavesmire Pavilion	500	100	13/14, 14/15

Local Transport Plan Contribution	600	600	13/14
River Bank Repairs	520	520	13/14,14/15, 15/16
Alley gating	50	50	13/14
York Explore - Flooring	80	80	13/14
York Theatre Royal Contribution	250	250	13/14
Community Asset Transfer	175*	175*	13/14
Fleet Vehicles	1,410*	1,410*	13/14, 14/15
<b>Total New Schemes</b>	<b>3,585</b>	<b>3,185</b>	
<b>Self financing schemes</b>	<b>1,585*</b>	<b>1,585*</b>	
<b>Total New Schemes impacting Ctax</b>	<b>1,600</b>	<b>1,600</b>	

**Table 4 – Summary of New Bids Requesting Prudential Borrowing Funding**

17. The £3.185m CYC increase for new schemes includes the addition of the two schemes for which existing revenue budget exists to cover the costs of borrowing or will generate sufficient savings to cover the cost the associated cost of borrowing. The two self financing schemes are the Community Asset Transfer and the Fleet Vehicles. The value of the schemes will have impact on the revenue budget are £1.600m.

**Additional Schemes - Externally Funded + HRA Funded**

18. In addition to those schemes set out in tables 2, 3 and 4 schemes that are fully externally funded are proposed as part of this budget process. Table 5 shows the level of external funding that is increasing existing schemes and which year the change takes effect in:

<b>Scheme Type / Description</b>	<b>Total Scheme Value</b>	<b>External Funding Value</b>	<b>Financial Year</b>
	£000	£000	
<b><u>Existing General Fund Schemes New External Funding</u></b>			
NDS Devolved Capital (estimated figures)	1,425	1,425	15/16, 16/17, 17/18
DfE Maintenance (estimated figures)	7,200	7,200	15/16, 16/17, 17/18
Basic Need (estimated figures)	6,750	6,750	15/16, 16/17, 17/18
Highway Resurfacing & Reconstruction	1,980	1,980	13/14 & 14/15
Disabled Facilities Grant	750	750	17/18
Local Transport Plan	7,869	7,869	15/16, 16/17, 17/18
<b><u>Total Existing General Fund Schemes New External Funding</u></b>	<b>25,974</b>	<b>25,974</b>	

**Table 5 – Summary of New External Funding**

19. The Housing Revenue Account Business plan 2013 to 2043 report is contained on this agenda and provides an overview of the new the

Housing Revenue Account (HRA) Business plan for the next 30 years and provides detail of the key priorities for the next five years, including the creation of an investment fund to support the delivery of more affordable new homes. As part of the report capital investment plans of the HRA are set out over the forthcoming years. Table 6 summarises the investment strategy and shows the overall investment increase over and above what is already approved and any subsequent movements that reflect the updating of the business plan for which the figures previously had been based on estimates.

<b>Scheme Type / Description</b>	<b>Total Scheme Value</b>	<b>HRA/ Reserve Funding Value</b>	<b>Financial Year</b>
	£000	£000	
<b><u>New Investment for the HRA</u></b>			
Modernisation of Local Authority Homes	5,421	5,421	13/14 – 17/18
Assistance to Older & Disabled People	800	800	13/14 – 17/18
Major Repairs Allowance Schemes	253	253	13/14 – 17/18
Water Mains Upgrade (revision of estimates)	(298)	(298)	13/14 – 17/18
Building Insulation Programme	125	125	13/14 – 17/18
Local Authority Homes	6,000	6,000	13/14
Loft Conversions	1,281	1,281	13/14 & 17/18
IT Infrastructure	375	375	13/14 – 17/18

<b><u>New Investment for the HRA</u></b>			
<b><u>Total</u></b>	<b>13,957</b>	<b>13,957</b>	

**Table 6 – Summary of HRA investment**

20. The key investment areas are shown in table 6 and shows new investment of over £13.950m that will see key schemes delivered including:
- **Modernisation of Local Authority Homes (£5.421m) –** This will see investment in improvement schemes such as Decent Homes Works that will ensure the housing stock continues to meet modern facilities and standards including legislative requirements that provide homes that exceed customer expectations.
  - **Assistance to Older and Disabled People (£800k) -** There is an ongoing need to relocate existing adaptations, renew existing installations and to provide additional installations to meet arising need. This will allow tenants to remain in their homes supporting independent living.
  - **Local Authority Homes (£6.000m) -** The release of £6m funding from the HRA investment fund for the first phase of 60 new council homes, subject to a more detailed report setting out specific proposals and costs.
  - **Loft Conversions (£1.281m) –** This investment is being made to make best use of the existing affordable housing stock by launching a programme of loft conversions and extensions to existing properties where households are currently overcrowded.
  - **IT Infrastructure (£375k) -** There are a variety of IT systems in use within Housing Services and for varying reasons these have not benefitted from historical investment when needed. This has resulted in a number of inefficiencies that need to be addressed, the investment in the new IT infrastructure will bring housing systems up to date enabling timely and information to support the department.
21. None of the schemes in table 5 and 6 have an impact on prudential borrowing.

### **Funding Position – CYC Prudential Borrowing**

22. The budget proposals in terms of CYC prudential borrowing adds to existing rolling programme schemes totalling £3.365m (of which £2.615m impacts Council Tax), adds new rolling programme schemes of £1.500m (of which £1.500m impacts Council Tax) and adds new schemes totalling £3.185m (of which £1.600m impacts on Council Tax). Table 7 shows the financial impact on a year by year basis and over the 5 year period.

	13/14 £m	14/15 £m	15/16 £m	16/17 £m	17/18 £m	Total £m
Rolling Programme	0.300	0.000	0.000	0.400	2.665	<b>3.365</b>
New Rolling Programme	0.300	0.300	0.300	0.300	0.300	<b>1.500</b>
New Schemes	2.335	0.730	0.120	0.000	0.000	<b>3.185</b>
<b>Gross Total</b>	<b>2.935</b>	<b>1.030</b>	<b>0.420</b>	<b>0.700</b>	<b>2.965</b>	<b>8.050</b>
Less: Self Funding schemes	(1.155)	(0.430)	0.000	0.000	(0.750)	(2.335)
<b>Net Total Increase / (Decrease)</b>	<b>1.780</b>	<b>0.600</b>	<b>0.420</b>	<b>0.700</b>	<b>2.215</b>	<b>5.715</b>

**Table 7 – Net Funding Position of Prudential Borrowing Schemes**

23. The impact of the general capital budget proposals in respect of Prudential Borrowing schemes is an increase in the level of debt of £8.050m over the 5 year programme, with schemes to the value of £5.715m impacting on Council Tax.
24. The difference of £8.050m vs. £5.715m is due to £2.335m of schemes using existing revenue budgets to fund the cost of borrowing or the capital schemes resulting in revenue savings that can be used to fund the cost of borrowing.
25. The £2.335m is comprised of £1.410m in relation to Fleet Vehicles (using existing revenue budgets currently used to pay for leasing the





<b>Programme (table 3)</b>						
Funded by:						
CYC Pru Brw	0.300	0.300	0.300	0.300	0.300	<b>1.500</b>
<b>3) New CYC Schemes (table 4)</b>	<b>2.685</b>	<b>0.780</b>	<b>0.120</b>	<b>0.000</b>	<b>0.000</b>	<b>3.585</b>
Funded by:						
CYC Pru Brw	2.335	0.730	0.120	0.000	0.000	<b>3.185</b>
External Funding	0.350	0.050	0.000	0.000	0.000	<b>0.400</b>
<b>4) Existing Schemes Externally Funded (table 5)</b>	<b>0.318</b>	<b>0.173</b>	<b>7.748</b>	<b>7.748</b>	<b>9.987</b>	<b>25.974</b>
Funded by:						
External Grant	0.318	0.173	7.448	7.448	9.687	<b>25.074</b>
Other	0.000	0.000	0.300	0.300	0.300	<b>0.900</b>
<b>5) HRA Schemes (table 6)</b>	<b>5.034</b>	<b>0.243</b>	<b>1.639</b>	<b>(0.155)</b>	<b>7.196</b>	<b>13.957</b>
Funded by:						
HRA	5.034	0.243	1.639	(0.155)	7.196	<b>13.957</b>
<b>Total Proposed Expenditure Increase</b>	<b>8.637</b>	<b>1.496</b>	<b>9.807</b>	<b>8.293</b>	<b>20.148</b>	<b>48.381</b>

**Table 9 – Summary of Expenditure and Funding Movements 13/14  
– 17/18**

28. The overall funding position will need to be reviewed on an annual basis and the capital receipts will need to continue to be tightly monitored to update the latest position to ensure the programme remains affordable. The proposal to use prudential borrowing to fund the new schemes is made on the assumption that over the medium term the current level of required receipts are achieved. Clearly if the projected level of receipts is not achieved action will be required to overcome the resulting funding shortfall. This action could take the form of either increasing revenue contributions or increasing the level

of prudential borrowing whilst ensuring affordability to meet any capital receipts shortfall, or reducing the capital programme schemes funded by capital receipts. The ability to contribute revenue funds to support prudential borrowing over and above the level currently being proposed as part of this report would have a significant impact on revenue budgets and would potentially place pressure on other Council service areas.

29. Any short term shortfall in funding will be met from prudential borrowing. The revenue implications of any in year shortfall due to timing differences will be borne by the treasury management budget.
30. The outcome of the proposals outlined above if accepted are illustrated in Table 10 which sets out the proposed capital budget for each directorate over the next 5 years and in detail in Annex A.

<b>Gross Capital Programme</b>	<b>2013/14</b>	<b>2014/15</b>	<b>2015/16</b>	<b>2016/17</b>	<b>2017/18</b>	<b>Total</b>
	<b>£m</b>	<b>£m</b>	<b>£m</b>	<b>£m</b>	<b>£m</b>	<b>£m</b>
ACE - Children's Education & Skills	9.588	5.362	5.125	5.125	5.125	<b>30.325</b>
ACE – Adult Services	0.952	0.515	0.525	0.400	0.400	<b>2.792</b>
CANS – Culture, Leisure & Public Realm	2.673	0.906	0.000	0.000	0.000	<b>3.579</b>
CANS – Housing & Community Safety	16.846	9.644	9.969	9.932	8.421	<b>54.812</b>
CES – Highways, Fleet & Waste	4.404	3.637	3.397	2.934	2.639	<b>17.011</b>
CES – Strategic Planning & Transport	18.011	4.350	2.713	2.713	2.713	<b>30.500</b>

CES - Community Stadium	3.229	0.000	0.000	0.000	0.000	<b>3.229</b>
CBSS – Asset Management	2.823	0.400	0.320	0.100	0.100	<b>3.743</b>
CBSS - IT Development Plan	0.750	0.750	0.750	0.750	0.750	<b>3.750</b>
CBSS – Administration Accommodation	1.468	0.000	0.000	0.000	0.000	<b>1.468</b>
Miscellaneous (Contingency)	0.300	0.000	0.000	0.000	0.000	<b>0.300</b>
Economic Infrastructure Fund	5.800	6.800	6.800	5.800	0.000	<b>25.200</b>
<b>Total Capital Programme</b>	<b>66.844</b>	<b>32.364</b>	<b>29.599</b>	<b>27.754</b>	<b>20.148</b>	<b>176.709</b>

**Table 10 – Proposed Capital Programme 2013 – 2018**

### **Council Plan**

31. The CRAM process ensures that all bids received for capital funding address the aspirations of the Council Plan with each proposal addressing at least one corporate priority. The capital schemes put forward for consideration are derived from the service and area asset management plans which look at the capital needs and requirements of the service. All schemes that have progressed through for further consideration in this report have demonstrated through the CRAM process that they directly contribute toward the achievement of the Corporate Strategy.

## **Implications**

### **Financial Implications**

32. The financial implications are considered in the main body of the report.

### **Human Resources Implications**

33. There are no HR implications as a result of this report.

### **Equalities Implications**

34. A number of schemes have specific implications for Equalities. Each capital scheme submitted comes with an EIA attached. Further to this the detailed equalities implications of the individual schemes will be further assessed by individual directorates once the capital programme has been approved and the schemes are further developed. Any implications will be identified in the individual schemes project plans. The six themed areas of the EIF will address a number of equalities issues as can be seen by the area they intend to direct funding toward.

### **Legal Implications**

35. The Council is legally required to set a balanced 3 year capital programme but to assist with Medium Term Financial Planning sets a 5 year programme.

### **Crime and Disorder**

36. There are no crime and disorder implications as a result of this report.

### **Information Technology**

37. There are no information technology implications as a result of this report.

### **Property**

38. The property implications of this paper are included in the main body of the report which covers the funding of the capital programme from the disposal of Council assets.

## **Risk Management**

39. The risks associated with both the existing and proposed capital programme has been discussed extensively throughout this report.

40. This report highlights the challenge presented by the proposed capital programme, which includes a significant level of Council driven schemes. Despite the proposed schemes being funded from revenue contributions the existing approved capital programme still places significant reliance on a small number of high value capital receipts. In addition the recent increase in the size of the programme has meant the Council has to ensure that the key skills are in place to allow the programme to be successfully delivered.
41. To mitigate the risks the capital programme is regularly monitored as part of the corporate monitoring process. In addition to this the Capital Asset Board (CAB – the Chief Executive, Director of CBSS, Service Directors and Assistant Directors) meet monthly to plan, monitor and review major capital schemes to ensure that all capital risks to the Council are monitored and where possible minimised. The development of the revised CRAM process and capital strategy has put in place gate keeping controls to ensure that only projects that can be delivered are put forward for approval by the Council.

## **Recommendations**

42. The Cabinet is requested to recommend that Council:
  - Agree to the revised capital programme of £176.709m, that reflects a net overall increase of £48.381m as set out in paragraph 30 table 10 and in Annex A ‘budget amendments’ column). Key elements of this include:
    - Extension of prudential borrowing funded Rolling Programme schemes totalling £3.365m including the IT development fund as set out in paragraph 10 table 2 and summarised in paragraph 27 table 9;
    - Creation of 2 new prudential borrowing funded Rolling Programme schemes totalling £1.500m as set out in paragraph 14 table 3 and summarised in paragraph 27 table 9
    - New schemes totalling £3.585m including an increase in prudential borrowing of £3.185m as set out in paragraph 16 table 4 and summarised in paragraph 27 table 9;
    - New externally funded schemes totalling £25.974m as set out in paragraph 18 table 5 and summarised in paragraph 26 table 9
    - An increase in HRA funded schemes totalling £13.957m funded from HRA balances of £13.957m as set out in

paragraph 19 table 6 and summarised in paragraph 27 table 9.

- Approve the full restated programme as summarised in Annex A totalling £176.709m cover financial years 2013/14 to 2017/18 as set out in paragraph 30 table 10.

43. Reason: To set a balanced capital programme as required by the Local Government Act 2003.

### Contact Details

<b>Author:</b>	<b>Cabinet Member &amp; Chief Officer Responsible for the report:</b>		
Ross Brown Principal Accountant Technical Finance Tel No. 551207	Councillor Julie Gunnell, Cabinet Member for Corporate Services  Ian Floyd Director of Customer & Business Support Services		
	<b>Report Approved</b>	X	<b>Date</b> 30/01/13
	Tracey Carter Assistant Director – CBSS		
	<b>Report Approved</b>	X	<b>Date</b> 29/01/13

### Specialist Implications Officer(s)

**Legal** – Not Applicable

**Property** – Philip Callow  
Head of Asset and Property Management  
Extension – 3362

**Information Technology** – Not Applicable

**Wards Affected:**

All

**For further information please contact the author of the report**

**Background Papers:**

Capital Budget Control 2012/13 – 17/18  
Departmental CRAM bids 2012

Annexes

Annex A – Capital Programme 2013/14 - 2017/18





	2013/14 Process £000	2013/14 Revised Budget £000	2013/14 Process £000	2014/15 Revised Budget £000	2013/14 Process £000	2015/16 Revised Budget £000	2013/14 Process £000	2016/17 Revised Budget £000	2013/14 Process £000	2017/18 Revised Budget £000	Gross Capital Programme To be Funded 13/14 - 17/18 £000	Gross Capital Programme Movements 13/14 - 17/18 £000
- External Funding	0	0	0	0	0	0	0	0	0	0	0	0
- Internal Funding	0	0	0	0	0	0	0	0	0	0	0	0
Energy from Expansion	0	0	0	0	0	0	0	0	0	0	0	0
- External Funding	0	0	0	0	0	0	0	0	0	0	0	0
- Internal Funding	0	0	0	0	0	0	0	0	0	0	0	0
Yearly Pool Energy Improvements	0	0	0	0	0	0	0	0	0	0	0	0
- External Funding	0	0	0	0	0	0	0	0	0	0	0	0
- Internal Funding	0	0	0	0	0	0	0	0	0	0	0	0
Closed Cycle Circuit - York Sports Village	0	0	0	0	0	0	0	0	0	0	0	0
- External Funding	0	0	0	0	0	0	0	0	0	0	0	0
- Internal Funding	0	0	0	0	0	0	0	0	0	0	0	0
City Art Gallery Refurb and Extension	250	250	0	0	0	0	0	0	0	0	500	0
- External Funding	0	0	0	0	0	0	0	0	0	0	0	0
- Internal Funding	250	250	0	0	0	0	0	0	0	0	500	0
Rowtree Park DDA	0	0	0	0	0	0	0	0	0	0	0	0
- External Funding	0	0	0	0	0	0	0	0	0	0	0	0
- Internal Funding	0	0	0	0	0	0	0	0	0	0	0	0
Rowtree Park Café Project	0	0	0	0	0	0	0	0	0	0	0	0
- External Funding	0	0	0	0	0	0	0	0	0	0	0	0
- Internal Funding	0	0	0	0	0	0	0	0	0	0	0	0
Parks and Open Spaces Development	0	0	0	0	0	0	0	0	0	0	0	0
- External Funding	0	0	0	0	0	0	0	0	0	0	0	0
- Internal Funding	0	0	0	0	0	0	0	0	0	0	0	0
Little Knavesmill Pavilion	350	350	150	150	0	0	0	0	0	0	500	500
- External Funding	350	350	150	150	0	0	0	0	0	0	500	500
- Internal Funding	0	0	0	0	0	0	0	0	0	0	0	0
York Explore - Flooring	80	80	0	0	0	0	0	0	0	0	80	80
- External Funding	80	80	0	0	0	0	0	0	0	0	80	80
- Internal Funding	0	0	0	0	0	0	0	0	0	0	0	0
York Theatre Royal	250	500	0	0	0	0	0	0	0	0	500	250
- External Funding	0	0	0	0	0	0	0	0	0	0	0	0
- Internal Funding	250	500	0	0	0	0	0	0	0	0	500	250
TOTAL GROSS EXPENDITURE	680	2,673	150	906	0	0	0	0	0	0	3,579	850
TOTAL EXTERNAL FUNDING	350	1,418	100	350	0	0	0	0	0	0	1,974	400
TOTAL INTERNAL FUNDING	330	1,255	50	556	0	0	0	0	0	0	1,605	450
CANS - Highways, Fleet and Waste	0	0	0	0	0	0	0	0	0	0	0	0
Waste Infrastructure Capital Grant (WICG)	0	0	0	0	0	0	0	0	0	0	0	0
- External Funding	0	0	0	0	0	0	0	0	0	0	0	0
- Internal Funding	0	0	0	0	0	0	0	0	0	0	0	0
Highway Resurfacing & Reconstruction (Struct Maint)	318	2,724	173	2,607	0	2,797	0	2,334	2,238	2,239	12,701	2,730
- External Funding	318	2,074	173	2,047	0	2,047	0	1,584	1,489	1,489	9,051	1,980
- Internal Funding	0	650	0	750	0	750	0	750	750	750	3,650	750
Special Bridge Maintenance (Struct maint)	0	300	0	200	0	200	0	200	200	200	1,100	200
- External Funding	0	0	0	0	0	0	0	0	0	0	0	0
- Internal Funding	0	300	0	200	0	200	0	200	200	200	1,100	200
Replacement of Unsound Lighting Columns	0	0	0	0	0	0	0	0	0	0	0	0
- External Funding	0	0	0	0	0	0	0	0	0	0	0	0
- Internal Funding	0	0	0	0	0	0	0	0	0	0	0	0
Carbon Reduction in Street Lighting	0	200	0	200	0	200	0	200	200	200	800	0
- External Funding	0	0	0	0	0	0	0	0	0	0	0	0
- Internal Funding	0	200	0	200	0	200	0	200	200	200	800	0
City Centre Damaged Bins Replacement	0	0	0	0	0	0	0	0	0	0	0	0
- External Funding	0	0	0	0	0	0	0	0	0	0	0	0
- Internal Funding	0	0	0	0	0	0	0	0	0	0	0	0
Signage/Recycling Containers	0	0	0	0	0	0	0	0	0	0	0	0
- External Funding	0	0	0	0	0	0	0	0	0	0	0	0
- Internal Funding	0	0	0	0	0	0	0	0	0	0	0	0
DCSF Wave 2 Playbuilder Funding	0	0	0	0	0	0	0	0	0	0	0	0
- External Funding	0	0	0	0	0	0	0	0	0	0	0	0
- Internal Funding	0	0	0	0	0	0	0	0	0	0	0	0
Flood Pump Resilience	0	0	0	0	0	0	0	0	0	0	0	0
- External Funding	0	0	0	0	0	0	0	0	0	0	0	0
- Internal Funding	0	0	0	0	0	0	0	0	0	0	0	0
Fleet Vehicles	980	980	430	430	0	0	0	0	0	0	0	0
- External Funding	0	0	0	0	0	0	0	0	0	0	0	0
- Internal Funding	980	980	430	430	0	0	0	0	0	0	0	0
Highways Drainage Works	200	200	200	200	200	200	200	200	200	200	1,000	1,000
- External Funding	0	0	0	0	0	0	0	0	0	0	0	0
- Internal Funding	200	200	200	200	200	200	200	200	200	200	1,000	1,000
TOTAL GROSS EXPENDITURE	1,498	4,404	693	3,637	200	3,397	200	2,934	2,639	2,639	17,011	5,340
TOTAL EXTERNAL FUNDING	318	1,957	173	2,047	0	2,047	0	1,584	1,489	1,489	9,051	1,980
TOTAL INTERNAL FUNDING	1,180	2,430	520	1,590	200	1,350	200	1,350	1,150	1,150	7,960	3,360
CANS - Housing & Community Safety	0	0	0	0	0	0	0	0	0	0	0	0
Modernisation of Local Authority Homes	1,534	2,983	687	1,558	689	1,226	0	1,363	1,530	1,530	8,060	5,421
- External Funding	0	0	0	0	0	0	0	0	0	0	0	0
- Internal Funding	1,534	2,983	687	1,558	689	1,226	811	1,363	1,530	1,530	8,060	5,421
Assistance to Older & Disabled People	100	400	100	400	100	400	100	400	400	400	2,000	800
- External Funding	0	0	0	0	0	0	0	0	0	0	0	0
- Internal Funding	100	400	100	400	100	400	100	400	400	400	2,000	800



	2013/14 Budget 13/14 Process £000	2013/14 Revised Budget £000	2013/14 Budget 13/14 Process £000	2014/15 Revised Budget £000	2013/14 Budget 13/14 Process £000	2015/16 Revised Budget £000	2013/14 Budget 13/14 Process £000	2016/17 Revised Budget £000	2013/14 Budget 13/14 Process £000	2017/18 Revised Budget £000	Gross Capital Programme To be Funded 13/14 - 17/18 £000	Gross Capital Programme Movements 13/14 - 17/18 £000
Small Business Workshops	0	0	0	0	0	0	0	0	0	0	0	0
- External Funding	0	0	0	0	0	0	0	0	0	0	0	0
- Internal Funding	0	0	0	0	0	0	0	0	0	0	0	0
<b>TOTAL GROSS EXPENDITURE</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>TOTAL INTERNAL FUNDING</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>TOTAL EXTERNAL FUNDING</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>CBSS - Asset Management</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
Works at Hungate Land Site	0	0	0	0	0	0	0	0	0	0	0	0
- External Funding	0	0	0	0	0	0	0	0	0	0	0	0
- Internal Funding	0	0	0	0	0	0	0	0	0	0	0	0
<b>EcoDepot Security Gate / Reception</b>	<b>100</b>	<b>100</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>100</b>	<b>0</b>
- External Funding	0	0	0	0	0	0	0	0	0	0	0	0
- Internal Funding	100	100	0	0	0	0	0	0	0	0	100	0
<b>Property Key Components (H&amp;S)</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
- External Funding	0	0	0	0	0	0	0	0	0	0	0	0
- Internal Funding	0	0	0	0	0	0	0	0	0	0	0	0
<b>Health &amp; Safety / DDA</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
- External Funding	0	0	0	0	0	0	0	0	0	0	0	0
- Internal Funding	0	0	0	0	0	0	0	0	0	0	0	0
<b>Fire Safety Regulations - Adaptations</b>	<b>108</b>	<b>108</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>108</b>	<b>0</b>
- External Funding	0	0	0	0	0	0	0	0	0	0	0	0
- Internal Funding	108	108	0	0	0	0	0	0	0	0	108	0
<b>Removal of Asbestos</b>	<b>132</b>	<b>132</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>132</b>	<b>0</b>
- External Funding	0	0	0	0	0	0	0	0	0	0	0	0
- Internal Funding	132	132	0	0	0	0	0	0	0	0	132	0
<b>Mansion House External Repairs</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
- External Funding	0	0	0	0	0	0	0	0	0	0	0	0
- Internal Funding	0	0	0	0	0	0	0	0	0	0	0	0
<b>Hungate / Peasholme Relocation</b>	<b>20</b>	<b>20</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>20</b>	<b>0</b>
- External Funding	0	0	0	0	0	0	0	0	0	0	0	0
- Internal Funding	20	20	0	0	0	0	0	0	0	0	20	0
<b>Property Compliance (Asbestos and Fire regs)</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
- External Funding	0	0	0	0	0	0	0	0	0	0	0	0
- Internal Funding	0	0	0	0	0	0	0	0	0	0	0	0
<b>Riverbank Repairs - Scarborough to Clifton Bridge</b>	<b>261</b>	<b>261</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>261</b>	<b>0</b>
- External Funding	0	0	0	0	0	0	0	0	0	0	0	0
- Internal Funding	261	261	0	0	0	0	0	0	0	0	261	0
<b>Riverbank Repairs - Blue Bridge Slipway</b>	<b>44</b>	<b>44</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>44</b>	<b>0</b>
- External Funding	0	0	0	0	0	0	0	0	0	0	0	0
- Internal Funding	44	44	0	0	0	0	0	0	0	0	44	0
<b>Riverbank Repairs - Marygate</b>	<b>573</b>	<b>573</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>573</b>	<b>0</b>
- External Funding	0	0	0	0	0	0	0	0	0	0	0	0
- Internal Funding	573	573	0	0	0	0	0	0	0	0	573	0
<b>Photovoltaic Energy Programme</b>	<b>125</b>	<b>125</b>	<b>0</b>	<b>100</b>	<b>0</b>	<b>100</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>325</b>	<b>0</b>
- External Funding	0	0	0	0	0	0	0	0	0	0	0	0
- Internal Funding	125	125	0	100	0	100	0	0	0	0	325	0
<b>Parliament Street Toilet Demolition</b>	<b>33</b>	<b>33</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>33</b>	<b>0</b>
- External Funding	0	0	0	0	0	0	0	0	0	0	0	0
- Internal Funding	33	33	0	0	0	0	0	0	0	0	33	0
<b>29 Castlegate Repairs</b>	<b>33</b>	<b>33</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>33</b>	<b>0</b>
- External Funding	0	0	0	0	0	0	0	0	0	0	0	0
- Internal Funding	33	33	0	0	0	0	0	0	0	0	33	0
<b>Decent Home Standards Works</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
- External Funding	0	0	0	0	0	0	0	0	0	0	0	0
- Internal Funding	0	0	0	0	0	0	0	0	0	0	0	0
<b>Fishergate Postern</b>	<b>35</b>	<b>35</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>35</b>	<b>0</b>
- External Funding	0	0	0	0	0	0	0	0	0	0	0	0
- Internal Funding	35	35	0	0	0	0	0	0	0	0	35	0
<b>Castle Mills Car Park</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
- External Funding	0	0	0	0	0	0	0	0	0	0	0	0
- Internal Funding	0	0	0	0	0	0	0	0	0	0	0	0
<b>Holgate Park Land - York Central Land and Clearance</b>	<b>384</b>	<b>384</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>384</b>	<b>0</b>
- External Funding	0	0	0	0	0	0	0	0	0	0	0	0
- Internal Funding	384	384	0	0	0	0	0	0	0	0	384	0
<b>Holgate Park Land Building Clearance - York Central</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
- External Funding	0	0	0	0	0	0	0	0	0	0	0	0
- Internal Funding	0	0	0	0	0	0	0	0	0	0	0	0
<b>Hazli Court - Office of the Future Improvements</b>	<b>150</b>	<b>150</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>150</b>	<b>0</b>
- External Funding	0	0	0	0	0	0	0	0	0	0	0	0
- Internal Funding	150	150	0	0	0	0	0	0	0	0	150	0
<b>Strenall and Towthorpe</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
- External Funding	0	0	0	0	0	0	0	0	0	0	0	0
- Internal Funding	0	0	0	0	0	0	0	0	0	0	0	0
<b>Asset Maintenance</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>500</b>	<b>0</b>
- External Funding	0	0	0	0	0	0	0	0	0	0	0	0
- Internal Funding	100	100	100	100	100	100	100	100	100	100	500	0
<b>Community Asset Transfer</b>	<b>175</b>	<b>175</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>175</b>	<b>0</b>
- External Funding	0	0	0	0	0	0	0	0	0	0	0	0
- Internal Funding	175	175	0	0	0	0	0	0	0	0	175	0
<b>River Bank repairs</b>	<b>200</b>	<b>200</b>	<b>200</b>	<b>200</b>	<b>200</b>	<b>120</b>	<b>120</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>520</b>	<b>0</b>
- External Funding	0	0	0	0	0	0	0	0	0	0	0	0
- Internal Funding	200	200	200	200	120	120	120	0	0	0	520	0

	2013/14 Budget 13/14 Process \$000	2013/14 Revised Budget \$000	2013/14 Budget 13/14 Process \$000	2014/15 Revised Budget \$000	2013/14 Budget 13/14 Process \$000	2015/16 Revised Budget \$000	2013/14 Budget 13/14 Process \$000	2016/17 Revised Budget \$000	2013/14 Budget 13/14 Process \$000	2017/18 Revised Budget \$000	Gross Capital Programme To be Funded 13/14 - 17/18 \$000	Gross Capital Programme Movements 13/14 - 17/18 \$000
- External Funding	0	0	0	0	0	0	0	0	0	0	0	0
Internal Funding	200	200	200	200	120	120	0	0	0	0	0	520
Contingency and Contingency	0	360	0	0	0	0	0	0	0	0	0	0
External Funding	0	0	0	0	0	0	0	0	0	0	0	0
Internal Funding	0	350	0	0	0	0	0	0	0	0	0	350
<b>TOTAL GROSS EXPENDITURE</b>	<b>475</b>	<b>2,023</b>	<b>300</b>	<b>400</b>	<b>220</b>	<b>320</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>3,743</b>	<b>1,195</b>
<b>TOTAL INTERNAL FUNDING</b>	<b>475</b>	<b>2,288</b>	<b>300</b>	<b>400</b>	<b>220</b>	<b>320</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>3,708</b>	<b>1,195</b>
<b>CESS - IT equipment</b>												
- External Funding	0	750	0	750	0	750	0	750	750	750	3,750	750
Internal Funding	0	0	0	0	0	0	0	0	0	0	0	0
<b>TOTAL GROSS EXPENDITURE</b>	<b>0</b>	<b>750</b>	<b>0</b>	<b>750</b>	<b>0</b>	<b>750</b>	<b>0</b>	<b>750</b>	<b>750</b>	<b>750</b>	<b>3,750</b>	<b>750</b>
<b>TOTAL INTERNAL FUNDING</b>	<b>0</b>	<b>750</b>	<b>0</b>	<b>750</b>	<b>0</b>	<b>750</b>	<b>0</b>	<b>750</b>	<b>750</b>	<b>750</b>	<b>3,750</b>	<b>750</b>
<b>CESS - Admin Accommodation</b>												
Admin Account	0	1,468	0	0	0	0	0	0	0	0	1,468	0
- External Funding	0	0	0	0	0	0	0	0	0	0	0	0
Internal Funding	0	1,468	0	0	0	0	0	0	0	0	1,468	0
<b>TOTAL GROSS EXPENDITURE</b>	<b>0</b>	<b>1,468</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>1,468</b>	<b>0</b>
<b>TOTAL INTERNAL FUNDING</b>	<b>0</b>	<b>1,468</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>1,468</b>	<b>0</b>
<b>Miscellaneous</b>												
Contingency	300	300	0	0	0	0	0	0	0	0	0	300
- External Funding	0	0	0	0	0	0	0	0	0	0	0	0
Internal Funding	300	300	0	0	0	0	0	0	0	0	0	300
<b>TOTAL GROSS EXPENDITURE</b>	<b>300</b>	<b>300</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>300</b>
<b>TOTAL INTERNAL FUNDING</b>	<b>300</b>	<b>300</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>300</b>
<b>Economic Infrastructure Fund</b>												
Access York Phase 1	2,770	347	0	0	0	0	0	0	0	0	3,117	0
- External Funding	0	83	0	0	0	0	0	0	0	0	83	0
Internal Funding	2,687	347	0	0	0	0	0	0	0	0	3,034	0
<b>Better Bus Fund</b>												
- External Funding	0	770	0	0	0	0	0	0	0	0	770	0
Internal Funding	0	0	0	0	0	0	0	0	0	0	0	0
<b>Re-invigorate York</b>												
- External Funding	1,300	1,200	0	0	0	0	0	0	0	0	2,500	0
Internal Funding	90	1,200	0	0	0	0	0	0	0	0	90	0
<b>EIF central fund</b>												
- External Funding	0	960	0	5,253	0	6,800	0	5,800	100	100	18,813	0
Internal Funding	0	1,627	0	1,900	0	1,800	0	1,800	750	750	7,027	0
<b>TOTAL GROSS EXPENDITURE</b>	<b>4,860</b>	<b>3,453</b>	<b>0</b>	<b>7,153</b>	<b>0</b>	<b>8,600</b>	<b>0</b>	<b>7,600</b>	<b>850</b>	<b>850</b>	<b>23,200</b>	<b>0</b>
<b>TOTAL INTERNAL FUNDING</b>	<b>4,860</b>	<b>5,080</b>	<b>0</b>	<b>5,000</b>	<b>0</b>	<b>5,000</b>	<b>0</b>	<b>4,800</b>	<b>0</b>	<b>0</b>	<b>15,800</b>	<b>0</b>
<b>Gross Expenditure by Department</b>												
ACE - Children's, Education and Skills	0	9,588	0	5,352	5,125	5,125	5,125	5,125	5,125	5,125	30,325	15,375
ACE - Adult Services	0	952	0	515	525	525	400	400	400	400	2,792	800
CANS - Culture, Leisure and Public Realm	680	2,673	150	906	0	0	0	0	0	0	3,579	830
CANS - Highways, Fleet and Waste	1,498	4,404	803	3,657	200	3,397	200	2,934	2,639	2,639	17,011	5,340
CANS - Housing & Community Safety	5,034	16,646	243	9,644	1,639	9,969	-155	9,932	8,421	8,421	54,812	15,182
CES - Strategic Planning & Transport	650	18,011	0	4,350	2,623	2,715	2,623	2,713	2,713	2,713	30,500	8,609
CES - Community Stadium	0	3,229	0	0	0	0	0	0	0	0	3,229	0
CES - Economic Development	0	0	0	0	0	0	0	0	0	0	0	0
CESS - Asset Management	475	2,223	300	400	220	320	100	100	100	100	3,743	1,195
CESS - IT equipment	0	750	0	750	0	750	0	750	750	750	3,750	750
CESS - Admin Accommodation	0	1,468	0	0	0	0	0	0	0	0	1,468	0
Miscellaneous	300	300	0	6,800	0	6,800	0	5,800	0	0	14,600	300
Economic Infrastructure Fund	0	0	0	0	0	0	0	0	0	0	24,200	300
<b>Total by Department</b>	<b>8,657</b>	<b>65,844</b>	<b>1,498</b>	<b>35,354</b>	<b>9,887</b>	<b>23,558</b>	<b>8,263</b>	<b>27,754</b>	<b>20,148</b>	<b>20,148</b>	<b>175,708</b>	<b>46,381</b>
<b>Total External Funds by Department</b>												
ACE - Children's, Education and Skills	0	9,398	0	5,352	5,125	5,125	5,125	5,125	5,125	5,125	30,135	15,375
ACE - Adult Services	0	427	0	0	0	0	0	0	0	0	427	0
CANS - Culture, Leisure and Public Realm	350	1,418	50	556	0	0	0	0	0	0	1,974	400
CANS - Highways, Fleet and Waste	318	2,674	1,857	1,857	2,047	2,047	0	1,584	1,489	1,489	9,051	1,980
CANS - Housing & Community Safety	-968	4,832	-710	4,937	-913	5,380	-1,911	6,424	5,505	5,505	27,078	1,003
CES - Strategic Planning & Transport	0	16,063	0	4,132	2,623	2,623	2,623	2,623	2,623	2,623	28,064	7,869
CES - Community Stadium	0	0	0	0	0	0	0	0	0	0	0	0
CES - Economic Development	0	0	0	0	0	0	0	0	0	0	0	0
CESS - Asset Management	0	35	0	0	0	0	0	0	0	0	35	0
CESS - IT equipment	0	0	0	0	0	0	0	0	0	0	0	0
CESS - Admin Accommodation	0	0	0	0	0	0	0	0	0	0	0	0
Miscellaneous	0	0	0	0	0	0	0	0	0	0	0	0
Economic Infrastructure Fund	0	1,800	0	1,800	0	1,800	0	1,800	0	0	7,200	0

	2013/14 Budget 13/14 Process \$000	2013/14 Revised Budget \$000	2013/14 Budget 13/14 Process \$000	2014/15 Revised Budget \$000	2013/14 Budget 13/14 Process \$000	2015/16 Revised Budget \$000	2013/14 Budget 13/14 Process \$000	2016/17 Revised Budget \$000	2013/14 Budget 13/14 Process \$000	2017/18 Revised Budget \$000	Gross Capital Programme To be Funded 13/14 - 17/18 \$000	Gross Capital Programme Movements 13/14 - 17/18 \$000
<b>Total External Funds by Department</b>	-300	35,644	-487	15,644	6,835	16,975	5,837	17,556	14,742	14,742	103,964	26,627
<b>Total CYC Funding required by Department</b>	0	190	0	0	0	0	0	0	0	0	190	0
ACE - Children's Education and Skills	0	525	0	515	0	525	0	400	400	0	2,365	800
ACE - Adult Services	330	1,255	100	350	0	0	0	0	0	0	1,605	430
CANS - Culture, Leisure and Public Realm	1,180	2,300	630	1,750	200	1,350	200	1,350	1,150	1,150	7,960	3,360
CANS - Highways, Fleet and Waste	6,002	12,014	953	4,707	2,552	4,589	1,756	3,508	2,916	2,916	27,734	14,179
CES - Housing & Community Safety	650	1,948	0	218	0	90	0	90	90	0	2,436	740
CES - Strategic Planning & Transport	0	3,229	0	0	0	0	0	0	0	0	3,229	0
CES - Community Stadium	0	0	0	0	0	0	0	0	0	0	0	0
CES - Economic Development	0	0	0	0	0	0	0	0	0	0	0	0
CES - Asset Management	475	2,788	300	400	220	320	100	100	100	100	3,708	1,195
CBSS - IT equipment	0	750	0	750	0	750	0	750	750	750	3,750	750
CBSS - Admin Accommodation	0	1,468	0	0	0	0	0	0	0	0	1,468	0
Miscellaneous	300	300	0	0	0	0	0	0	0	0	300	300
Economic Infrastructure Fund	0	4,000	0	5,000	0	5,000	0	4,000	0	0	16,000	0
<b>Total CYC Funding required</b>	8,837	30,937	-1,983	13,720	2,972	12,624	2,456	10,198	5,406	5,406	72,745	21,754
<b>TOTAL GROSS EXPENDITURE</b>	8,637	66,844	1,496	32,364	9,807	29,599	8,293	27,754	20,148	20,148	176,709	48,381
<b>TOTAL EXTERNAL FUNDING</b>	-300	36,047	-487	15,644	6,835	16,975	5,837	17,556	14,742	14,742	103,964	26,627
<b>TOTAL INTERNAL FUNDING</b>	8,937	30,937	1,983	13,720	2,972	12,624	2,456	10,198	5,406	5,406	72,745	21,754



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**Cabinet****12 February 2013**

Report of the Cabinet Member for Corporate Services

**Discretionary & Mandatory Business Rate Relief and Discounts****Summary**

1. The purpose of this paper is to provide Cabinet with details of the new power to grant business rate Discounts. It also sets out the changes to existing discretionary and mandatory rate relief when business rates are localised in April 2013. The report provides draft policies and procedures for dealing with both Business Rate Reliefs and Business Rate Discounts for Cabinet approval. .

**Background**

2. Current legislation provides business rate reliefs both mandatory and discretionary to specific types of business only. The main reliefs are:
  - Small Business Rate Relief (Rateable value below £12,000)
  - Charitable and Discretionary (Non for profit and charitable organisations)
  - Rural Rate Relief (Rural villages with populations below 3,000)
3. In respect of Charitable rate relief billing authorities by law are required to provide 80% mandatory rate relief (Which until 31<sup>st</sup> March 2013 is met in full by Central Government) from full business rate charges where the rate payer is a charity. This relief also applies to Community Amateur Sports Clubs. The Council can top up the mandatory relief

to 100% until 31<sup>st</sup> March 2013 and 25% of this top up will be met by central government. The council also has the power (non-mandatory) to provide up to 100% discretionary relief for other non-profit making organisations. In this case until 31<sup>st</sup> March 2013 75% of the cost is met by central government.

4. When business rates are localised on the 1<sup>st</sup> April 2013 there will be no change in the levels of Mandatory and Discretionary relief available however all costs will be shared with Central Government on a 50/50 basis. This simplifies the system of business rate reliefs removing the complex discretionary and mandatory top ups that existed in the old system. The Council does not initially incur any additional costs due to this change, as the assumed business rates starting point (which determines grants and assumed business rates retained) takes account of existing Mandatory reliefs. However, new Mandatory reliefs will result in effectively a reduction in the amount the Council can collect for that business and the Council will need to meet 50% of any cost.
5. In respect of all other 'for profit businesses' the only power available to council's was in respect of 'hardship' relief. A new power for authorities to grant business rate discounts (different from Mandatory and Discretionary relief) is provided through the Localism Bill. This is a completely new power separate to the existing business rate reliefs. The purpose of this change is to empower local authorities that until now had very little latitude to reduce the tax burden on non-domestic rate payers. Discounts are provided wholly at the council's expense as opposed to all other reliefs where the cost is shared on a 50/50 basis with Central Government.
6. The Governments objective for business rate discounts is to provide greater opportunity for local authorities to use innovative approaches in delivering a wide range of policy objectives through use of this new power. The rationale is that through lowering the tax burden on local business there will be greater cash flow leading to more investment, retained or higher employment which in turn will deliver improved economic performance.



7. The new power to grant discounts gives local authorities complete discretion allowing them to give no discounts at all through to the extreme of providing a 100% to all businesses. The key issue is that the amount of discount provided must be funded in totality by the council (EU State Aid rules apply) as opposed to discretionary reliefs where the funding is met on a 50/50 basis with Central Government.

### **Business Rate Discounts Policy**

8. The new unfettered power to grant business rate discounts requires a policy to be developed that will provide a proper framework to manage any applications that may arise. The key aspects to be considered include:
  - The full cost of a Discount falls on the council whereas Discretionary Reliefs are shared on a 50/50 split with Central Government
  - Any administrative costs would fall upon the council
  - Reduced bills to business may potentially lead to further investment delivering increased employment
  - any policy and the new power may help in delivering policy objectives i.e. employment and economic growth
  - State aid rules apply

### **Policy Considerations**

9. The development of a policy should be done within the existing framework of council procedures, including the budget process and governance arrangements. The type of criteria that may be considered when evaluating applicants would include healthy financial accounts, provides economic and financial benefits and is in line with the council plan and strategic objectives. Attached at Annex A of this report is a draft Policy that sets out a way that the council may wish to manage this new power.
10. The implementation of any policy that seeks to consider supporting local businesses through the use of discounts will create an administrative process. This will need to be as

streamlined as possible but will need to include an application process, due diligence in terms of looking at business accounts, monitoring and annual review. There are currently over 6,000 businesses in the city who could apply.

### **Mandatory and Discretionary Rate Relief**

11. As set out at paragraph 4 from the 1<sup>st</sup> April 2013 all new mandatory and discretionary rate relief will be shared on a 50/50 basis with Central Government. The sharing of all reliefs on this basis means that where we were receiving only a 25% contribution from Central Government on the discretionary element in relation to mandatory awards this will increase to 50% and in the case of discretionary awards where the contribution was 75% this will fall to 50%. The net impact of this delivers a small reduction on the cost of existing discretionary awards as set out in table 1 below.

Table 1

<b>Discretionary Relief</b>	<b>Current Scheme</b>	<b>New Scheme</b>	<b>Variation</b>
Charities (Mandatory)	£100,643	£67,095	£33,548
Non For Profit Enterprise (Mandatory)	£16,895	£11,135	£5,760
Community and Amateur Sports Clubs (Discretionary)	£5,568	£11,263	-£5,695
Rural Rate Relief (Discretionary)	£11,350	£22,700	-£11,350
<b>Total</b>	<b>£134,456</b>	<b>£112,193</b>	<b>£22,263</b>

12. Movements and adjustments in Mandatory and Discretionary rate relief from 1<sup>st</sup> April 2013 will be dealt with through our statutory Business Rate Returns. The change in the business rates scheme means that the old practice of awarding discretionary payments from decentralised budgets requires review and is considered later in this report.
13. Table 2 below shows the level of discretionary relief budgets by directorate in 2012/13:

Table 2

<u>Directorate</u>	<u>Type of Recipient</u>	<u>Budget £K</u>
OCE	12 Orgs - CAB, CVS, York Childcare etc	13
ACE (Adults)	13 Orgs – Age Concern, Samaritans	8
ACE (Education)	11 Orgs – Voluntary Aided Church Schools)	40
CAN's (Neighbourhoods)	25 Orgs – Mainly Community Centres	15
CAN's (Leisure)	60 Orgs – Sports clubs, Theatre Arts Groups	43
CBSS (Rural Rate Relief)	28 Orgs – Mainly rural shops	9
<b>Total</b>		<b>128</b>

14. In most cases discretionary relief is awarded for a period of two years. If relief is to be removed the recipient organisation must be provided with 12 months notice on or before the 31<sup>st</sup> March prior to the year in which the relief will be removed.
15. Table 3 below shows the estimated value of existing mandatory reliefs:

Table 3

<u>Mandatory Relief 2013/14</u>	<u>Value £K</u>
Charities	7,964
Community Amateur Sports Clubs	150
Rural Shops, Post Offices, Public Houses & Petrol Stations	11
<b>Total</b>	<b>8,125</b>

### **Discretionary rate relief process**

16. Various service areas across the council as set out a Table 2 currently administer discretionary rate relief. Awards are normally provided by these service areas on an annual or bi-annual basis to the recipients. As new mandatory reliefs are

made from 1<sup>st</sup> April 2013 the cost to the council will increase although the impact of the new mandatory reliefs will not directly affect directorate budgets but instead will be reflected in the calculation of the local/central share.

17. The key consideration post 1<sup>st</sup> April 2013 is that any new awards of mandatory or discretionary relief will create a higher level of cost to the council. As the Mandatory element (The minimum relief we must provide 80%) will be split on a 50/50 basis with Central Government whereas prior to 1<sup>st</sup> April 2013 the Government met the whole 80%. Most organisations in York eligible for mandatory relief are already in receipt. It is not therefore envisaged that there will be a high number of new Mandatory awards or that any that arise will have particularly large costs although any non-domestic further development or relocation of large charitable organisations for example York University could have a more material impact.
18. To ensure that the council is fully aware of the financial implications of any reliefs, and to ensure a consistent and coordinated approach to reliefs, it is proposed that the current budgets that are decentralised will be consolidated into one fund and that one single process is adopted. All current commitments will be maintained. The new process set out at Annex B for dealing with applications and renewals is approved.

## **Funding**

19. The current process for managing discretionary rate relief has been devolved to the directorates for a number of years. This process has worked successfully and the application processes are well developed. The key change under the new scheme from 1<sup>st</sup> April 2013 is that the financial element of discretionary rate relief will be dealt with through the local/central share. The directorates will continue to receive and process the applications ensuring that the organisations requesting mandatory relief meet the qualifying criteria.
20. The move to the new funding arrangements supports the move to centralise the existing discretionary budgets as set out at paragraph 18. This centralisation will provide the initial

funding for existing and new awards of discretionary relief going forward. As the new system of localised business rates becomes established and if this continues to reflect York's economic growth consideration can be given to growing the funding. This could then be made available for both further discretionary rates reliefs and also to provide funding for the new power of business rate discounts which would look to support further growth of the commercial sector.

## Options

- 21 There are no specific options associated with this report.

## Analysis

- 22 Details of the implications associated with the recommendations of the paper are set out in Paragraph 2 – 20.

## Council Plan 2011 - 15

- 23 The impact of the powers to provide business rate discounts contained within the Localism Act and discretionary rate relief in the Finance Act could impact directly or indirectly on several of the council's priorities that create the Council Plan 2011 - 15. This specifically includes:
- a) Protecting vulnerable people
  - b) Building strong communities
  - c) Creating jobs and growing the economy

## Implications

- (a) **Financial** – The changes mean that any new Mandatory Awards, or Discretionary awards will now be met 50% by the Council. In respect of mandatory awards this could have a significant impact should a major organisation become entitled to Mandatory award. Existing Council funding will be used to fund existing Discretionary awards. There is currently no funding

allocated towards Business Rate Discounts, so any new Discounts would require careful consideration as part of the future budget process. In the medium term it may be possible to begin to create a fund from Business rate Discounts, enabling a more flexible approach, but this is dependant upon future business rate growth to create the financial capacity.

(b)**Human Resources (HR)** - There are no implications

(c)**Equalities** – There are no direct 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 implications

## **Risk Management**

- 24 The key risk associated with both business rate discounts and discretionary reliefs is a financial one. The risk will not be high and will be in the control of the authority providing proper policies and procedures are put in place and adhered to. The one risk that will remain outside of our control will be in respect of a high rateable value claim for mandatory relief which by law we will be required to provide.

## **Recommendations**

- 25 Cabinet are asked to:
- a. approve the draft business rate discount policy attached at Annex A;

### Reason

*To provide a policy to deal with any requests for business rate discounts.*

- b. approve the discretionary business rate relief process attached at Annex B.

Reason

*To provide a policy and process to manage future requests for discretionary rate relief that allows for proper consideration of the financial impact of any award.*

**Contact Details**

<b>Author:</b>	<b>Cabinet Member &amp; Chief Officer Responsible for the report:</b>		
David Walker Head of Financial Procedures Phone No. 01904 552261	Councillor Julie Gunnell, Cabinet Member for Corporate Services  Ian Floyd Director of Customer and Business Support Services		
	<b>Report Approved</b>	<input checked="" type="checkbox"/>	<b>Date</b> 1 February 2013
<b>Specialist Implications Officer(s)</b> Financial: Ian Floyd, Director of CBSS Tel: 551100			
<b>Wards Affected:</b> List wards or tick box to indicate all			<b>All</b> <input checked="" type="checkbox"/>

**For further information please contact the author of the report**

**Background Papers**

DCLG – Localism Bill: discretionary Business Rate discounts

**Annexes**

Annex A – Draft Business Rate Discount Policy

Annex B – Draft Discretionary Business Rate Process

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# **City of York Council**

## **Discretionary Business Rate Discount Policy**

### **OVERVIEW**

This policy provides the councils guidance in relation to discretionary business rate discounts. It provides the principles upon which the council will deal with any application that may be received.

**Version 1 February 2012**

## Background

1. The power for local authorities to grant business rate discounts is provided through the Localism Bill and came into effect on 1<sup>st</sup> April 2012. The purpose of this change is to empower local authorities that until now had very little latitude to reduce the tax burden on non-domestic rate payers. At present local authorities are only able to provide some limited discretionary rate relief (at its own expense) to not for profit organisations and topping up the mandatory relief provided by Central Government
2. The Government's objective for this change is to provide greater opportunity for local authorities to use innovative approaches in delivering a wide range of policy objectives through use of this new power..
3. The change in powers allows local authorities complete discretion allowing them to give no discounts at all through to the extreme of providing a 100% to all businesses. The key issue is that the amount of discount provided must be funded in totality by the council.
4. This policy provides the principles of how the council will apply this power.

## Business Rate Discounts

5. The council cannot commit to provide business rate discounts to all or any businesses that may directly request one. The Government have made it clear within the Localism Act that the provision of business rate discounts is not a requirement but is a discretionary power. In providing any discount the council must also comply with the European State Aid rules.
6. The cost of any business rate discount granted will fall upon the local Council as any funding provided must come directly from council budgets. .
7. The localisation of business rates with effect from the 1<sup>st</sup> April 2013 may through continued economic growth and greater retained income help to provide funding against which applications can be considered.
8. This policy provides clarity in respect of how any application will need to be considered the formal process is set out at paragraph 13 – 16.

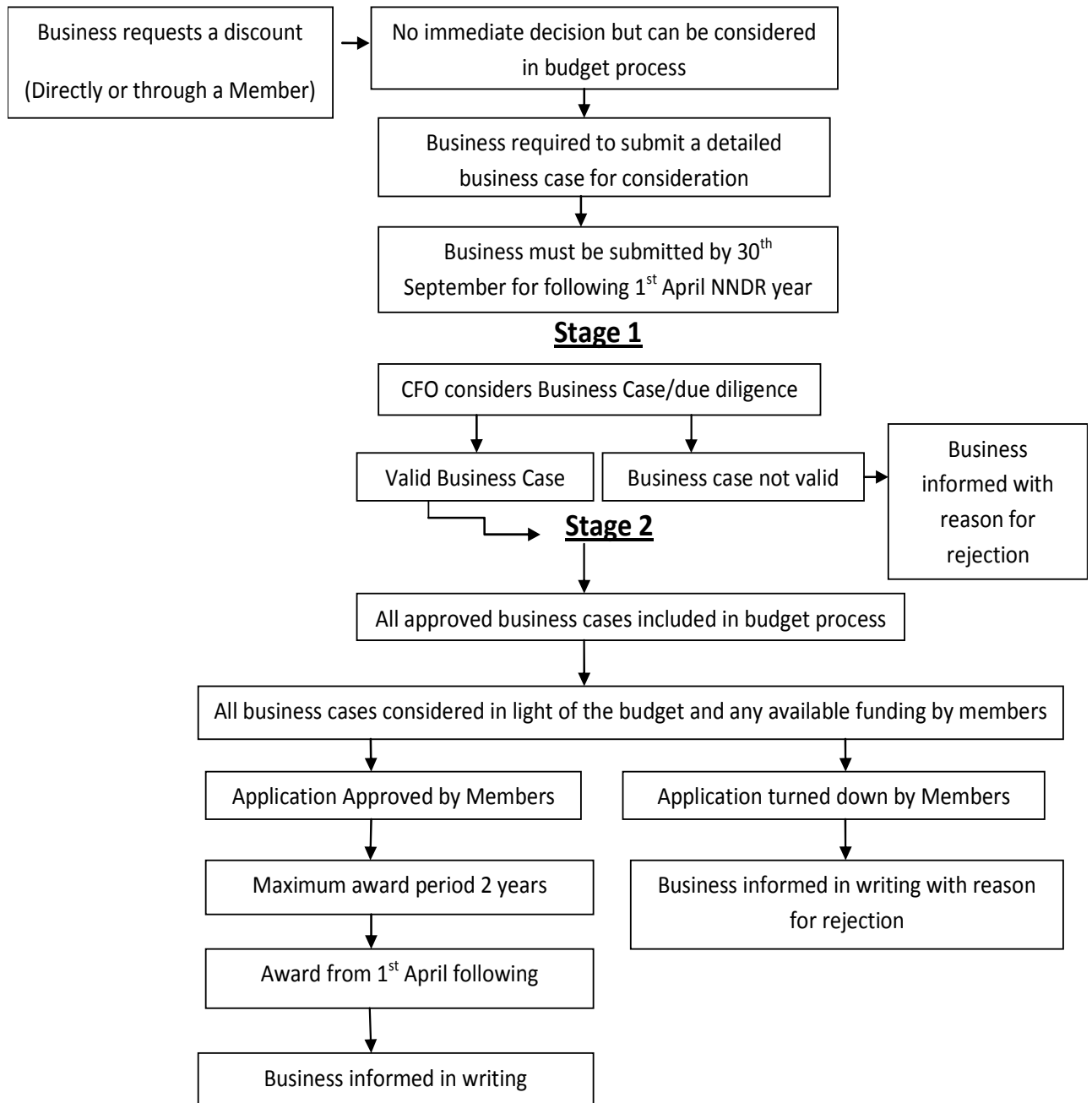
**Council Discretion**

9. The council operates strategically taking into account the medium and longer term challenges it faces. The key components of its strategic framework include the Council Plan, Medium Term Financial Forecast, Budget and Local Development Framework.
10. In managing its strategic objectives utilisation of new local powers including business rate discounts can be a useful tool. There may be circumstances where it is to the benefit of the council and the community as a whole to provide an element of discount.
11. It is important that any decision to provide a discount is based upon the council's strategic objectives and is rigorously controlled. This will avoid external criticism from both the business community and local tax payer. It will also ensure that a formal process to consider the financial implications has been undertaken and that the decision is both democratic and transparent.

**Managing the Process**

12. To ensure transparency and fairness any consideration to award a business rate discount must have a clear and measurable link to a council objective. In addition the business must provide a clear business case setting out the benefits to the council and its tax payers of providing any such discount.
13. The business case considered in the budget process must contain the full financial impact on the council along with measurable medium and longer term benefits.
14. Where the council chooses to consider requests for discounts it will do so through its current budget process and in line with its strategic objectives. The process will occur only once each year and has specific timelines and cut off points to ensure clarity for the applying business as well as officers and Members. Table 1 below sets out the process:

**Table 1**



15. Applications at Stage 1 as set out above (Table 1) must be signed off by the Chief Financial Officer (CFO) for all business cases including due diligence with regards to the applying organisations financial accounts. This will ensure that only business cases that are assessed as been financially sound and in line with the council’s strategic objectives move to Stage 2. Stage 2 is the democratic decision to approve or reject a discount based upon the presented business case and any available funding. This will require as a minimum Cabinet

approval. No discount can move to stage two without the approval of the CFO. There is no right of appeal to either the stage 1 or 2 decision applicants can however make new applications in the following year.

#### **.OBJECTIVES**

16. This policy statement aims to help facilitate the following objectives: -
- I. Achieve the council plan;
  - II. Promote strong economic growth;
  - III. Provide flexibility to support the business community in the achievement of corporate objectives;
  - IV. Help maintain and grow the councils business rate income;
  - V. Assist in maintaining and increasing local employment;
  - VI. Provide a transparent and fair process to manage the new power of discretionary business rate discounts;
  - VII. Minimise the risk of financial loss to citizens, staff and service users;
  - VIII. Maintain a robust framework of controls and procedures in respect of the councils financial transactions;
  - IX. Promote transparent procedures and processes.

#### **PRINCIPLES**

17. The basic principles underpinning this policy are as follows: -
- I. The council wishes to operate in a fair and transparent way ensuring its powers are used sensibly and coherently to benefit the community as a whole;
  - II. The council wants to use where appropriate its powers to help stimulate and develop the local economy to the benefit of it's residents and service users ;
  - III. The council wants to deliver its services through a sound and well maintained corporate governance framework that provides clarity and certainty to both Officers and Members.

#### **EVALUATION AND REVIEW**

18. This policy will be reviewed annually to ensure its continued relevance and to assess its performance against its objectives as set out above.

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## Discretionary Business Rate Process

September
Services send out the relevant applications to existing and new organisations asking for discretionary rate relief
November
By 30th November all requests should be submitted to the NNDR section in Finance. These should be split between existing and new requests
December
NNDR Team will cost the impact of renewing existing awards and the cost of any new awards requested
January
Paper to Cabinet for decision on renewing existing awards and granting of new awards based upon funding available
February
Services made aware of Members decision and successful and unsuccessful applicants made aware

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**Cabinet****12 February 2013**

Report of the Cabinet Member for Environmental Services

**WASTE SERVICES – SERVICE DELIVERY OPTIONS  
2012/2013 & 2013/2014****Background**

1. The Council has a statutory duty to collect waste from households in York. This waste, known as municipal solid waste (MSW), is waste that arises from the normal running of a household. The Council collects household waste and recycling from 85,715 properties across York, carrying out over 7 million 'transactions', and deals with 100,920 tonnes of waste each year (2012/13 estimate). In addition, the Council collects waste through its Household Waste Recycling Centres, bring recycling sites, street cleansing, litter bins and from commercial sources.
2. The Council Plan states: 'The Council is committed to being one of the best performing areas in the country for waste services; we will produce less waste overall. York will continue to promote the value of waste as a natural and viable resource'.

**Strategic Fit**

3. European legislation, and, more recently, national policy, has placed a greater emphasis on waste management. The resultant effect has significant implications for budgets, policy and stakeholder expectations.
4. The Council has a strategic objective set out in the Council Plan to deliver effective and efficient waste management services to the city, in line with its statutory responsibilities. At present it delivers a comprehensive range of waste management services including waste collection systems, household waste recycling centres, public recycling points and landfill and disposal sites.
5. The Council has been set a number of statutory and policy targets for recycling, composting and landfill diversion of household waste.

## **Revised Waste Framework Directive**

6. The Waste Framework Directive was recently reviewed and adopted by the European Union. The requirements of this revised Waste Framework Directive will be reflected in both current and future legislation. The Council will need to ensure that its own strategy fits within the context of the emerging requirements of this Waste Framework Directive. Work is underway to revise the Council's own waste strategy as well as the strategy for the York and North Yorkshire and Waste Partnership. These will be reported to Cabinet later in the Year.

## **The Hierarchy**

7. The waste hierarchy provides a framework of how sustainability in waste management can be achieved. The aim is to move up the waste hierarchy by moving away from a reliance on landfill to increased recycling and composting, re-use, recovery and ultimately waste reduction. It suggests that reducing waste will normally be the best environmental option for waste management and so therefore should be considered before other treatment options. This principle has been employed and York was an early adopter of the principles of Zero Waste. However, when assessing waste management proposals, the waste hierarchy should be used as a guide rather than being applied rigidly. A certain amount of flexibility is needed to arrive at the most balanced environmental, social and economic solution and, inevitably, is likely to contain a mixed solution.

## **Regional Self-Sufficiency**

8. This principle requires that, where practicable, waste should be treated or disposed of within the region it is produced. Each region is expected to provide sufficient facilities and services to manage the amount of waste it is expected to produce over the next 10 years. Not all regions have specialist recovery, recycling or treatment facilities, therefore the proximity principal and economies of scale may not apply in such cases. It is recognised that the best solution for some waste may be to transport it to another region where it can be dealt with more effectively.

## **Local Drivers**

9. Whilst being committed to the concept and principles of zero waste, the Council will continue to recycle, or recover value, from the waste we do

collect. We have been ahead of our statutory targets on recycling for many years; our next target is to seek 50 per cent recycling by 2020. Our current recycling rate is 47 per cent for household waste, which places us in a good position and provides a strong base for further improvement.

10. Improving our recycling rate will be our focus and, as well as looking to expand on the range of materials we collect, we will maintain a strong focus on increasing current levels of recycling participation across York.

### **Service Delivery**

11. The Council is committed to providing the best possible service to its residents and businesses. We will continue to provide services that are efficient, cost effective and focussed on the customer. We will aim to 'get it right first time', engaging with customers on important issues and ensuring that we are responsive to the needs of all our customers.
12. The Council will continue to provide for the collection and disposal of waste and recycling directly from residents and make provision for the disposal of extra, or bulky, waste through household waste sites, public recycling points or one off, chargeable, collections.

### **Future Disposal**

13. City of York Council and North Yorkshire County Council have awarded a 25 year contract to Amey Cespa for the management of residual waste in York and North Yorkshire. Residual waste will be processed to recover value after local waste prevention, reuse and recycling activities have taken place. This will reduce the amount of waste currently going to landfill by at least 90%.
14. Planning permission has been granted for a facility to the East of Harrogate and work is progressing toward closure of the complex financial arrangements underpinning this scheme. Any changes we propose to make to either the current collection or disposal arrangements will have to be carefully analysed to ensure that they do not cause either operational or financial 'conflict' with the contractual arrangements agreed with Amey Cespa.

### **Environmental Sustainability**

15. The Council has set objectives in the Council Plan to protect the natural and built environment of York and become one of the best performing

waste services. The recommendations outlined in this report, and the commitment to the principles of zero waste, will help the Council achieve those commitments.

16. The Council will work with the public, private, community and voluntary groups to ensure that all waste activity in York contributes to the objectives set out above.
17. Other local authorities that have introduced similar measures as detailed in this report have seen no increase in fly tipping or other environmental crime. The Council is proposing to 'top slice' some of the overall savings to ensure that proper monitoring and enforcement activity, where required, can be carried out properly. The precise nature of this monitoring will be determined through the Smarter York initiative.

### **Financial Sustainability**

18. The Council is facing challenging financial circumstances requiring a fundamental consideration of service delivery. A thorough review of waste services has been undertaken to develop options for future service delivery. By implementing the options outlined and recommended in this report, the Council will be able to continue providing a high quality waste collection and disposal service that is financially sustainable and provides a robust base for future growth.

### **Social Enterprise and the Third Sector**

19. The Council recognises that social enterprise has an important role to play in the delivery of localised service delivery. We have already established a model for this with the work being done by Friends of St Nicholas Fields (FoSNF), who undertake some recycling collections in the city centre.
20. Capacity in the third sector is currently limited and the Council is keen to explore opportunities to build capacity within the community. We also want to engage with those organisations willing to look at local service delivery models, not just those related to waste management. This will take time and will be subject to a future report.

### **Budget Situation**

21. Given the challenging financial situation facing the Council, a review of services has been undertaken to deliver savings and efficiencies. The table below sets out relevant savings and efficiencies which were approved at Budget Council in February 2012:

Ref	Description	2012/13 budget reduction	2013/14 budget reduction
CANS 103	Policy review – options for reducing cost of garden waste	£50k	£200k
CANS 31	Rationalise waste rounds	£150k	£150k
CANS 101	Policy Review - Charging for replacement bins unless it is the Council's responsibility, in line with other Councils.	£50k	£0
CANS 33	Review of policies at HWRCs by considering options for reducing costs	£50K	£75K
CANS 32	Close Beckfield Lane HWRC, changes to contractual arrangements at Towthorpe.	£100k	£30k

22. The following sections, referenced to the table above, outline some of the areas that have been investigated and identify proposals that facilitate continued service provision but with a reduced cost base.

### **Garden Waste Collections (CANS 103)**

23. Budget Council approved a saving and efficiency programme of £250k in the annual waste services budget relating to the collection and disposal of garden waste. This is to be achieved over the 2 financial years, 2012/13 and 2013/14. This reduction represents 2.9 per cent of our total collection and disposal budget of £8,780k (11/12 base budget) but a more significant percentage of the current budget expenditure on garden waste. A summary of current costs is attached as Appendix A to this report.

24. In order to continue providing the current level of service, a number of options have been investigated and researched. Other Councils in England, who have already introduced some of these options, have been consulted to identify key implementation and delivery issues. The options that have been investigated, and considered viable in York, are:

- To introduce a charge for garden waste collections, either all year or just through the winter period (November to March each year)
- To introduce an annual charge for additional garden waste bins or swap garden bin(s) for home composters
- To introduce a food waste collection and combine this with existing garden waste collections
- To test the market to see if a lower garden waste disposal cost can be achieved.
- To assess the market and see if garden waste has any value as a commodity
- To suspend the winter garden waste collections between November and March each year
- To examine the potential for all, or part, of the service to be undertaken by social enterprise or community groups

### **Policy Review - Additional and Replacement Containers (CANS 101)**

25. Budget Council also approved the introduction of charging for the provision of replacement waste and recycling containers. This was based on achieving an expected income to commence in 2012/13. Further detail on this option is attached as Appendix B to this report and the table below summarises the expected financial position in regard to this savings target:

Option No.	Option Description	Appendix Reference
1	Charge for replacement containers as per rates in Para 10 of Appendix B	B
	Two year savings target (£000)	£50
	Savings from options (£000)	£122

### **Household Waste Recycling Centres (CANS 32 and CANS 33)**

26. Budget Council also approved efficiencies and savings relating to the management of the Council's Household Waste Recycling Centres.

There were a number of elements to this, totalling a reduction in budget by £255k, from 2012/13.

The CANS 32 target of £130K related to closing Beckfield Lane HWRC and making further changes to some other contractual arrangements. In 2012/13, the Council has achieved £102K of savings in this area.

CANS 33, and the balance of CANS 32, equals a savings target of £125K. A number of further options have been examined in order to deliver against this target and these are outlined in the table below, with detailed analysis contained in the appropriate Appendix:

Option No.	Option Description	Appendix Reference
1	Amending opening hours at Towthorpe	C
2	Introducing charges for some types of waste, particularly those that are difficult to treat or dispose of	D
5	Introduce identity scheme for York residents and charge non-York residents for use of sites	D
6	Implement some further restrictions through the existing household waste site permit scheme	E
	Two year savings target (£000)	125
	Savings from options (£000) (net of any income that might be received through charges to non-York residents or savings made through amendment of Towthorpe opening hours)	159

## **Consultation**

27. Experience from other local authorities suggests that consultation with residents is essential where a significant change in service is proposed. These include: options for garden waste and amending opening hours at Towthorpe HWRC. A comprehensive consultation exercise will be carried out following approval of this report by Cabinet. This will include telephone interviews of 500 York residents, a targeted on-line survey with part of the "Talk About" panel (500 panel members will be invited) and an on-line survey open to all York residents. Face to face consultation will be carried out at the Towthorpe HWRC with site users. The results from this comprehensive consultation exercise will be reported back to Cabinet in spring 2013 with recommendations for members to consider.
28. The York Customer Centre and the City and Environmental Service Business Support team will be central to implementation of any charging schemes and will be consulted to ascertain the impact and staffing implications on their services.
29. Any introduction of charges for services must be underpinned by effective administrative arrangements which address:
- Dealing with enquiries and complaints regarding the changes to systems and services.
  - Receiving and processing payments (whether by direct debit, card, cheque, Do It On-line facility).
  - Receiving and processing appropriate documentation.
  - Ensuring that the principles of Smarter York are followed at all times throughout internal and external processes.

## **Communications**

30. It will be essential to effectively communicate the details of all service changes with residents, Council frontline staff and other stakeholders. To facilitate this, a detailed communications plan has been completed.
31. The communications plan includes the following:
- Advertise and promote the public consultation (co-ordinated by the Business Intelligence team) to follow on from Cabinet consideration of this report;
  - Dedicated information on the Council's website;
  - Press releases;



- Use of social media (Twitter and Facebook);
- Briefings and FAQs for frontline and operational staff;
- Adverts and articles in commercial press, Your Local Link and Council newsletters (where timings are suitable).

### Council Plan Priorities

32. The options outlined in this report will fully contribute to our corporate priorities by protecting the environment and seeking to be a top performing waste authority.

### Implications

33. This report has the following implications:

### Financial

34. The known financial implications, prior to consultation, are summarised below:

Savings Reference	Description	Two Year Savings Target £'000	Assumed two year savings following recommendations £'000	Notes
CANS 32	Close Beckfield Lane Household Waste Recycling Centre (HWRC) and make changes to contractual arrangements at Towthorpe. Seek housing use for Beckfield Lane site.	130	22	Closure of Beckfield Lane HWRC
			80	Review of contractual arrangements for dealing with Waste Electricals and Electronic equipment

CANS 33	Review of policies at Household Waste Recycling Centres by considering options for reducing costs.	125	Tbc following consultation	Amended opening hours at Towthorpe Consultation on this option is recommended so no assumption is made on savings at this stage.
			92	HWRC Charge for brick and rubble
			16	HWRC Charge for bonded asbestos
			15	HWRC Charge for plasterboard
			6	HWRC Charge for gas cylinders
			30	Amendments to current HWRC Permit Scheme
CANS 101	Policy Review - Charging for replacement bins unless it is the Council's responsibility, in line with other Councils.	50	122	Charge residents for replacement residual waste bins and recycling containers

CANS 103	Policy Review – Consider options for reducing the cost of garden waste to the tax payer.	250	tbc following consultation	Consultation on options is required so no assumption is made on savings at this stage.
CANS 109	Rationalise contract for Bulky Goods/Clinical Items.	25	tbc	Further work is being undertaken on this option to identify delivery models and options.
	Monitoring and enforcement		-15	Funded from savings and determined through Smarter York process
Total		580	368*	*Savings from garden waste and Towthorpe options to be added following confirmation of outcome of consultation.

### Human Resources (HR)

35. There are no HR implications directly associated with the options in this report.

### Equalities

36. Community Impact assessments have been completed to assess the implications of the changes recommended in this report. These assessments will be updated as required to take account of the consultation proposed in this report.

## **Legal**

37. The Council has a duty under section 45 of the Environmental Protection Act 1990 to arrange for the collection of household waste. Generally no charge can be levied for such a collection but the Controlled Waste Regulations of 2012 permit a charge for the collection of garden waste. In addition the Council has a power to specify under section 46 of the 1990 Act the kind and number of receptacles to be used. Where the Council provides those receptacles it can levy a charge.
38. Members are aware of their general duties in connection with decision making and, in particular, the “equalities duty” to have ‘due regard’ to the need to eliminate discrimination and to promote equality when making decisions

## **Information Technology (IT)**

40. Work has been carried out to ensure that IT systems are robust and able to deal with the implications outlined in this report – especially those related to charges.
41. Work is also being done with the York Customer Centre to ensure that processes are established to deal with requests and queries related to the implications in this report.

## **Property**

42. There are no property implications as a result of this report.

## **Crime and Disorder**

43. There are no crime and disorder implications as a result of this report.

## **Risk Management**

44. Risks have been identified, especially to the delivery of services against a reduced budget. Any risk of an increase in fly tipping, or other

environmental crime, will be mitigated through additional resources for monitoring and enforcement.

Given the scale of the service changes, and likely consultation with residents, implementing some of the options will take careful planning and publicising. This will mean that some options are not delivered until part way through 2013/14 creating further budget pressures.

Assumptions on levels of savings or revenue have been made in the report based on evidence from other local authorities. Some of these assumptions may not be fully materialised in York and any under achievement against these assumptions will add further budget pressures.

## **Recommendations**

45. Cabinet is requested to:

- (1) Give approval to undertake consultation on the options for garden waste,
- (2) Give approval to undertake consultation on amending the opening hours at Towthorpe HWRC and
- (3) Receive a further report following these consultations before making a final decision.
- (4) Give approval to introduce the changes set out in Paragraphs 25 and 26 with the exception of the changes to the opening hours of Towthorpe HWRC, which are subject to consultation.

**Reason:** To enable the Council to meet its statutory and policy targets and continue to provide a high quality waste collection and disposal service that is financially sustainable and provides a robust base for future growth.

**Contact Details**

<b>Author:</b>	<b>Cabinet Member &amp; Chief Officer Responsible for the report:</b>		
Geoff Derham Head of Waste Services City & Environmental Services	Cabinet Member for Environmental Services: Councillor David Levene  Roger Ranson Assistant Director (Highways, Fleet and Waste Services)		
	<b>Report Approved</b>	✓	<b>Date</b> 31 January 2013
<b>Specialist Implications Officer(s)</b> Patrick Looker - Finance Manager  Shaun Donnelly - Waste Management Officer  Steve Perkins - Interim Waste Advisor			
<b>Wards Affected:</b> List wards or tick box to indicate all		<b>All</b>	✓

**For further information please contact the author of the report**

**Background Papers:** None

**Appendices**

Appendix A – Garden Waste Collections

Appendix B – Charging for additional and replacement bins

Appendix C – Review of Towthorpe HWRC opening

Appendix D – Review of Policies and Charges at HWR Centres

Appendix E – Review of Permits Scheme

**Appendix A****Garden waste collections (CANS 103):**

## Background information

1. Kerbside garden waste collections are a convenient and popular way for residents to deal with garden waste. The collections also reduce landfill tax payments made by the council, as they divert garden waste to composting instead of going to landfill. The cost of providing the garden waste collection service in 2011/2012 was £903k. This included £613k for staff and vehicles and £290k for processing garden waste.
2. Table 1 below details the current costs for the garden waste service.

Table 1 Garden Waste Service Costs

<b>Garden Waste Collection Service</b>	<b>2011/2012 Service</b>
Number of households serviced	61,740
kg collected per household - average per annum	221
<b><u>Garden Waste Tonnages</u></b>	
Kerbside collections	13,880T
Landfill - Garden Waste	n/a
Household Waste Reuse, Recycling & Composting Rate	n/a
<b><u>Expenditure</u></b>	<b>£</b>
Staff & Vehicles Cost	£613k
Wheeled Bins	n/a
Administration - Invoicing	n/a
Communications	n/a
Processing (disposal gate fee)	£290k
Landfill	n/a
Total expenditure - kerbside garden waste collections p.a.	£903k

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## **Appendix B:**

### **Charging for additional and replacement bins: (CANS 101)**

1. The council currently supplies all replacement, and additional waste and recycling containers to residents free of charge. In 2011/12, over 27,000 separate items were delivered directly by the council to homes across the York area. Property developers are charged for the supply and delivery of all waste containers for use at new developments and properties.
2. Costs are incurred by the council that exceeded the budget in 2012/13 and the budget reduction, as outlined in paragraph 6, means that this level of service is unsustainable.
3. Other local authorities routinely charge residents for the supply and delivery of residual waste, garden waste and recycling containers. In the North Yorkshire region most Waste Collection Authorities (WCA) have implemented a charging system for supplying replacement containers. Selby District Council charge £30 for a replacement 240 litre bin or £18 for a second hand bin. The Council stated that there was no significant opposition to the introduction of charges for bins (the policy was introduced in 2005) and there has been no significant decrease in the number of bins ordered.
4. Harrogate Borough Council charges residents for both residual waste and recycling containers. The Council charges £59.50 for a wheeled bin (residual waste and garden waste bins) if the item is delivered or £47.00 if the resident collects the bin. The Council charges £7.30 for a recycling box and £3.94 for a recycling box lid.
5. Waste Services has an annual budget of £168k for the replacement of waste containers.
6. In 2011/12 the council delivered over 27,000 separate items to residents including bins, boxes and box accessories. The cost to the council for the purchase of these items was £110k, and in addition to this, provision of a dedicated waste container delivery service and storage facility was £85k (including site rental, 2FTE staff, vehicle & fuel costs). The total cost for the purchase and delivery of bins and containers in 2011/12 was £195K. This led to an overspend of £27k against the budget of £168k to provide this service.
7. Requests for all types of containers continue to increase annually, having risen significantly following the introduction of the 3 box system and as recycling participation increases.

8. Due to this demand on the service, the budget is no longer sufficient to meet the unbudgeted employee and vehicles costs.
9. An option to reduce the annual cost of providing this service, by charging residents for replacement waste containers, is outlined below. This option does not include any provision for revenue from any additional garden waste bins, which may result following consultation, but they do include the cost to the council for purchase and delivery of these bins. The assumed revenue is based on current orders and delivery levels, but it is expected that the introduction of a charge would see these levels reduce, though it cannot be estimated by how much.
10. Based on the number of items ordered and delivered in 2011/12, charging the following rates for replacement residual waste wheeled bins and recycling boxes will achieve total budget savings of £122k per annum:
  - I. 180 litre residual waste bin - £35
  - II. 240 litre residual waste bin (if eligible for an upgrade) - £40
  - III. 360 litre residual waste bin (if eligible for an upgrade) - £45
  - IV. Recycling box - plastic bottles & cans - £5
  - V. Recycling box - paper & cardboard - £5
  - VI. Recycling box - glass bottles & jars - £5
11. Residual waste bins and recycling boxes are assumed to be outside the scope of VAT based on latest advice. However this advice may change as a ruling is still awaited from HMRC. All charges would be applicable from 1 April 2013.
12. The proposed costs do not generate any profit for the council and the charges are averaged across the city to reflect the cost of purchasing and delivering containers to customers.
13. Residents paying for a replacement, or additional, container will not own the container. Ownership will remain with the council at all times.
14. A comprehensive bin, box and accessory delivery service costs £85k per year to operate. It is essential to include the cost of delivery in the price of the container in order to achieve the required budget saving.
15. A range of options intended to reduce costs for residents are being considered, including offering residents the opportunity to collect their container. No permanent facility is currently available which could be used for container collection but options on a number of sites around York are currently being investigated. Residents wishing to collect

their bin/container would only pay for the capital costs of the bin and not for the collection element. It is difficult to estimate how many residents will choose this option so is difficult to estimate a drop off from savings outlined in para 10, above. However, any reduction in the savings would be offset by a reduction in our delivery costs so is likely to be cost neutral.

16. A robust delivery system to ensure receipt of purchased containers by residents is necessary to avoid discrepancies. Residents will be encouraged to take responsibility for their bin and label it to reduce the possibility of a bin being lost or stolen. The council will provide labels to residents to help them identify their own bin and/or container.
17. Currently CYC operates this service at a deficit of £27k per year as outlined in paragraph 6 above.
18. Additional income for the sale and delivery of bins & boxes of £122k would produce a surplus, providing that all containers were re-chargeable, of £46k.

**Conclusion:**

19. Charging those residents for bins and boxes will be relatively simple and straightforward and will generate revenue that will offset the cost of providing this service.
20. It is proposed that a moratorium on further free and unlimited bin deliveries is imposed from 13 February 2013. However, the council will ensure that no-one is disadvantaged by this proposal and that legitimate requests are fulfilled with a maximum of one bin per property allowed until charges come into force.

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## Appendix C:

### Review of Towthorpe HWRC opening times:

1. Best practice research, completed in advance of this report, demonstrated that around a quarter of local authorities have reduced opening hours at HWRC's with most of the local authorities closing for at least one full day. North Yorkshire County Council and other Yorkshire authorities, including Wakefield Council, currently close for one day a week. Many of the authorities looked at have also introduced charges for materials such as brick rubble and asbestos and in line with those proposed in this report.

### Towthorpe Site Opening Hours

2. The site is widely available for public use throughout the year and is only closed on Christmas Day, Boxing Day and New Year's Day. Opening hours vary, seasonally, as follows:
  - April to September - Daily 8.30am to 7.00pm
  - October - Daily 8.30am to 5.00pm
  - November to February - Daily 8.30am to 4.00pm
  - March - Daily 8.30am to 5.00pm
3. A review of the site opening times, including analysis of current usage, has identified the following options:
  - a. Reduce opening hours
  - b. Close the site on a weekday throughout the year
  - c. Only open at weekends between October and March each year
  - d. Close the site completely between October and March each year
4. Usage data has been produced for the site to support each of the options outlined above. The data demonstrates huge variations in site usage according to time of day and it is recommended that users be consulted on the four options above prior to any final decision being made.

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**Appendix D:  
Review of policies and charges at Household Waste Recycling  
Centres (CANS 33)**

Fees & Charges

1. City of York Council only has a statutory obligation to provide facilities for household waste arising from the day to day running of a household.
2. Brick and rubble waste arising from the repair and/or improvement of properties, including waste created from landscaping or garden alterations, such as dismantling a rockery or digging up a patio/concrete hard-standing, is classified as industrial waste and, as such, there is no requirement to provide any service for the disposal of this material or accept it free of charge. Such waste is difficult to manage and expensive to dispose of due to its bulk and weight.
3. It is recognised that some households will occasionally produce brick and rubble waste from DIY home improvement and maintenance projects and skips are currently provided at both household waste recycling centres for the disposal of small amounts of these materials.
4. There are alternative methods for the disposal of brick rubble available to residents, including hiring a skip, using a private waste collection company, or buying a skip bag from DIY stores, builders' merchants or garden centres.
5. From 1st April 2013, it is proposed that provision for the disposal of brick and rubble, including bricks, blocks, tiles, paving slabs, concrete posts, sanitary ware etc, will only be available at Hazel Court household waste recycling centre and that charges be levied for the disposal of these items up to the maximum amounts, as outlined in the table in para 9, below.
6. Some residents will occasionally only produce very small amounts of brick and rubble waste. It is therefore proposed that provision will be made to accommodate these customers at Hazel Court HWRC without charging the full rate for brick & rubble disposal as set out in the covering report. 5kg rubble sacks will be available for residents to purchase from council receptions for £2 per sack which covers the cost of purchasing the sacks and disposal of the material (currently £120 per tonne). The charge for the sacks will help cover the cost of disposal of the material and discourage traders from purchasing

sacks whilst allowing residents to dispose of small amounts of waste without incurring more expensive charges.

7. It is also proposed that charges should be made for the disposal of bonded asbestos, plasterboard and gas bottles. These materials are prohibited from landfill and currently cost the council significant expense in arranging and managing the correct disposal of them.
8. The restrictions and charges being proposed are necessary to control the costs incurred by the council, and passed to all council tax payers, associated with the handling, transport and disposal of waste generated from DIY projects that might add value to some householders' property. This follows the principle of 'the polluter pays'.
9. The proposed charges for the materials outlined in para. 5 & 7 above are:

Option Ref.	Material	Quantity	Proposed Charge £	Annual Income £k
A	Brick / rubble	Up to 500kg (MAX) in small vans and trailers	20*	50
B	Brick / rubble	Up to 250kg (MAX) in normal family cars	10	42
C	Bonded Asbestos	• Sheet up to 50kg (MAX)	10	16
		• Bag	5	
D	Plasterboard	• Sheet	5	15
		• Bag	5	
E	Gas Bottles	• Up to 10kg	6	6
		• 10kg-20kg	10	
		• Specialised cylinders	35	

Note:

Facility for brick / rubble, bonded asbestos and plasterboard would only be provided at Hazel Court site. This means that the skips at Towthorpe site for brick / rubble and plasterboard would be removed.

\*£2 rubble sack available for smaller amounts



10. The total additional annual income would be £129k.
11. The annual income stated in the table, above, are a combination of income from fees and a reduction in disposal costs, as some current users will choose to dispose of their waste through other methods, skips etc, outside of our control. We will ensure that any additional savings on transport costs are identified with the current contractor and necessary adjustments made.
12. Survey work in advance of the introduction of the current HWRC permit scheme was undertaken in June 2008 to assess site usage. Visitors to site were monitored over a number of days and times and asked to provide their address details. The following results were obtained:
  - a. Of the 130 people surveyed at Towthorpe HWRC (over 2 days) 12 were non York residents
  - b. Of the 231 surveyed at Hazel Court HWRC (over 5 days) 7 were non York residents.
  - c. 4730 applications for permits to use York's HWRCs have been received since February 2009, of which only 55 have been rejected as being from non York residents.
13. This data suggests that around 1.4 per cent of all visitors to the HWRCs are non York residents. Whilst this is a relatively small percentage of overall visitors, it still attracts unfunded disposal costs. Therefore, it is proposed that all York residents using Hazel Court or Towthorpe HWRCs will be required to show proof of residency when visiting either of the sites. This will be in the form of a utility bill, or other document relating to a York address.
14. Non York residents using either of the sites will be required to pay a fee of £10 to use the site and contribute to the cost of disposal of their waste.

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## Appendix E:

### Review of Permits Scheme

1. The permits scheme was introduced in February 2009 to reduce the problem of trade waste being disposed of illegally under the guise of household waste. The scheme has been very successful and there has been a significant reduction in the total amount of waste being disposed of at the sites. A total of 27,510 tonnes was dealt with at the sites in 2008/2009 but this reduced to 21,900 tonnes by the end of 2011/2012 (reduction of 5,610 tonnes or 20.4 per cent). The scheme is helping to reduce waste processing costs by more than £170k per annum at current rates.
2. Whilst the permits scheme has been very successful there are some loopholes that need closing to further reduce the illegal disposal of waste by some traders.
3. The introduction of charges for brick / rubble, bonded asbestos and plasterboard will be an effective control measure for these specific materials.
4. Work has already started on developing the permits application documentation and processes. Discussions with the council's Environmental Enforcement team have been held to implement more robust enforcement of the scheme.
5. Further estimated cost savings of £30k per annum would be achieved by making changes to the permits scheme. Reviewing the criteria for issuing permits for larger vehicles and trailers would be the most effective method of making cost savings. At the moment each successful applicant receives 12 permits irrespective of size of van, or trailer, being used (up to specified maximum size restrictions). Invariably, these vans and trailers are usually full to capacity with waste on each visit to the site. The amount of waste being brought to the sites in these types of vehicles is not consistent with that produced by normal households. The following restrictions are therefore proposed:

Option Ref.	Vehicle Type	Proposal
A	Commercial style vehicle	Reduce number of permits issued dependent on vehicle size: <ul style="list-style-type: none"> <li>• Small van - 6 permits</li> <li>• Transit style van - 3 permits</li> </ul>
B	Commercial style vehicle	Restrict maximum size allowed for permits to standard Transit style van.

C	Commercial style vehicle and trailer	Do not allow a combination of vehicle and trailer to have permits. Customer must choose whether vehicle or trailer is granted permits so as waste can only be brought to site in one or the other.
D	Commercial style vehicle (including work vans)	Restrict number of times a vehicle can be used in permit applications to a maximum of 2 addresses during any 12 month period.
E	Commercial style vehicle	Do not issue permits to any vehicle with a double wheel axle.



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**Cabinet****12 February 2013**

Joint Report of the Cabinet Member for Transport, Planning and Sustainability and Cabinet Member for the Environment

**Review of City and Environmental Services Directorate****Summary**

1. The report sets out proposals for amending the City and Environmental Services Directorate to reduce costs; introduce a more coherent and efficient management structure; and to streamline and re-align the Directorate structure to focus on delivery. There are a number of reasons why it is timely to carry out this review and these are summarised as follows:
  - To respond to significant financial savings pressures for the directorate as part of the overall funding reductions imposed upon the Council.
  - To provide a more flexible structure that can be more responsive to work demands in the face of necessary capacity reductions.
  - To re-configure the directorate structure in line with a delivery focussed approach.
  - To implement a new set of Design Principles as outlined in **Annex C**, for how the Directorate will be structured and perform in line with the Chief Executive's guidance.
  - To explore potential for generating income and growing business areas where appropriate; which will assist with mitigating financial pressures and evolving a more sustainable delivery model.
2. The work has been carried out in conjunction with and supported closely by the HR team.
3. A two stage approach is proposed for review of the Directorate:

- First stage is focussed on the leadership roles covering Assistant Directors (AD's) and Head's of Service (HoS). This is a high level review of the overall structure to address the form it will take and how the functions will be re-aligned to deliver the overarching objectives;
  - Second stage is to review all roles below HoS, which represents the substantive structure of the Directorate. This is a detailed consultation and review to ensure overall establishment is aligned with objectives and all areas are fit for purpose, with a clear mandate and focus.
4. The second stage consultation will then be undertaken concurrently with implementation of the first stage; so that the new AD's and HoS can work with the Director in formulating the shape, format and ultimate content of the revised structure and establishment they will be responsible for.
5. The main proposed changes are:
- a. A rationalisation of the management structure in Stage 1 by combining functions where appropriate in line with the new focus and thereby reducing the cost of management overheads on the service.
  - b. A re-alignment and revised focus for functions under the proposed new HoS to ensure they are fit for purpose and can deliver the most effective outputs and outcomes.
  - c. Creation of a structure that can transition down further from 5 HoS to 4 HoS in the future and facilitates benchmarking of key services to assess value for money and competitiveness.
  - d. Implementing the set of Design Principles adopted to create a leaner, more agile and focussed Directorate structure; in combination with introducing culture change and engendering a new ethos of performance management with a clear focus on delivery at all levels.
  - e. A clear focus on delegation to the most appropriate level; senior roles to focus on leadership and strategic management; with responsibility and accountability being taken for roles and duties at all levels.
  - f. Re-alignment of function and teams Grade 11 and downwards, as part of Stage 2 of the review; to imbed design principles and

create efficient, flexible and accountable establishment tiers; aligned to priorities and with a clear focus on delivery.

6. To support the Director in delivery of this radical change in structure and culture, a specialist external resource will be employed to drive through implementation of the review process stages and delivery of the new structure in line with financial objectives set; along with in parallel implementing and embedding the culture change and necessary improvements to working practices that underpins delivery of the wider review objectives and outcomes. This external specialist resource will be supported by and work alongside internal corporate resources to deliver these overarching objectives.
7. The review of City and Environmental Services Directorate has been carried out to reflect corporate priorities and to ensure minimum impact on these priorities. The savings made as a result of the review will make a significant contribution to bridge the gap in the Council's finances as part of the overall reduction in funding imposed upon the Council by Central Government. The Directorate already works closely with public and private sector partners across the city and in the wider region. The proposed changes recognise the benefits of these relationships and seek to strengthen these partnerships through a more focussed and coherent approach.

### **Background**

8. The Directorate is responsible for leading 2 of the 5 main priorities set out in the Council Plan – *Get York Moving* and *Protecting the Environment*. In addition it makes significant contributions to all others. Through provision of its strategic and frontline services, the Directorate has a significant impact on the quality of life for all people that live, work and visit in York.
9. The Council, along with most public sector services, faces unprecedented budget pressures. At the same time, public awareness of service provision and demand for services in many areas are significantly increasing.
  - a. As part of these ongoing savings pressures, the Directorate needs to deliver legacy savings identified for 2011/12 as well as further savings of £2.9M over the financial years 2013/14 and 2014/15. However, within this there is further pressure

to deliver the required savings earlier within the 2 year period to meet existing commitments and projections.

- b. To deliver savings of this scale, having already undergone 3 reviews in recent years, the Directorate has to review its establishment base in parallel to its delegated budgets and income generation opportunities. The existing structure is presented for information at **Annex A**. The scale of the challenge sets the agenda for a radical change in how the Directorate operates, the resources it utilises to do this and expectations around future delivery of services where some real choices might have to be made.
- c. To achieve this, the review has been carried out using the key objectives set out in Section 1.0 of this report. Clearly the scale of savings to be achieved will require a downsizing of the Directorate, however, the review seeks to minimise this impact to service delivery and effects on customers. It will do this through seeking new opportunities for income generation, better alignment of all its internal and external funding streams with key priorities and developing business opportunities to bring in new income.
- d. Taking into account that the review is to be delivered in two stages; the detailed changes for the preferred option for Phase 1, which is an interim transitional arrangement, are presented at **Annex A – CONCEPT 2**; and summarised below:
- e. The Director's Leadership Team will transform from the current 3 AD's and 11 HoS to a leaner model of 2 AD's and 5 HoS with revised portfolios and focus; this is an interim position to reflect the transitional workload pressures and opportunities through to 2014/15.

This transitional interim structure encompasses:

- Assistant Director – Development Services, Planning & Regeneration

Provides strategic direction and leadership to deliver development and strategic planning priorities including the Local Plan, Get York Moving, Protect the Environment, Regional Partnership Working and Regeneration agenda. AD is supported by 2 HoS to



provide Leadership, Senior Management capacity and expertise for portfolio of re-aligned services and functions.

- Head of Development Services & Regeneration
- Head of Planning and Environmental Management

- Assistant Director – Transport, Highways and Waste

Provides strategic direction and leadership to deliver high level transport agenda; development management service; strategic waste agenda; fleet management services for the whole Council; and operational highways and waste services that support and impact all the residents and visitors of York. AD is supported by 3 HoS to provide Leadership, Senior Management capacity and expertise for portfolio of re-aligned services and functions.

- Head of Transport
- Head of Highways
- Head of Waste and Fleet

- f. This does represent a radical change in organisation of the Directorate and the structural change is supported by a set of design principles developed for the Directorate that build upon the Chief Executive's guidance. The objectives of this re-design will be complimented by culture and process change initiatives to imbed a range of necessary improvements to how the functions and services operate, which include:

- Delegation of responsibility and accountability down to most appropriate levels
- Improved communications protocols
- Revised approaches to programme and project management
- Robust performance management regime for people and services

- Clear protocols of delegated financial and management authority, so that decisions are made where and when appropriate
- g. Specialist transitional support is to be brought in to drive forward delivery of these key initiatives summarised above and wider cultural change necessary within the Directorate to deliver the new ethos and new ways of working.

### **Consultation**

10. Extensive consultation has been undertaken throughout the Directorate to support the outcomes of the first stage of this review process. A copy of the consultation log can be found at Annex B. It can be seen that starting from the outlining of initial proposals to the Directorate JCC on 11<sup>th</sup> December 2012; that initial concept proposals were then circulated to staff on the same day; with follow up concept 2 proposals on 10<sup>th</sup> January while consultation continued and proposals were developed; and a final 3<sup>rd</sup> concept was then developed as an outcome of the wide ranging consultation feedback.
11. Throughout the whole consultation period there has been a variety of staff briefings, including individually where appropriate, with teams through line management and collectively with all staff by the Director. A special internal email address was set up 'Speak 2 Darren' where all staff could email views, concerns and ideas to the Director. Also all consultation documents, including any communications and concepts circulated, have been available on a dedicated shared drive v:\CES Restructure. Hard copies of all information have been provided to staff that do not have access to email, along with information placed on notice boards at Hazel Court. The briefings and engagement with managers and staff have been very flexible to ensure all needs were met.
12. Consultation has also involved working closely with Cabinet Spokespersons, to draw on their experience, thoughts and views. Also the Trade Unions have been consulted at every stage of the process and they have fed back their independent views based on engagement with their members.
13. A wide range of feedback has been received, including 44 emails to the 'Speak to Darren' dedicated email box, along with feedback through normal channels and response from the unions. The feedback varies from a few paragraphs to significant detailed and

lengthy commentary and draft concept structures, both from individuals and on behalf of teams. In general, all replies have been presented in a constructive way with many supporting the proposals; whilst others make helpful suggestions as to how things may be improved, including presenting their own concept structures for consideration. Some of the responses also transgress into more detailed views on how to improve the structure below HoS level, which will be part of the second stage review process and these responses will be utilised to inform that process.

14. The considerations, options and recommendations presented in this report very much reflect some of the comments made and suggestions forwarded as part of the Stage 1 consultation process.
  - a. The areas where issues were raised through consultation are summarised below:
    - Assistant Director Roles – *on one side concerns over the level of strategic capacity with only 2 AD's and on the flip side questioning the need for Assistant Director's at all and could HoS report to the Director.*
    - Head's of Service – *concerns over level and breadth of responsibility that might be devolved with merging of roles; and could this overload reduced capacity available if delegation is not effective.*
    - Concept Models – *a variety of proposals through direct engagement and via email responses have been received articulating a range of different models to take the Directorate forward. These range from concepts for a No AD's and 8 HoS model to 3 AD's and 6 HoS Model, with variations in between.*
    - Re-alignment of services and functions – *wide range of views on how different areas could merge to create new portfolios at AD and HoS level. Many comments were very specific to individual service areas and how improvements could be instigated and potential for income generation.*
    - Support Capacity – *questions were raised about the level of PA, technical admin and general admin support available in future as this could impact on*

*operating efficiency for leadership roles and some service areas.*

- *Synergies with CANS – a range of questions and suggestions were raised around joint working with areas in CANS and potential for merging some functions together.*
- *Application of Design Principles – concerns were raised about whether other Directorates in the Council would be adopting such radical revisions to their structures and implementing the design principles in a consistent manner.*

15. All consultation responses have been acknowledged and a substantive response will be given. As stated above, in some cases concerns have been addressed and changes made to the proposals. It should also be noted that some responses refer to detail and issues which will not be decided until the next phase of the review; and there will be further opportunity to input through consultation when that detail becomes available.
16. It should be noted that the Admin & Business Support functions, Performance Team and Personal Assistant (PA) roles are not part of this review process directly. Each of these areas are part of ongoing individual corporate review processes, the outcomes of which are yet to be determined. However the Directorate, through its management team, is giving input to these review processes as many of the functions do underpin a range of service areas within the Directorate; and some are business critical issues like the Technical Admin support to Development Management and Building Control.

### **Options**

17. In response to Phase 1 of the review, three concept options have been developed through the consultation process taking into account the feedback given and the range of structure proposals presented for consideration. Details of the existing structure and each concept option are presented at **Annex A** and summarised below:
18. CONCEPT 1 – 2 AD and 4 HoS Model (Refer to Annex A)

- This option creates a new post of AD Development Management, Planning and Transport.

Under which there is a Head of Development Management that brings together all Development Management, Regeneration, Environmental, Conservation and Building Control functions.

Along with a Head of Planning Policy and Transport that brings together all Strategic Planning and Transport, Transport Policy and Programmes, Public Transport and Flood Risk Authority Roles, Major Transport Funding Programmes, Transport Projects and Delivery Monitoring and related Transport functions.

- Also a new post of AD Traffic, Highways & Waste.

Under which there is a Head of Traffic & Highways that combines all Highways Regulatory, Traffic Management and Operation functions.

Along with a Head of Waste and Fleet that will manage the Strategic Waste agenda, Waste Collections and Disposal, Recycling, Commercial Waste Collection Service and Fleet Management. Also responsible for implementing outcomes of specific ongoing review work in these areas.

19. CONCEPT 2 – 2 AD and 5 HoS Model (Refer to Annex A)

- This option creates a new post of AD Development Services, Planning and Regeneration.

Under which there is a Head of Development Services and Regeneration that brings together Development Management, Building Control and Regeneration Services. Also introduces concept of a virtual regeneration team with a low establishment base resource; that can then flex with demand and availability of funding; drawing on expert resources from across the Directorate as appropriate.

Along with a Head of Planning and Environmental Management that provides a more focussed approach to development of the Local Plan; related Design, Conservation and Sustainability services; and wider strategic agendas and regional partnership working.

- Also a new post of AD Transport, Highways and Waste.

Under which there is a Head of Transport that brings together all transport related functions; regulatory elements of highway functions that don't have operational delivery associated like Traffic Management, TRO's and Highway Development Management; Transport Funding and Major Scheme Bids; and Transport Programme Delivery and Monitoring.

Also a Head of Highways that combines all operational related Highway functions including Highway Asset Management, Adoptions and Streetworks. This brings together Highway Design, Project Management resources and Delivery functions; so enabling greater efficiency and control in delivery of transport and highways projects.

Along with a Head of Waste and Fleet that is as per CONCEPT 1 above.

**Analysis**

20. The relative advantages and disadvantages of the 3 Concept Options are set out in the Table below:

<b>CONCEPT</b>	<b>Advantages</b>	<b>Disadvantages</b>
CONCEPT 1	<p>Structure is well balanced between portfolios in terms of resources and responsibilities.</p> <p>Gives a clear split between strategic/policy and operational related functions.</p> <p>Combination of functions facilitates benchmarking and assessment of value for money for operational related services.</p> <p>All functions impacting upon Highway Asset now brought together. Will engender improved</p>	<p>Strategic agendas under AD Development Management, Planning and Transport require greater level of leadership and senior management input.</p> <p>This could possibly overstretch senior capacity available and detract from management of functions below HoS level in short to medium term. Requiring focus on appropriate delegation to skilled senior officers below.</p> <p>Also creates greater risk to developing partnerships and ability to influence</p>

	<p>coordination, greater efficiency, less disruption to highway and improved delivery of projects for customers.</p> <p>Combination of Land Use and Transport Planning provides a more joined up approach to infrastructure planning.</p> <p>Can facilitate deliver of savings targets for 2013/14 and 2014/15</p>	<p>wider strategic and regional agendas.</p>
<p>CONCEPT 2</p>	<p>Addresses senior management capacity concerns in CONCEPT 1 for Development, Planning and Regeneration portfolio through reducing functional responsibilities and so freeing up senior leadership resource at AD/HoS level.</p> <p>Provides clear focus on Transport agenda and separates out client role from highways functions to create greater accountability</p> <p>Transitional model that could readily be reduced to 2 AD and 4 HoS model in future.</p>	<p>Increased cost of extra HoS resource (£66k) to structure that will impact upon savings below HoS level in Phase 2 of the review.</p> <p>This could potentially overstretch senior capacity available and detract from management of functions below HoS level in short to medium term. Requiring focus on appropriate delegation to skilled senior officers below.</p>

## **Council Plan**

21. The Directorate is responsible for leading 2 of the 5 main priorities set out in the Council Plan – *Get York Moving* and *Protecting the Environment*. In addition it makes significant contributions to all others. Through provision of its strategic and frontline services, the Directorate has a significant impact on the quality of life for all people that live, work and visit in York.

## **Implications**

22. **Financial** – The proposed structure from the service review in City and Environmental Services is anticipated to deliver a cost reduction of £1,048k by 2014/15. The savings will be made through a combination of deleting posts from the structure and funding posts from other sources (capital / external grants). The restructure will be implemented during 2013/14 and a saving of £262k is anticipated to be delivered in that year. The final savings attributable to the review will not be finalised until all job descriptions have been scored and grades attributed to posts. These changes however are not anticipated to be significant to the overall saving.
23. **Human Resources (HR)** - Consultation on the proposed restructure of the City and Environmental Services Directorate has been on-going since November 2012 with employees and trade union representatives. The restructure will be implemented in accordance with the Council's Supporting Transformation (management of change) policies. The proposed restructure will potentially result in the reduction of a number of FTE posts. The Directorate will actively look to mitigate the impact and need for compulsory redundancies. Voluntary redundancy and retirement opportunities, and flexible working will be considered, and the seeking of alternative redeployment opportunities within the Council.
24. **Equalities** - There are no specific equality implications to this report, however equalities issues are accounted for at all stages of the restructure process
25. **Legal** – There are no legal implications.
26. **Crime and Disorder** – There are no crime and disorder implications.



- 27. **Information Technology** – There are no IT implications.
- 28. **Property** – There are no property implications.

### **Risk Management**

- 29. Failure to produce a significant contribution to the Council's revenue budget will present a significant risk that the Council will not be able to balance its ongoing budget.

### **Recommendations**

- 30. Members are asked to consider:
  - 1) Approval for CONCEPT 2 established through Phase 1 of the review of the City and Environmental Services Directorate as a transitional arrangement to mitigate risk to senior management capacity and delivery, in the short to medium term, based on current known commitments.

Reason: This will enable timely implementation of the Phase 1 review outcomes to deliver the revenue savings in line with commitments and expectation for the Directorate by May 2013, along with facilitating Phase 2 of the review.

- 2) Delegate to the Director of City and Environmental Services the completion of the review process through the detailed Phase 2 stage and to implement the outcomes of the review; in consultation with the appropriate Cabinet Spokespersons; and supported by interim expert external resource to drive delivery and embed proposed outcomes.

Reason: This will enable the full revenue savings to be realised in the most expedient manner for financial years 2013/14 and 2014/15 in line with commitments and expectation.

It also facilitates the future opportunity to further transform this transitional CONCEPT 2 structure into a structure based, in principle, around CONCEPT 1; but not bound by all the detail as presented at Annex A; subject to future funding position and how wider Council strategic initiatives are taken forward.

**Contact Details**

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		✓	
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<b>Wards Affected:</b>		<b>All</b>	<i>tick</i>
<b>For further information please contact the author of the report</b>			

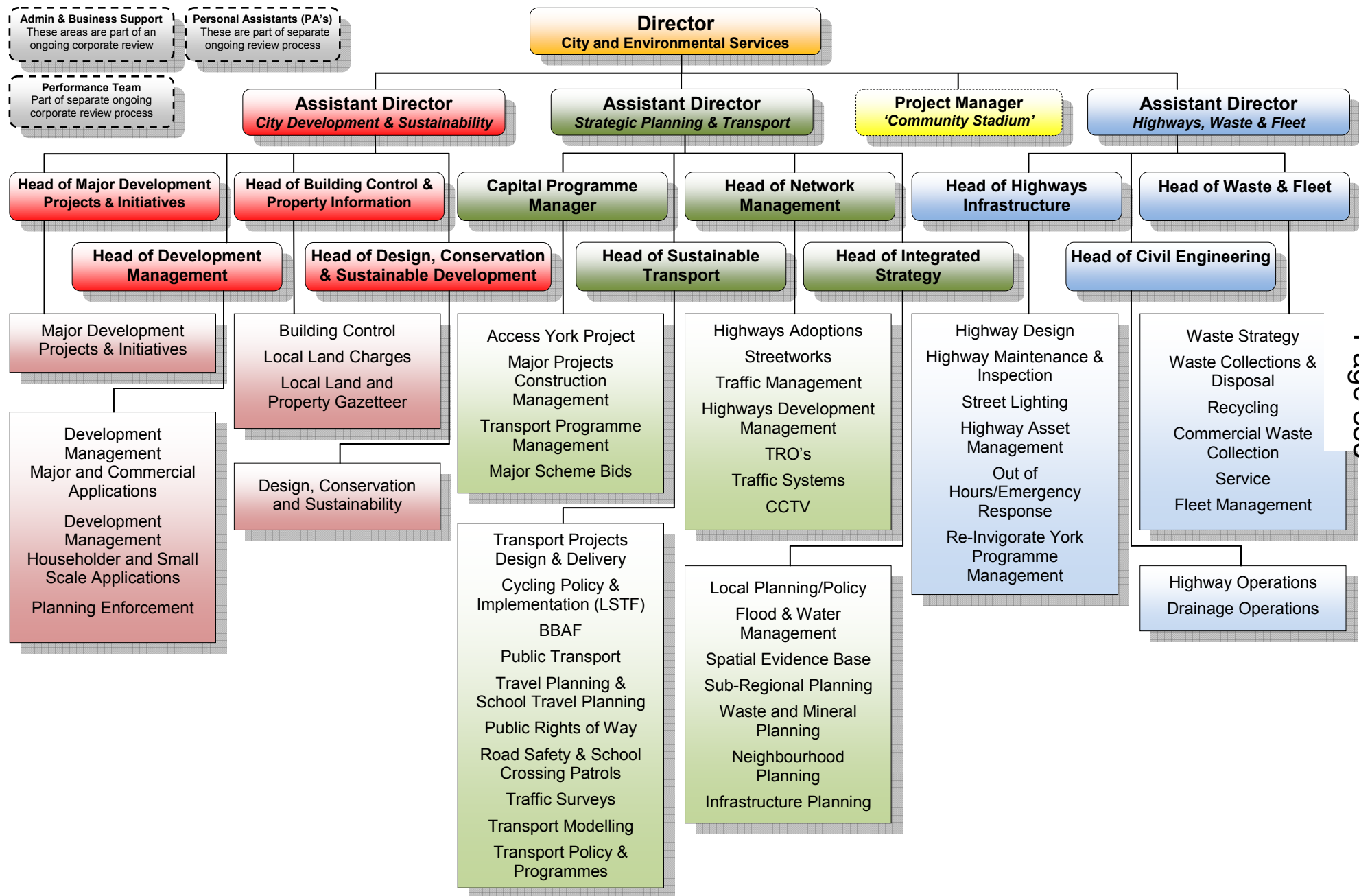
**Background Papers:** None**Annexes:**

Annex A: Existing Structure and Consultation Concept Structures

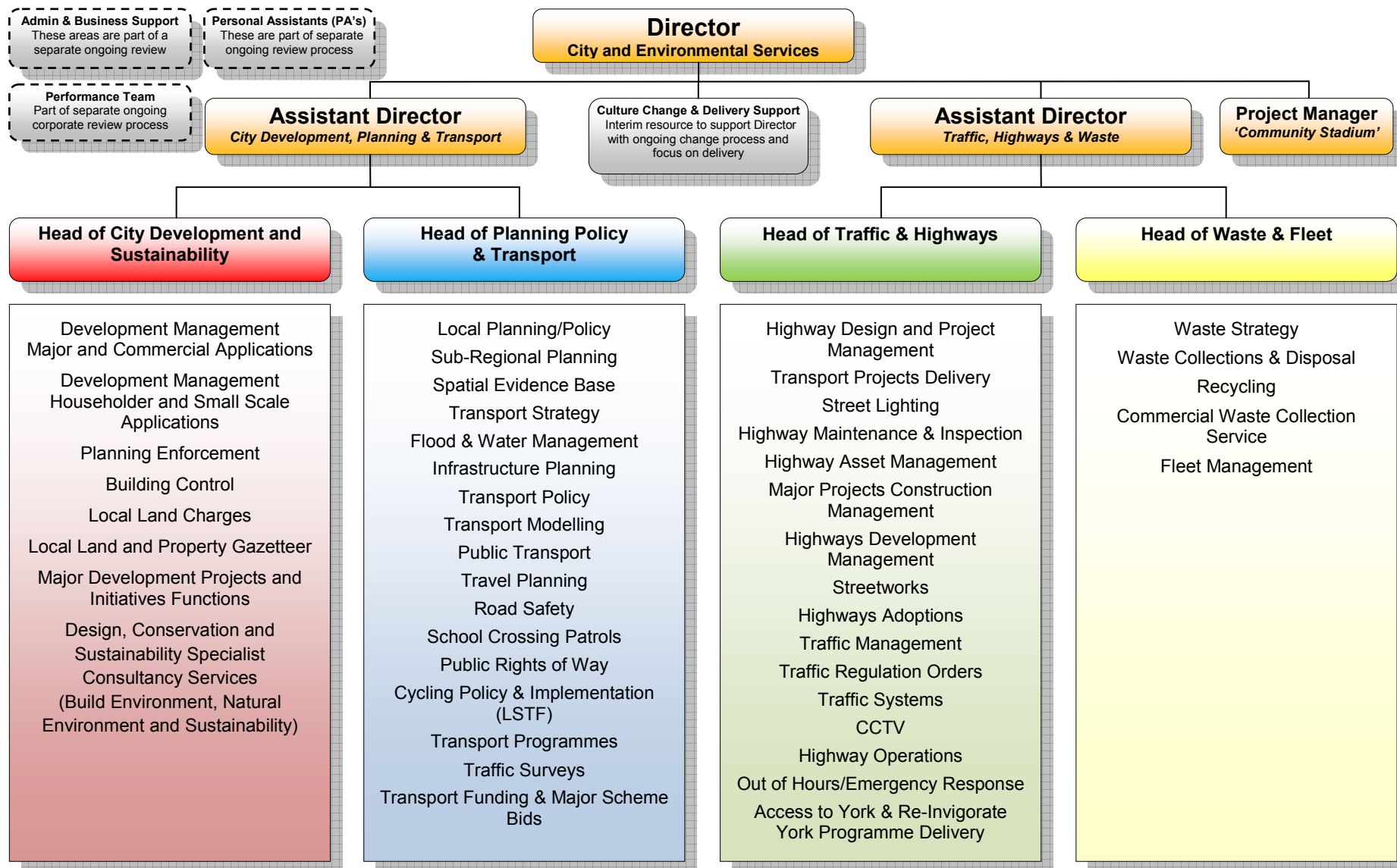
Annex B: Consultation Plan – CES Structure Review Process

Annex C: CES Directorate Review - Design Principles

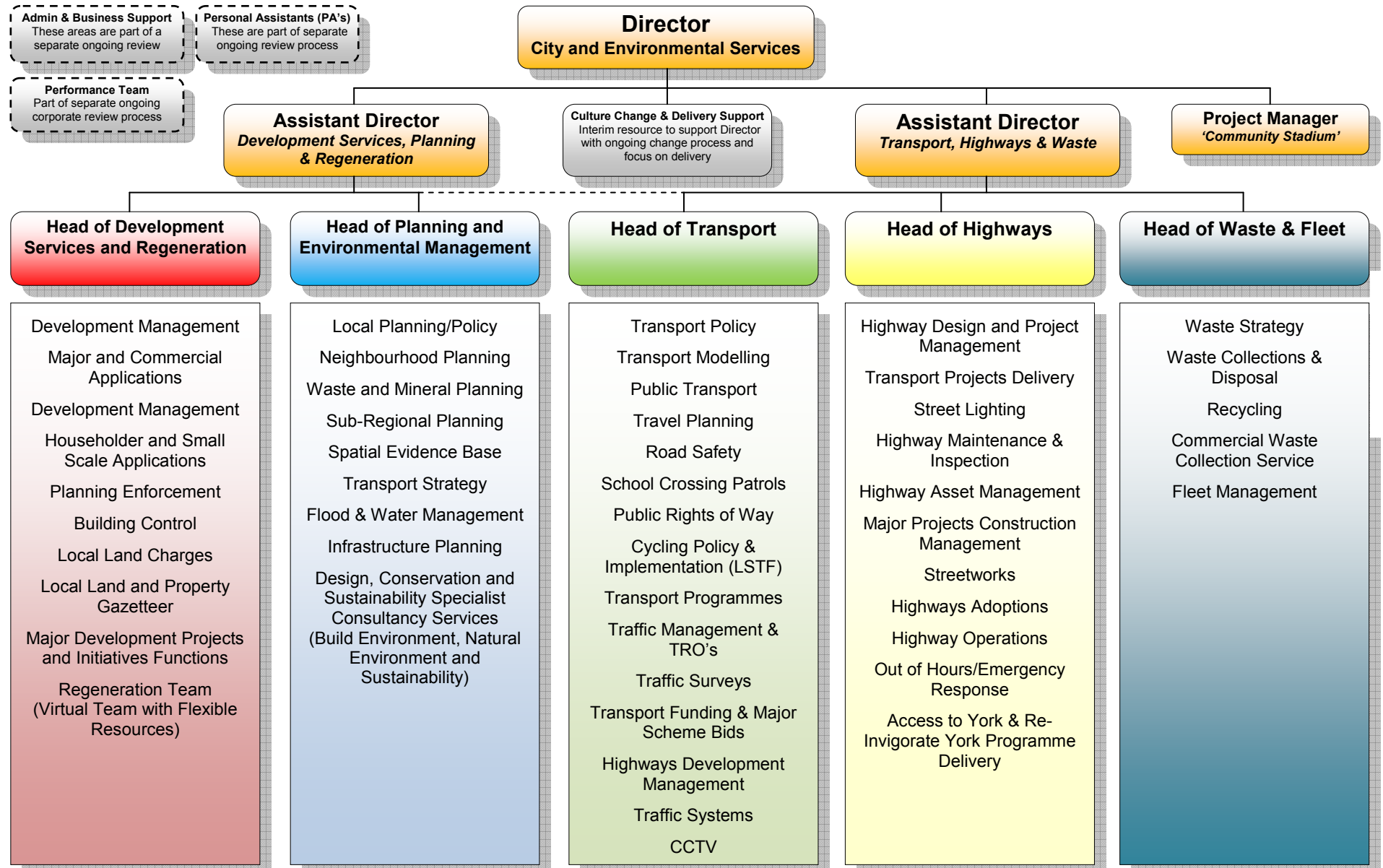
Existing Structure – City and Environmental Services – Dec 2012



Consultation CONCEPT 1 – City and Environmental Services Structure Review – Dec 2012



Consultation CONCEPT 2 – City and Environmental Services Structure Review – Jan 2013



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**Consultation Plan – CES Structure Review Process**

<b>Date</b>	<b>Who, What</b>
21 <sup>st</sup> November 2012	Directorate JCC Meeting –general discussion on budget process and financial savings to be achieved.
6 <sup>th</sup> December	Kersten England, CEX email to all CYC staff.
11 <sup>th</sup> December	Follow up email from Director of CES to all Directorate staff.
11 <sup>th</sup> December	<p>Special budget DJCC.</p> <p>Commencement of formal consultation on broad proposals for future delivery of services and restructure of CES Directorate. Outline of approach. Directorate consideration to requests for voluntary redundancy and early retirement.</p> <p>Agree additional union liaison meetings in between DJCCs, as required.</p>
11 <sup>th</sup> December	RW Briefing Heads of Service.
Commencing from Tuesday, 11 <sup>th</sup> December	Director & Assistant Director briefings with Heads of Services and directorate teams to discuss draft proposals, 1:1's and team.
12 <sup>th</sup> December	<p>GD Briefing Waste Services, Fleet and Travel teams.</p> <p>AB &amp; MH Briefing Front line staff Highways, Drainage, Blacksmiths, and Ancient Monuments. Supervisors and Managers Civil Engineering.</p>

13 <sup>th</sup> December	GD Briefing Front line staff Waste Services & Fleet to receive copies of Director's email. Follow up meeting with staff planned for 15 <sup>th</sup> January 2013  AB & MH briefing Highways infrastructure and Civils staff.
17 <sup>th</sup> December	MS Briefing Development Management; Building Control; Design, Conservation & Sustainable Development.
18 <sup>th</sup> December	DR Briefing St Leonards' Place staff.
18 <sup>th</sup> December	DJCC
19 <sup>th</sup> December	MS Briefing Major Development Projects and Initiatives.
19 <sup>th</sup> December	RW Briefing Network Management Unit.
20 <sup>th</sup> December	RW Briefings Sustainable Transport Service and Integrated Strategy Unit.
20 <sup>th</sup> December	MS 1:1 briefings if required
21 <sup>st</sup> December	MS 1:1 briefings if required
December	Ongoing consultation with staff and trade union representatives on restructure proposals.
9 <sup>th</sup> January 2013	CES Managers Forum – HoS Consultation Session 1
10 <sup>th</sup> January 2013	Email from Director of CES to all directorate staff sharing Concept 2.
15 <sup>th</sup> January 2013	CES Managers Forum – HoS Consultation Session 2
16 <sup>th</sup> January	DJCC



25 <sup>th</sup> January	Consultation on initial proposals end.
29 <sup>th</sup> January	CMT/Cabinet consider report in advance of Cabinet Meeting.
12 <sup>th</sup> February	CYC Cabinet Meeting – Consider Report to approve outline proposals & delegate to Director completion of Directorate review and implementation of restructure.
20 <sup>th</sup> February	DJCC
February onwards	<p>Subject to approval, commence implementation of ADs and Heads of Service staffing levels, in accordance with CYC Supporting Transformation (management of change) policies.</p> <p>“In Scope” letters to be issued to staff in CES. Phased issue of current staff JDs by team through Head of Service.</p> <p>Ongoing consultation and implementation of CES restructure in all service areas and staff teams below HoS.</p>
March - May	<p>Assimilation Panels. Stage 1 and/or Stage 2 assimilation selection process for ADs and Heads of Service.</p> <p>Complete consultation and finalise service areas, team structures below Heads of Service levels.</p>
June onwards	Commence Assimilations Panels, Stage 1 and /or Stage 2 assimilation selection process for service areas, team structures below Heads of Service levels.

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## **CES Directorate Review - Design Principles**

### Overview

Broad principles adopted are to delegate responsibility and accountability down to most appropriate level; with a lean and efficient management structure; which promotes the ethos of a 'one team' approach; where communications can flow easily up, down and across the chain of command; where technology and 'lean' process design is applied to enhance delivery; and ultimately delivery of important services to customers are maintained through a strong performance management culture, but with a reduced cost base.

### Tiers of Management

5 Maximum, which is in line with Chief Executive's guidance:

Tier 1 = Director

Tier 2 = AD

Tier 3 = HoS

Tier 4 = Group/Team Managers

Tier 5 = Team Leaders/Supervisors

In general, flatter and leaner management structures encourage flexibility, increase responsiveness, improve responsibility taking and reduce costs. Superfluous layers of management slow down decision making and inhibit effective communication and accountability.

### Spans of Control

Traditional model for Local Government management is span of control (direct reports) between 2-8 for upper and middle management. Using experience and reviewing Directorate, we have selected 6 as an appropriate level for CES (with a maximum of 7 where justified) based on overall scale of services and related roles. So design of structure, particularly below HoS level, needs to reflect

this principle. Large spans of control impact negatively on operational efficiency and performance management.

### Functional Groupings

Where possible and practical, functions and roles that complement each other should be brought together to ensure optimal performance. Where functions span areas, they should not be split up, but aligned to where they can achieve greatest benefit and mitigate most risk.

However, the overall shape and composition of any proposed structure needs to be balanced to ensure equivalencies in scales of responsibilities, spans of control and management capacity.

### Flexibility

Structure is designed to enable it to evolve and transform. The current review is not considering at present wider options such as outsourcing, partnering or shared services. However, reorganisation of the functions and responsibilities should facilitate wider options to be considered in future and for those areas to be benchmarked as appropriate; so that value for money can be assessed and informed decisions can be taken accordingly.

### Leadership

Senior Management, HoS upwards are leaders as well as managers, a smaller more focussed leadership team is more efficiently constituted to take the Directorate forward and implement key corporate messages, plans, ambitions and priorities.

### Culture

Management and staff alike have to divest themselves of old bureaucratic approaches and embrace new ways of working that promote efficiency, flexibility, accountability and a one team

approach. Leadership will be a key factor in taking any new operating model forward; however the extent to which old cultural approaches are dispelled and change is embraced will be a decisive element in making any revised structure and approach successful.

### Technology

Technology plays a crucial role in all areas of work and fundamentally underpins delivery of all services. Introduction and effective use of appropriate technology can generate significant efficiencies and benefits; opportunities should be explored where value could be added to processes, functions, communication and access to information. New ways of communicating and doing business using the internet, along with the exponential growth of 'social media', are areas that need to be embraced and utilised in the future.

### Performance Management

A strong performance management culture needs to be introduced to ensure that any new structure and associated processes deliver value for money and most importantly the outputs and outcomes set for customers.

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**Cabinet****12 February 2013**

Report of The Leader of the Council, Cabinet Member for Health, Housing & Adult Social Services & Cabinet Member for Transport, Planning & Sustainability.

**Get York Building – Economic Growth, A Case for Change****Summary**

1. The following report outlines the current state of the building industry within York and the direct role stimulating the house building industry within the city will have on achieving the council's priority to create jobs and grow the economy. It also discusses the real and perceived barriers to building and considers options for the Council to play a leadership role in developing the climate where stalled development can be brought forward and whilst protecting the historic and green nature of the city, York is seen as a place that welcomes development.
2. The interventions presented in this report should be seen as a first phase of actions to facilitate an increase in the number of new homes built. Work is ongoing to unlock major developments which will be subject to further reports, the first of which will be April 2013 setting out proposals for Infrastructure investment to unlock major developments.

**Background**

3. When considering the current economic and housing needs of the city it is clear that one of the most important elements to creating jobs and growing the economy in York is to build quality sustainably designed homes. Developing a more integrated response to housing and economic growth needs to be a key focus of economic growth strategy, building new homes will not only enhance the economic performance of the city but also its overall economic competitiveness.
4. The two main aims of the Get York Building programme is first, to help drive the local economy, unblocking the house building market will provide a much-needed boost to employment, reducing benefits dependency and create a knock on impact in the wider prosperity of the city and, secondly to provide much needed sustainable homes of all tenures to meet the housing needs of the city

5. The current level of house building in the city has fallen dramatically from a high of 1,160 new homes in 2005 to 321 in 2012. The number of affordable homes delivered over the same period is 148 in 2004/5 to 151 in 2011/12, in some cases the guaranteed nature of the income from affordable housing has been a critical factor in sustaining development.
6. Completions are increasing, however not at a rate that will meet the housing need or deliver the real economic benefits for the city, there is a clear case for change
7. Getting house building moving again is crucial for the city's economic growth – housing has a direct impact on economic output, averaging 3 per cent of GDP in the last decade. For every new home built, up to two new jobs are created for a year<sup>1</sup>. For every £1 spent on construction 92p stay in the UK economy and generates a total of £2.84 in extra economic growth as well as having a direct saving in tax and benefits of 36p<sup>2</sup>.
8. Within this context developing a balanced yet active housing market that offers choice, flexibility and affordable housing is critical to the economic and social wellbeing of the city
9. The city's housing need is well known, the 2011 Strategic Housing Market Assessment (SHMA) set out the need for 790 additional affordable homes each year. The city's population is growing with the number of people living in the city increasing from 181,094 to 198,051 between 2001 and 2011, a 9.2% increase since the 2001 Census.
10. On the demand side, customers have become ever more wary of borrowing for home ownership and banks/ building societies require larger deposits from them. Pre 2007 a person needed only to save up for a 5% deposit on a mortgage and, in some cases, 0%. Following the downturn this increased to 20% (post 2007/8), making it virtually impossible for most first time buyers to enter the owner occupied market – an average £230,000 house in York would require a £46,000 deposit. The 2011 SHMA shows the median (private sector) average household income in York to be £22,100 (£11,700 for those in social rented sector). Affordability ratio based on median house price to median earnings = 6.79:1

## Current Picture

11. In developing the background to support the proposed interventions we have held a number of consultation events with stakeholders and contacted all developers / agents who have unimplemented planning permissions for 3 or more dwellings. We have, in discussions with each developer, sought

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<sup>1</sup> DCLG Housebuilding Statistics (2011)

<sup>2</sup> National Federation of ALMO's – Lets Get Building (2012)



to establish the reasons why the approved scheme has not been implemented and to understand what action would enable / give them the confidence to start development.

12. In some instances, particularly in relation to very small developments of less than 5 dwellings, the developer's aspiration as to sale price is one of the issues holding up development. Whilst this is clearly an issue, given the nature of the developments, i.e. windfalls, it is one which should be addressed through ensuring adequate supply is brought forward elsewhere.
13. It is clear from these discussions that as a result of the credit crunch and subsequent recession, commercial lending for developers, especially small developers has become less and less accessible - developers are struggling to get finance to build, and often need 40% deposits for speculative house building schemes. Many developers do not have access to those amounts required to build out sites, hence the picture of developments that have planning permission but not being built out. More recently deposits have reduced to 10-15% but high loan to value lending also comes with expensive arrangement fees and higher interest rates.
14. At the same time house prices have stabilised and the private rented sector has expanded, which can in some cases have the impact of trapping individuals into the private rented sector because of the high rent levels within the city, preventing them from saving for a deposit.
15. Affordable housing and other Section 106 requirements are often portrayed as being the key barriers to housing development coming forward. However, the viability of a scheme and the concerns about bureaucracy are only part of the picture which needs to be considered as a whole alongside other issues. What is clear is that larger national house builders are finding it much easier to address S106 requirements and to bring forward new homes and subsequently sell properties than the local smaller development/building firms. The local smaller development/building firms have expressed concerns about S106 agreements, which can be complex in nature and take some time to agree between parties.
16. Since the change in the affordable housing target to 25% on Brownfield sites & 35% on Greenfield sites and more recent changes on rural sites, development have been coming forward and approved by planning. However the true test is clearly the build out of developments. In recent months it is clear that some developments are coming forward and been built out. This is particularly noticeable in rural areas where in the last 12 months 8 developments have been approved by planning with 2 developments already on site, and an additional site has fully paid the commuted payment.

17. However, the recent changes in policy, whilst helpful needs to form part of a range of interventions that the council has available. To meet our housing needs and growth aspirations we need to see a step change in role for the council, actively facilitating development and unlocking potential.
18. Central to the long term development potential and subsequent economic growth is the bringing forward sufficient sites to meet not only our need but also our development aspirations. Work is currently underway to look at opportunities, arising as a result of a number of local and national changes, to unlock some of our major development sites within the city.
19. Critical to unlocking major development sites within the city is addressing the infrastructure requirements. To unlock the potential of these sites a new, more radical approach to funding and return on investment needs to be considered. Work is currently ongoing to consider how this can be achieved a further report will be brought forward in April 2013 setting out our approach to unlocking the potential of these sites.

## **Options**

20. Option 1 – To agree approve the proposed interventions to:
  - Update the Affordable Housing Targets (as set out in Table 1) and approve as a material consideration for Development Management purposes;
  - Accept, on sites of less than 15 homes in rural areas, an off site financial contribution in lieu of on site affordable housing, (as set out in Annex 1) for a period of 18 months and approve as a material consideration for Development Management purposes;
  - Invest £1m in addressing overcrowding in existing council homes;
  - Agree a first phase of building new council homes;
  - Work up options for a mortgage advice scheme;
  - Review general S106 requirements and development of new approaches to facilitate greater flexibility in the payment of contributions
  - Develop opportunities for Institutional investment in to new Private Rented Sector homes within the city.
21. Option 2 – To ask officers to amend the proposed interventions.

## Analysis

### Proposed Interventions – Immediate

#### Update Affordable Housing Target

22. It is proposed that the current approved interim affordable housing targets are updated and reduced in line with the dynamic model principles of the Affordable Housing Viability Study (2010) and Annex (2011) (AHVS).
23. It was the intention to update the model and revise targets as soon as the Local Development Framework (LDF) Core Strategy was adopted. However, given the withdrawal of the LDF and the progression of a Local Plan, it is recommended that the interim affordable housing targets be updated to aid building in York. This approach should be approved for Development Management purposes and commenced on 1<sup>st</sup> March 2013.
24. The Dynamic Model contained within the AHVS allows affordable housing targets to be updated regularly using three update mechanisms. The three indices proposed for the update are (1) market prices (measured by York Land Registry House Price Index (HPI), (2) construction costs (measured by the Building Costs Information service (BCIS)) and (3) York Alternative Land Use Value (produced by the DVS - Property Services arm of the Valuation Office Agency).
25. This is a slight variation from the AHVS. The House Price Index has been changed to the York Land Registry House Price Index rather than the national Halifax HPI, as this is a local index which reflects more accurately York's specific housing market rather than the national housing market. At the time the AHVS was produced, the local index was unknown. The VOA no longer publishes the Property Market Reports. Therefore the VOA will now produce a specific York value for industrial land based on the same parameters as their discontinued Market Reports. This again has benefits of making the model more York specific, as previously a Leeds figure was used. Fordham's, who produced the AHVS, has confirmed that a switch of indices is acceptable.
26. Using the dynamic matrix in the AHVS Annex (2011) the affordable housing target for brownfield sites of >15 homes (benchmark target) decreases to 20%, from 25% currently. The other affordable housing targets are directly linked to this benchmark target and therefore also reduce. Table 1 below sets out the updated dynamic targets. Developers can still submit an open book appraisal if they consider that these targets are not viable for their site.

**Table 1 – Updated Interim Dynamic Affordable Housing Targets**

<b>Thresholds</b>	<b>Existing Dynamic Targets 2009</b>	<b>Re-Run Dynamic Targets 2012</b>
Brownfield sites > than 15 dwellings	25%	<b>20%</b>
Greenfield sites > than 15 dwellings	35%	<b>30%</b>
Rural Sites 11-14 dwellings (inc Greenfield and Brownfield sites)	25%	<b>20%</b>
Rural Sites 5-10 dwellings (inc Greenfield and Brownfield sites)	20%	<b>15%</b>
Rural Sites 2-4 dwellings (inc Greenfield and Brownfield sites)	10% Off site financial contribution = £15,427.50 per unit	<b>10% Off site financial contribution = £11,566.90 per unit</b>

27. These new targets will be relevant to any applications not currently determined. In respect of existing applications, applicants do have the right to submit a deed of variation to S106's in line with current policy. Many of the larger outline applications approved under the dynamic interim targets, through their S106 agreements set the actual affordable housing target at time of reserved matters submission, so these remain unaffected

### **Reducing Bureaucracy - Off Site Financial Contributions (OSFC)**

28. Discussions with smaller house builders/developers has suggested that on smaller rural developments, often delivered by local building firms, the requirements for lengthy and complex legal agreements are a deterrent to development, especially in the current economic climate where back office capacity has been significantly reduced. The often complex and lengthy legal agreements (around 40 pages) required to secure on site affordable housing is an example cited by local smaller development/ building firms.
29. It is therefore proposed that for sites in rural areas of less than 15 homes Members agree the principle of off site financial contributions (OSFC) for an 18 month agreed period rather than provision on site. Table 2 below sets out the OSFC payment schedule for sites up to 15 homes. This approach should be approved for Development Management purposes and commenced on 1<sup>st</sup> March 2013 for an 18 month period unless material considerations indicate the need for an earlier review. The OSFC has been calculated in accordance with the formula below which has been in operation since the rural targets were approved in Dec 2011:

**Formula: Average Property Price – Fixed RSL Price X AHVS Viable %**

**Table 2 – Rural Off Site Financial Contribution Schedule.**

Rural Site Threshold	Average York Property price (Land Reg Aug 2012)	Average York Fixed RSL Price	AHVS Viable % level	Fraction OSFC
2 – 4 homes	£180,502	£64,833	10%	£11,566.90
5 – 10 homes	£180,502	£64,833	15%	£17,350.35
11 – 14 homes	£180,502	£64,833	20%	£23,133.80

\*Payment is not required where there is a net gain of 1 home.

30. It is considered that these updated targets and the allowance of an OSFC for sites of up to 15 homes in rural areas will send out a clear message to the house building industry that the council is responding to market conditions. The changes should assist in limiting the need of viability appraisals that developers need to submit. Developers can still submit an open book appraisal if they consider that the revised targets are not viable for their site. Allowance of OSFC simplifies the negotiation process on smaller rural sites and removes the necessity for a complex Section 106 agreement, both of which will speed up and simplify the determination process.
31. Members should note that in terms of impact on affordable housing or other contributions sought, an 18 month interim approach would be felt for much longer than this period in reality, due to the period of validity of a planning permission. From granting of approval there is a standard period of 3 years for development to commence, before the permission lapses. Officers recommend that applications approved in relation to OSFC have a reduced timeframe for commencement. Applications should be conditioned to 2 year time period to encourage implementation and to prevent these interim reduced requirements from being exploited significantly beyond the period when their operation is justified. This is based on the generous relaxation of onsite provision for small rural sites, the progression of the Local Plan and changing market conditions. A report would be brought back to Cabinet at the end of the period to assess the impact of the change.
32. This interim approach will be relevant to any applications not currently determined. In respect of existing applications, applicants do have the right to submit a deed of variation to S106's but like applications yet to be determined the time frame of the application will be tied to a shorter implementation period i.e. a maximum of 2 years or shorter if the

application has less lifespan remaining. Many of the larger outline applications approved under the dynamic interim targets, through their S106 agreements set the actual affordable housing target at time of reserved matters submission, so these remain unaffected.

#### £1 million investment into CYC homes to address overcrowding

33. Whilst not new build properties, investment in extending current homes is activity in the construction industry and as such has the same positive impacts on the economy of the city.
34. The need for additional affordable homes is well documented, however the council should where possible look to minimise the demand for new larger homes. One way in which the council can start to address this is by looking to see where it can extend its existing homes to meet the need of families who are living in overcrowded conditions. In 2010/11 with a small amount of funding from the Golden Triangle the council introduced a limited scheme to provide loft conversions to its homes where tenants were living in overcrowded conditions. This proved very popular and whilst not only adding to the asset base of the authority, addressed significant overcrowding. As a result of the opportunities arising from HRA Self Financing it is proposed to develop a programme to extend existing council homes starting in 2013/14 with £1m investment.

#### Build new Council Homes

35. A clear priority for the Get York Building initiative is to bring sustainable development forward quickly. Utilisation of council land assets presents an opportunity to play a leadership role in kick starting new development. The council has a number of land assets that could be utilised for the development of new council homes.
36. Evaluation of Housing Revenue Account (HRA) land assets has identified number of sites where development of new council homes could be built. This includes existing unused land assets and garage courts. A number of these sites are felt to have the potential to move forward quickly which could deliver in the region of 50 – 70 new homes. Funding for this development would be from the investment fund on the HRA. Details of the suitable sites are been worked up and will be brought back to a Cabinet for approval.

### **Proposed Interventions – Within 6 Months**

#### Review of general S106 requirements

37. Through the Get York Building initiative a review is underway to look at all issues pertinent to S106 contributions, including the nature and timing of

payments and how those payments are linked to the viability of a development through open market sales. Any changes arising from the review will form part of a wider package of incentives for development, and will be reported to the Get York Building Group and Local Plan Working Group and Cabinet for approval in due course.

Develop an accessible mortgage advice scheme

38. Discussions with developers have given the clear message one of the key issues is confidence in the market and demand uncertainty due to low mortgage availability and concern as to their subsequent ability to sell the new homes. This is particularly relevant to smaller developers who do not have the back office infrastructure that larger national developers have to bring advice and mortgage availability into their core sales package.
39. Where this advice and assistance is available, developers are seeing a significant increase in the percentage of reservations progressing to sale. This breeds confidence within the industry.
40. It is therefore proposed that the council develops an accessible mortgage advice scheme that brings together developers and lenders.

Bring forward key development opportunities following the Call for Sites

41. As part of our desire to generate development opportunities and to significantly boost housing supply in line with National Planning Policy Framework (NPPF), we wrote to and emailed nearly 2000 contacts from our Local Plan database asking them to submit sites, which they thought had potential for development over the next 15-20 years. In order to maximise the response to our 'Call for Sites' consultation we issued a press release which was subsequently reported in the York Press as well as advertising the consultation on the website homepage and displaying posters at our network of community facilities.
42. The consultation ran for 6 weeks and generated 292 individual site submissions from a variety of landowners, agents, developers and members of the public. We are looking at these sites alongside others we previously knew about from the 2008 call for sites, Strategic Housing Land Availability Assessment and Employment Land Review, which were not resubmitted as well as outstanding planning permissions. In total, we are we are considering 688 parcels of land.
43. The sites are subject to a suitability assessment of which the first stage is the consideration of flood risk, historic character and setting, nature conservation and green infrastructure. The next stage of the process is to score the sites against accessibility criteria in order to be able to rank the

sites by their suitability for different uses. Further to this, a viability assessment will be carried out to allow us to make realistic and accurate assumptions about the deliverability of the individual sites through the allocations process. This work will be completed in February and will be consulted on as part of the Preferred Options Local Plan report.

#### Opportunities for institutional investment

44. Institutional investors, in the main, are not interested in development or management they want a product that can be delivered at minimum risk to themselves where they receive a return on investment that meets their expectations.
45. Work has been carried out as part of the Leeds City Region (LCR) to model the opportunities for institutional investment and to consider the viability of such an approach. Modelling has been carried out which shows that sets out the viability of any investment.
46. However, more recent funding options from government as part of the 'Build to Rent' scheme provides an opportunity for the council to consider opportunities within its existing land assets to bring in investment to the city and still receive a capital receipt for the asset or, depending on the business case, consider the land asset as an equity investment and receive an ongoing return.

#### **Consultation**

47. Significant consultation has taken place in the development of the proposed interventions set out in this report. Discussions have taken place with all developers / agents who have outstanding planning permission for 3 or more homes. In early November 2012 a Get York Build consultation event was held as part of the long term Local Plan Visioning event which was attended to over 50 representatives from the house building industry. A key focus of the Housing Summit was also Get York Building with presentations and workshop sessions with industry representatives.
48. The Get York Building Project Board is made up of officers from Communities & Neighbourhoods, City & Environmental Services and Cabinet members. Discussions have taken place with developers in relation to the site specific issues that have been raised. It is also proposed to establish a Strategic Housing Forum for the city where barriers to bringing forward development can be discussed to ensure effective interventions are put in place.



## Council Plan

49. Whilst the principal objective of the work is to Get York Building, the impact of the project impacts on all five of the council priorities as set out in the Council Plan.

- Create jobs & grow the economy – This report clearly sets out the direct link between activity in the construction industry and the economic prosperity of the city. For every £1m spent on construction of new homes it delivers 20 new jobs for a year and creates £2,84m of additional economic activity.
- Get York Moving – Unlocking major sites through delivering major infrastructure works will have a positive impact on Getting York Moving.
- Building Strong Communities – Meeting the housing needs of our communities is central to ensuring that we can in the long term ensure that our communities are strong and sustainable. Development of new sustainably designed homes will ensure that we deliver some of the fundamental principals building blocks of strong communities for the future.
- Protecting vulnerable people – Whilst the key focus of this report is about delivering quality and quantity and freeing up the delivery of new homes, delivery of specialist accommodation is also part of the wider picture. Delivering new homes will also help address some of our long term needs for affordable housing and have a direct impact on some of the most vulnerable individuals in housing need.
- Protect the environment - Whilst we are focusing growth both in the economy and the numbers of homes built, central to our approach needs to be the sustainability of the homes built and the impact that these have on our environment. As part of our approach to delivery we will be considering how we can play a leadership role within the city to ensure homes that are delivered are sustainable.

## Implications

50. The majority of the implications of this report are considered within the body of the report. Key implications are:

- **Financial:** If members approve the recommendations significant off site contributions for affordable housing may be forthcoming. These will be used to support the delivery of affordable housing in accordance with the current arrangements for off site contribution. The financial implication of the decision to approve a new build programme of council homes is

included within the HRA Business Plan which is another item on the Cabinet agenda.

- **Human Resources (HR):** None
- **Equalities:** None
- **Legal:** None
- **Crime and Disorder:** None
- **Information Technology (IT):** None
- **Property:** None

### **Risk Management**

51. In compliance with the Council's Risk Management Strategy, there are no risks associated with the recommendations of this report.

### **Recommendations**

52. The Cabinet is asked to

- a. Agree the option1 set out in Para 20 of the report to:
  - Update the Affordable Housing Targets (as set out in Table 1) and approve as a material consideration for Development Management purposes;
  - Accept, on sites of less than 15 homes in rural areas, an off site financial contribution in lieu of on site affordable housing, (as set out in Annex 1) for a period of 18 months and approve as a material consideration for Development Management purposes;
  - Invest £1m in addressing overcrowding in existing council homes from the HRA;
  - Agree a first phase of building new council homes with funding from the HRA as set out in the HRA Business Plan.
  - Work up options for a mortgage advice scheme;
  - Review general S106 requirements and development of new approaches to facilitate greater flexibility in the payment of contributions
  - Develop opportunities for Institutional investment in to new Private Rented Sector homes within the city.

**Reason:** To ensure that the council plays a full and active leadership role in delivering quality sustainable new homes, creating jobs and growing the economy of the city.

**Contact Details**

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	Councillor Dave Merrett, Cabinet Member for Transport, Planning & Sustainability.		
	<b>Sally Burns</b> Director – Communities & Neighbourhoods		
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	<b>Report Approved</b>	✓	<b>Date</b> 28 January 2013
<b>Specialist Implications Officer(s)</b>			
<b>Derek Gauld</b> Head of Major Development Projects & Initiatives			
<b>Andy Kerr</b> Housing Development Manager			
<b>Wards Affected:</b> List wards or tick box to indicate all		<b>All</b>	✓

**For further information please contact the author of the report**

**Annexes**

**Annex 1 –** Table showing Rural Affordable Housing OSFC Payments for sites less than 15 homes

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**Rural Affordable Housing Off Site Financial Contribution Payments for sites less than 15 homes**

<b>Site size (dwgs)</b>	<b>% Target</b>	<b>OSFC</b>
<b>1</b>	<b>N/A</b>	<b>N/A</b>
<b>2</b>	<b>10</b>	<b>£11,566.90</b>
<b>3</b>	<b>10</b>	<b>£23,133.80 (2x £11,566.90)</b>
<b>4</b>	<b>10</b>	<b>£34,700.70 (3x £11,566.90)</b>
<b>5</b>	<b>15</b>	<b>£69,401.40 (4x £17,350.35)</b>
<b>6</b>	<b>15</b>	<b>£86,751.75 (5x £17,350.35)</b>
<b>7</b>	<b>15</b>	<b>£104,102.10 (6x £17,350.35)</b>
<b>8</b>	<b>15</b>	<b>£121,452.45 (7x £17,350.35)</b>
<b>9</b>	<b>15</b>	<b>£138,804.00 (8x £17,350.35)</b>
<b>10</b>	<b>15</b>	<b>£156,153.15 (9x £17,350.35)</b>
<b>11</b>	<b>20</b>	<b>£231,338.00 (10x £23,133.80)</b>
<b>12</b>	<b>20</b>	<b>£254,471.80 (11x £23,133.80)</b>
<b>13</b>	<b>20</b>	<b>£277,605.60 (12x £23,133.80)</b>
<b>14</b>	<b>20</b>	<b>£300,739.40 (13x£23,133.80)</b>

The shaded bar indicates the point at which an on site provision is currently required. Under the proposal above the commuted sum payable would be equivalent to the cost of providing an on site unit.

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**Cabinet**

**12<sup>th</sup> February 2013**

**Report of the Cabinet Member for Health, Housing & Social Services**

**Housing Revenue Account Business Plan 2013 to 2043**

**Summary**

1. This report provides an overview of the new Housing Revenue Account (HRA) Business plan for the next 30 years and provides detail of the key priorities for the next five years, including the creation of an investment fund to support the delivery of more affordable new homes.

**Background**

2. The core purpose of the HRA Business Plan is to set out the priorities for the business over the next 30 years and to demonstrate that the council can maintain its housing assets, deliver a quality customer focused service as well as improve its homes and neighbourhoods. It is first and foremost a financial plan, which determines how the council will meet the needs of present and future tenants whilst ensuring the long-term viability of the stock. Key decisions relating to the financial management of the HRA are made jointly between Finance & Housing.
3. In April 2012, the funding regime for local authority social housing changed radically with the abolition of the HRA subsidy system, a national system for redistributing housing resources, and replaced with a locally managed 'self financing' system. Local authorities now retain the rental streams from their housing assets, alongside the responsibility for managing, maintaining and improving the housing stock and supporting an opening level of debt that was allocated to each authority. The level of debt allocated to York was £121.5m.
4. The Business Plan needs to be read in conjunction with the Asset Management Strategy, which covers the 30-year period 2013/14 to 2042/43 and sets out priorities for the physical care and improvement of the housing stock and related housing assets. This Business Plan draws upon the stock condition information and data analysis used in the formulation of the Asset Management Strategy. The capital programme for the HRA is agreed annually as part of the council's wider financial management reports.

5. As a result of the introduction of self financing and the historic prudent management of the HRA, the Business Plan sets out the opportunity to create an investment fund to enable the council to invest in the management, maintenance and the delivery of new council housing. The financial detail of this is set out the Business Plan however, if the plan is approved an investment fund of £20m will be created over the next 4 years. This is in addition to the maintenance of prudent levels of reserves within the HRA.

### Rent Restructuring

6. Rent restructuring was introduced in April 2002, with the key aim of converging rents across all social housing providers, whether local authority landlord or other registered provider. This involved a phased change in rents based on a formula for rent setting created by Central Government. This Government 'formula rent' takes account of various factors including the number of bedrooms a property has, property valuation, average earnings and the date at which all rents are expected to converge. This means that rents charged will move towards a Government set target rent.
7. By 2015/16 existing actual rents will converge with their target rent for the majority of council dwellings. The Government expectation in the self financing settlement is that councils will continue to follow rent restructuring policy and the settlement is based on future income levels assuming the policy is implemented as planned. The business plan assumes that York will follow this policy and the expected effect on rent increases over the next 5 years is shown in the below.

Year	Estimated Average Rent Increase (assuming RPI at 2.5%)	Estimated Average Rent per week	Estimated Average Increase per week
2013/14	4.36%	£75.21	£3.14
2014/15	4.2%	£78.40	£3.19
2015/16	4.2%	£81.71	£3.31
2016/17	3%	£84.17	£2.46
2017/18	3%	£86.70	£2.53

### Consultation

8. The development of the business plan has involved a wide range of staff from within housing services, building maintenance and corporate finance. In developing the plan we have had regard to a number national



issues and local strategies that have informed the key priorities for the service

9. Once approved there will be a need for the service to embark on a significant programme of communicating the significance of the plan to tenants and resident associations.
10. The implication of much of what is contained within the plan will require extensive consultation with residents and community groups through formal processes such as planning and with resident groups.

## Options

11. Option one – To adopt the plan set out at Annex A
12. Option two – To ask officers to revise the document

## Analysis

### Option one

13. This Business Plan covers 7 areas where there are investment issues for the HRA. It also looks at assumptions around performance and treasury management, which have informed the plan, particularly in relation to the development and subsequent use of the Investment Fund. The key areas are:

### New build council housing

14. The need for social housing in York has never been as high as it is today. The city has a growing population with the number of people living in the city increasing from 177,100 to 198,800 between 1999 and 2009.
  - Demand for housing, and housing costs are high for both homeownership and the private rented sector placing greater pressure on limited social housing stock.
  - Welfare reforms will exacerbate the problems of affordability within the city.
  - At September 2012 there were 4,674 households registered for social housing in York.
  - The council averages 500 council lettings per annum.
  - The SHMA concludes that 790 additional affordable homes are

required to be built in York each year to meet current need.

- An average 157 affordable homes have been built each year.

15. Building on the success of the Archer Close development of 19 new council houses, the creation of the HRA investment fund combined with the borrowing powers give us a great opportunity to invest in building more council houses and increasing the affordable housing supply in the city. It is therefore proposed to bring forward a phased development programme for building new council houses, with a first phase of approximately 60 new homes.
16. Details of options for bringing forward development of these new homes is being worked up, but will be provided on existing council land. Detailed proposals will be brought back to Cabinet. The cost of building these homes is a capital cost and oversight of the spend associated with this will be via the councils normal capital programme management procedures with regular reports back to members.
17. Building new council homes will also enable the council to take a leadership role within the city and support the priorities set out in the Council Plan, in particular, creating jobs and growing the economy. Research by the UK Contractors Group<sup>1</sup> identifies that every £1 spent on construction generates a total of £2.84 in extra economic activity. Whilst acknowledging not all this would be in York, a council house build program to build 60 new homes would generate over £17m of additional economic activity, a significant element of which would be in the city.

#### Repairs and maintenance/stock investment

18. The Council's housing stock is well maintained. The stock has been the subject of significant investment over many years with a structured program of maintenance and improvement carried out and with a range of ongoing improvement programmes:
  - The council exceeded the governments decent homes standards;
  - An improvement programme is in place to ensure a proactive approach to stock improvement and ensure all our homes continue to exceed the decent homes standard<sup>2</sup>;
  - At the end of 201/12 the councils housing stock had an above average energy SAP rating of 74;

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<sup>1</sup> National Federation of ALMO's – Lets get building

<sup>2</sup> Dwellings fall out of decency on a rolling basis and are improved within the financial year that they become non-decent

- The Business Plan sets out a capital improvement budget of £42.5m over the next five years to meet its capital improvement programme and £33m investment in responsive repairs & cyclical maintenance.

19. Following the corporate restructure in 2011, Building Services was integrated into the Housing Service and a rigorous review of working practices and procedures was initiated. As a result of these reviews, the operating costs of the responsive repairs function has been reduced by over £1.3m per annum.

#### Landlord services

20. The landlord function of the Housing Service deals with the pro-active estate management and community involvement which make our estates vibrant places to live and work. Key functions within this are: income management, tenancy management, letting of properties, Right to Buy administration, resident involvement and low-level tenant ASB functions for the councils housing stock.

21. In 2012 we reviewed our management arrangements and developed 3 estate management teams. Each team has specialist tenancy management and income management staff and in recognition of the challenges that welfare reforms bring additional posts were created with their initial focus offering advice and assistance to the tenants that will be affected by the welfare reform changes. The service delivers specialist functions (Income Management, Anti social Behaviour & Community Development) within three geographically managed teams to ensure that the service that is provided is generic and seamless.

#### Supported housing

22. Supported housing is defined as housing which is designated for a specific group (such as older people, people with learning disabilities etc.) and in which there is some level of support provided as part of the accommodation offer, this is usually funded through a service charge to residents.

23. A supported housing strategy is currently being developed to address the supported housing needs of the City, and to prioritise resources appropriately:

- The Council directly manages 7 sheltered housing schemes, and a further 4 sheltered housing with extra care schemes;
- Temporary accommodation for statutory homeless households includes Ordnance Lane (currently providing 31 units of various sizes) Holgate Road and Crombie House. It is anticipated that the need for

temporary accommodation will increase as the impact of the Welfare Reforms start to bite;

- Sheltered housing makes up 13% of social housing stock in York.

### Adaptations

24. Local authority social housing providers are expected to meet the cost of any adaptation work required by tenants of their social housing stock. Currently 450 council homes are adapted each year to meet the needs of particular households. The investment requirement ranges from the need for minor adaptations, such as grab-rails and ramps, through more major adaptations such as stair lifts, through floor lifts and assisted bathing facilities, up to the need for major structural changes. Costs associate with adapting the councils housing stock is included in the annual capital programme.
25. Once a property has been adapted, the council processes, via the choice based lettings system for managing our housing waiting list and allocations activity, ensures that properties with specific adaptations are prioritised for the use of those with appropriate need.

### Tenant involvement

26. Tenant involvement is critical to the delivery of an effective and efficient housing service. **What matters to our customers, matter to us**
27. Working with our customers we have developed a range of involvement activities from which customers choose how they wish to influence services from a wide range of options including:
  - York Resident Federation and 20 Resident Associations;
  - Tenant Scrutiny Panel;
  - Tenant Inspectors;
  - Annual Tenant and Leaseholder Open Day;
  - A range of satisfaction surveys, focus groups and drop-in sessions.
28. The long-standing York Residents' Federation is the umbrella group for York's Residents' Associations. With a formal structure, access to senior staff and the Cabinet portfolio holder as a standing member, the Federation's voice influences our policies, priorities and performance

### Information systems

29. The Housing Services relies very heavily on a number of business critical ICT systems, with the Integrated Housing Management Information

System (Northgate SX3) being one of the key applications. This system is currently being upgraded with the existing supplier.

30. There are a number of other key systems, which work alongside or integrate with this application, and a review of a number of these is required to make best use of the IT functionality currently available to support a housing business.
31. The integration of these systems requires significant resources and infrastructure to allow it to be fully operational and effective. Positive outcomes for the business will include the ability to support service delivery with accurate and comprehensive data, a reduction in waste and duplication and reduction in staff time spent interrogating systems that are not integrated. These benefits will feed through to customers as better informed decisions are taken and staff time is freed up to deliver for customers.
32. The development and use of advanced ICT technology and social media will fundamentally change and improve efficiency and coincide with a council wide initiative to work smarter and become less reliant on office accommodation for its field staff. This will help us take services to customers and communities and allow them to actively participate in service delivery and development in a wide variety of convenient ways.

### Option Two

33. The proposed plan is based key priorities identified by our customers, stock improvement needs identified from our Asset Management Plan and is set within the context of the financial information following the introduction of self financing. Any significant changes would delay the approval and implementation of the plan. It is proposed that the plan is regularly monitored and reviewed annually.

### **Council Plan**

34. The HRA business plan specifically relates to four of the five priorities with the council plan.
  - Create jobs and grow the economy – with the considerable investment that is proposed in the existing stock and the intention to build new home.
  - Building strong communities – The plan clearly sets out the housing department's intention to develop local services and work to develop community involvement in determining priorities.

- Protect vulnerable people – proposal within the support housing sector and the increased expenditure on adapting home demonstrate how the plan supports this priority.
- Protecting the environment – proposals to continue to invest in energy efficiency measure demonstrate a commitment to reducing the carbon footprint with the city. At the same time as tackling issues around financial inclusion

## Implications

35. The implications arising from this report are:

- **Financial** - The Business Plan sets out the financial details for managing the councils housing stock over the next 30 years. Adopting this Business Plan will enable the council to effectively manage its stock in a way that ensures that the HRA is financially sustainable. The report identifies that over the next four years there will be the ability to create an investment fund of some £20m. This is based upon a prudent set of assumptions, and also there is the retention of prudent working reserves.

This report proposes the in principal release of £6m from the investment fund to support a programme of building new council homes. This has been discussed in detail with the Director of Customer & Business Support Services who has confirmed that the release of this money for building new council homes is a valid and appropriate use of the investment fund and does not affect the long term viability of the HRA.

Details of how any future allocations from the investment fund will be subject to separate reports and any specific financial implications arising from subsequent recommendations and their implication on the HRA Business Plan will be considered as part of the specific reports.

- **Human Resources (HR)** - None
- **Equalities** – Community Impact Assessments are carried out in respect of individual service area delivery and policy review. Self-financing is a change in a major financially driven process and therefore it is not appropriate to undertake a CIA in respect of the introduction of the Business Plan in its own right. However, CIAs will be carried out in respect of any potential changes in policy or service delivery that may result from this different financial process
- **Legal** - None

- **Crime and Disorder** - Continued delivery of an effective Housing Management function will support the priorities set out in the Community Safety Plan and the Anti-social Behaviour strategy will be focused on reducing crime within the city.
- **Information Technology (IT)** – Significant investment is proposed for ICT to support the ambitions of the plan. These will be discussed with the ICT team and built into work plans
- **Property** – Approving the Business Plan will result in significant investment in the councils housing stock (£42.5m over the next 5 years). The release of funding to support a new build council homes programme will increase the council's HRA property portfolio.

## Risk Management

36. Whilst the self financing regime has created a number opportunities, in particular the option to consider the building of new homes, there are a number of areas of risk that will need to be closely monitored and suitable mitigation identified.
37. The proposals contained in the Welfare Reform Bill could reduce income to some families and may increase the level of bad debts. The impact on lower income households needs to be closely monitored with emphasis placed on preventative work, such as financial inclusion, financial capacity building and measures to prevent households from falling into poverty.
38. Following the government changes to the Right to Buy, sales could be higher than projected, reducing the overall level of rental income received. If this should occur then the capital programme would need to be reduced for a period to compensate. The situation will be kept under review and any material impact reported to members.
39. The Government will continue to set national social rent setting policy and maintaining the rental income stream is essential for the viability of the business plan. Any variation from the national policy is likely to result in a negative financial impact on the business plan and could result in reductions in services to tenants.
40. To mitigate these risks a number of assumptions have been built into the business plan:

## Business Plan Assumptions

Key Area	Assumption	Comment
General Inflation	2.50%	
Rent Increase Inflation	3.00%	Rent Increases assumed in line with government guidelines of RPI plus 0.5%
Rent Convergence	2015/16	Convergence with target rent assumed in 2015/16. Small number of properties will not achieve this
External Borrowing Interest rate	2.76% to 3.51%	Portfolio of fixed rate maturity loans with PWLB
Minimum HRA Balance	£5,500,000	Recognise increased risk in self financing environment
Right to Buy Sales	20 to 28 per annum	In line with settlement model assumptions.
Void Rate	1.20%	In line with current position, no significant increase/decrease forecast
Bad Debts	0.4% to 1.5%	Increase assumed to allow for changes under welfare reform

## Recommendations

41. Cabinet are asked to:

- a) Approve the overall HRA Business Plan, in particular the creation of an investment fund of £20m and recommend to Council the adoption of the HRA business plan as set out in Annex A
- b) Agree in principal the release of £6m funding from the investment fund for the first phase of 60 new Council homes. Following detailed work identify the specific sites and construction costs a further report will be brought Cabinet setting out the exact costs of development for Cabinet to consider and recommend to full Council for approval.

**Reason:** The plan sets out a sustainable financial projection for the next 30 years and the priorities for the housing revenue account for the next 5 years. It gives clear messages as to the commitment to continue to invest in the council's exist stock, the local communities and build new much needed social rented housing



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	<b>Report Approved</b>	✓	<b>Date</b> 28 January 2013
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<b>Wards Affected:</b> List wards or tick box to indicate all	<b>All</b>	✓	

**For further information please contact the author of the report**

**Annexes**

- Annex A – Business Plan.

**Background /Supporting Information**

- HRA Asset Management Plan

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# City of York Council

## Housing Revenue Account 30 Year Business Plan

February 2013

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# Forward

We are pleased to introduce our Housing Revenue Account (HRA) Business Plan 2013-2043, which sets out our priorities, plans and actions for council housing in our city for the coming years.

The purpose of the Housing Revenue Account (HRA) Business Plan is to demonstrate that the council can maintain its housing assets, and deliver the levels of service, home and neighbourhood improvements. It is first and foremost a financial document, which determines how the council will meet the needs of present and future tenants, demonstrating that Government and local targets can be achieved and ensuring the long-term viability of the stock.

The Business Plan needs to be read in conjunction with the Asset Management Strategy, which covers the 30-year period 2013/14 to 2042/43 and sets out priorities for the physical care and improvement of the housing stock and related housing assets. This Business Plan draws upon the stock condition information and data analysis used in the formulation of the Asset Management Strategy.

An effective Business Plan has become evermore crucial since central government announced the reform of the rules governing local authority housing finance and the introduction of the self-financing system. This new system requires local authorities to take on a one off debt, in York's case £121.5 million and in return keep all its revenue income, a proportion of right to buy receipts are still pooled and returned to central government. It is therefore critical that the HRA continues to be managed on sound business principles

The reforms open up some exciting opportunities for York, the

financial modelling demonstrates that a regeneration / investment fund can be developed to enable the council and its housing stock to play a pivotal role in not only developing much needed social housing but also delivering council priorities to grow the economy.

The 30 year financial model assumes levels of expenditure to ensure properties are maintained to the standards currently prescribed within the Asset Management Strategy and the rent increases are applied to meet the rent convergence model to generate the income stream to fund the Council's aspirations.

This plan sets out the national and local strategic context and corporate priorities under which we are currently operating. This framework has enabled us to identify our challenges and priorities specifically over the next five years as well as identifying longer terms issues and goals for the next thirty years.

Demand for social housing remains high, particularly for larger family homes and therefore the plan sets out the Council's aspiration to build new council housing of the types required.

**We are committed to achieving Customer Service Excellence in all aspect of its work within the next 3 years.**

# Introduction

## Background

This Housing Revenue Account (HRA) business plan covers the 30-year period 2013/14 to 2042/43. The plan concentrates largely on those activities relevant to the management of the council's housing related assets and the challenges facing key service delivery areas and contains an investment programme, formulated on a five year and a 30 year basis

The Asset Management Strategy is a key component of the HRA Business Plan as it sets out priorities for the physical care and improvement of the housing stock and related housing assets, using stock condition information to inform the strategic framework within which decisions on investment or disinvestment are made. It recognises the natural tension between competing investment needs, for example investment in the existing housing stock, investment in new affordable housing and investment in housing management services.

York is an area of high property values and intense demand for social housing. This means that the council has not experienced significant difficulty when letting vacant property. It is, however, aware of the need to anticipate and where possible to forestall obsolescence in the housing stock and maintain housing to a standard which is attractive to potential tenants, meets the changing nature of household formation and responds to other demographic or cultural issues. An element of re-development is also a key part of the business plan.

## Housing Revenue Account

In April 2012, the funding regime for local authority social housing changed radically. The abolition of the national (HRA) subsidy system, a national system for redistributing housing resources, was replaced with a locally managed 'self financing' system. Local authorities now retain the rental streams from their housing assets, alongside the responsibility for managing, maintaining and improving the housing stock and supporting an opening level of debt that was allocated to each authority.

HRA reform placed councils in control of their housing assets. The changes also resulted in a range of options for unlocking HRA investment capacity that remain consistent with government's current priority to control the national debt. The key aspects of HRA reform relevant to York are that:

- Efficient operation of the HRA should generate an investment fund that will be available for new investment.
- A £20 million investment/regeneration fund over the next five years will be available to support our priorities including the potential for investing in new build and we anticipate continued funds being available over the life of this business plan.
- Housing will become a real asset capable of generating additional investment resources for new and improved social and affordable housing
- Councils will be able to shape their "housing business" to deliver against their local service and investment priorities.

The Council manages its properties and landlord services through its business plan and asset management strategy. The finances for both are managed through the Housing Revenue Account.

# National Policy Context

Under the current Government significant changes will take place through the Localism Act 2011 and the Welfare Reform Act 2012, which will create huge challenges for our communities and housing services.

## The Localism Act

The Localism Act 2011 has wide implications for social landlords and includes measures on:

- Implementation of a tenancy strategy, which will affect the allocation of social housing
- Abolition of the HRA subsidy system and the introduction of self-financing for all local authority housing
- Regulatory reform including the introduction of complaints and tenant panels

## Welfare Reform

The welfare reform programme is aimed at reducing the overall benefits bill and making work pay. It is the biggest shake up of the welfare system since its inception. Although these changes will be implemented nationally, the extent of their impacts will vary according to local circumstances. What is clear is that the Act will have a massive impact on tenants who claim benefits, their landlords, local housing markets and a range of agencies providing money and benefits advice. The key changes include:

- Creation of Universal Credit which will cap the overall amount of benefits individuals and families can claim

- Ending housing benefit and direct payments to social landlords
- Caps to the maximum Local Housing Allowance(LHA) payable
- Increases in non-dependant deductions
- Calculating LHA rates using the 30th percentile of market rents rather than the 50th percentile and indexed to the Consumer Price Index from April 2013
- Limiting housing benefit for working age tenants so it only covers the size of property they are judged to need
- Raising the shared accommodation rate age limit from 25 years to 35 years

We anticipate these measures will have a significant impact on the local housing market and people's ability to afford their home. Residents on lower incomes will face additional financial and housing pressures.

A significant risk for the Business Plan is the collection of rental income and we predict that rent arrears will increase by 400% over the next 5 years because of the impact of these welfare reform changes.

Housing Services has restructured to deal with the initial impact of these changes and has adopted a more localised and consultative approach to service delivery.

## Right to Buy

The current government has reinvigorated the Right to Buy scheme by encouraging more tenants to exercise their Right to Buy their council house by increasing the maximum discount that buyers can get off the market value of their home to £75,000.

# Local Policy Context

The business plan is guided by the Council’s Corporate Plan and contributes to a number of its aims. The plan must be viewed in conjunction with the Asset Management Strategy.

The Business Plan sets out the investment required to:

- Maintain our housing stock to provide good quality sustainable council homes to meet a range of needs for today and future generations
- Achieve and maintain high standards of housing management and effective tenant involvement
- Assist people in housing need to access social housing and to offer support to help vulnerable tenants to maintain their tenancy and independent living
- Respond to and pre-empt changing demand patterns, maintaining a balanced portfolio of housing to address a wide range of needs
- Increase the environmental sustainability of the council's housing stock
- Deliver the investment programme in a cost effective manner in accordance with sound procurement principles

# The HRA Business Plan in Context



## Strategic Aims and Priorities

The HRA business plan supports our vision “creating homes, building communities” and aligns with the following plans and strategies.

- ‘Delivering for the People of York’ Corporate Council Plan 2011-2015
- ‘Creating homes, building communities’ housing strategy 2011/15

- 'Positive Ageing, Housing Choices' older people's housing strategy 2011/15
- Asset Management Strategy 2013/43

The business plan is intended to assist in meeting the council's wider strategic aims to:

- Build strong communities
  - Increasing the supply of affordable housing and making best use of the existing stock.
  - Developing community engagement activities so that tenants are engaged in planning and influencing services
- Protect vulnerable people
  - Providing great facilities that support dedicated high quality care for people with specialist needs
- Protect the environment
  - Reducing carbon emissions and making more use of renewable energy

It also contributes to our key priorities on the housing strategy and older people's housing strategy developed in consultation with a wide range of stakeholders and customers, these are:

:

- Make best use of existing housing stock
- Maximise the supply of decent environmentally sustainable homes that people can afford
- Improve the condition, energy efficiency and suitability of homes and create attractive, sustainable neighbourhoods
- Ensure supported housing is designed to promote and enable maximum independence and choice

York has one of the highest ratios outside London of earnings to average rent, giving the city a particularly acute problem in finding suitable accommodation for those on benefits, even more so in light of recent welfare reform. A Financial Inclusion Policy was approved by Cabinet in November 2012 to address these issues.

Priorities for the business plans are aligned to the key actions of the financial inclusion policy:

- Reduce levels of financial and social exclusion by relieving the pressure on family budgets, helping disadvantaged individuals to access cost effective financial products and tools.
- Develop sustainable solutions to improve the financial capacity and capability of individuals and communities within the City, reduce levels of debt and raise awareness of benefit entitlement
- Work with partners towards a comprehensive customer profiling system, tracking specific customer needs around financial inclusion, identifying when client groups will require intervention / support and how they are likely to access it.
- Create financial support packages which effectively target vulnerable and marginalised families, individuals and communities in settings that are comfortable and familiar to them



# Financial Summary

The introduction of self financing resulted in the council taking on £121.5m of additional debt from central government in March 2012. However, on the flip side the council no longer has to pay the government an annual negative subsidy payment which was in the region of £7m.

In taking on this debt the council considered all options as part of its decision making, more detail is set out in the Treasury Management section of this business plan. However, the net impact of this is that the debt repayments are lower than the negative subsidy payment thereby placing the HRA Business Plan on a sound financial platform. This as resulted in the council having a strong revenue & capital projection moving forward, Details of this is set out in Annex B.

Given the nature of the Business Plan there are clear financial risk that need to be considered and factored into any projections. To ensure the plan is robust and future proofed, the following assumptions have been included.

Key Area	Assumption	Comment
General Inflation	2.50%	
Rent Increase Inflation	3.00%	Rent Increases assumed in line with government guidelines of RPI plus 0.5%
Rent Convergence	2015/16	Convergence with target rent assumed in 2015/16. Small number of properties will not achieve this
External Borrowing Interest rate	2.76% to 3.51%	Portfolio of fixed rate maturity loans with PWLB

Minimum HRA Balance	£5,500,000	Recognise increased risk in self financing environment
Right to Buy Sales	20 to 28 per annum	In line with settlement model assumptions.
Void Rate	1.20%	In line with current position, no significant increase/decrease forecast
Bad Debts	0.4% to 1.5%	Increase assumed to allow for changes under welfare reform

Investment decisions are made based on customer priorities supported by robust financial business cases.

The key financial investment points within the Business Plan are:

- £20 million to spend on new homes for rent and redevelopment of existing stock over the next 5 years
- £41.5 million to be invested in the existing council homes over the next five years
- £1m to be invested in addressing overcrowding by extending council homes.
- £33m to be invested in responsive repairs and cyclical maintenance over the next 5 years.

Within the £42.5 million

- 1200 homes will be modernised at a cost of £11million
- £6.5m will be spent replacing heating systems to 2000 homes
- £1 million will be invested in loft conversion/extension to existing homes to help address overcrowding.
- To help elderly and disabled tenants remain in their homes £2 million will be spent adapting their property

# Investment Challenges

## Overview

Whilst there are numerous challenges that require investment, both in terms of finance and time, when considering the delivery of the strategic aims of the Business Plan there are a number of identified key areas that require investment and where relevant key messages from the Asset Management Plan have been included.

These key areas cover:

- New build
- Building/asset management
- Landlord services
- Supported housing & Adaptations.
- Resident and community involvement
- Investment in ICT

Each of these key areas is detailed below in the following sections and includes contextual information together with a summary of the key messages, which identify areas for improvement and investment and the subsequent priorities to address this.

## New Build

York is a city with a growing population with the number of people living in the city increasing from 177,100 to 198,800 between 1999 and 2009.

- Demand for housing, and housing costs are high for both homeownership and the private rented sector...
- Welfare reforms will exacerbate the problems of affordability within the private rented sector.

- At September 2012 there were 4,674 households registered for social housing in York
- The council averages 500 council lettings per annum
- The SHMA concludes that 790 additional affordable homes are required to be built in York each year over a five year period<sup>1</sup>
- An average 157 affordable homes have been built each year over the last five years

Building on the success of the Archer Close development of 19 new council houses, the HRA investment and regeneration fund combined with the borrowing powers give us a great opportunity to invest in building more council houses and increasing the affordable housing supply in the city.

Building new council homes will also enable the council to take a leadership role within the city and support the priorities set out in the Council Plan, in particular, creating jobs and growing the economy. Research by the UK Contractors Group<sup>2</sup> identifies that every £1 spent on construction generates a total of £2.84 in extra economic activity. Whilst acknowledging not all this would be in York, a council house build program to build 60 new homes would generate over £17m of additional economic activity, a significant element of which would be in the city.

## Identifying sites

A strong combined HRA & Corporate Asset Management Plan will ensure we make the right decisions on investing in capital funding for new homes.

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<sup>1</sup> SHMA covering the period 2011-2016

<sup>2</sup> National Federation of ALMO's – Lets get building

Capital investment proposals will need to be worked up over several years, because the numbers of “easy” sites to develop within the HRA are limited. The bigger challenge is to link new build development to the remodeling and in some cases demolition of existing stock to create new homes that better meet the needs of residents and households.

Any decisions regarding investment in either new build or remodeling will be channeled through the Corporate Asset Management board to ensure opportunities for joint investment and land swaps are maximized, allowing effective corporate use of all our combined assets.

A total of 179 sites in the HRA had had an initial assessment for their development potential. There are some early opportunities to bring forward sites to develop new council houses. Some of the sites will require further work on viability and feasibility over the next 12 months as part of the HRA Corporate and Asset Plans.

In the short term there are four sites within the HRA that could deliver approximately 60 homes over the next 2-4 years.

Outside of the HRA but within the council’s general fund, we need to consider other sites that are suitable for housing. Some have been identified already and proposals on these will be brought to the council’s Asset Board for due consideration.

Whilst we don’t want to compromise longer term opportunities there are some opportunities to bring forward sites to deliver much needed new affordable housing.

## Identifying funding and ensuring value for money

The new flexibilities as a result of the HRA Self Financing regime and the resulting investment/regeneration fund, alongside opportunities to borrow against future rental streams will deliver new homes. However, we also need to ensure that we stretch available resources and use / invest any investment fund to maximize the number of new homes built and in a way that also delivers high quality, sustainable dwellings and represents best value for money.

As a Registered Provider with the Homes and Communities Agency the council can bid for Affordable Housing Grant. Although the level of grant has reduced drastically in recent years at around £22,000 per home it can still represent a significant contribution to capital costs. The 2011-15 Affordable Homes Programme is already allocated, but there are likely to be schemes that slip and we need to be in a position to bid for any funding that does become available for re-allocation.

In the first six months of Business Plan we will propose options for capital funding. These will include:

- Building new homes with no grant funding
- Building new homes with, where available, grant funding
- The use of affordable housing commuted sums to develop new homes
- Options for innovative investment of HRA and/or commuted sums on land purchases to facilitate mixed tenure developments that will maximise affordable housing delivery and provide a return on capital investment made through equity stakes or commercial loans.
- Purchasing homes on the open market

## Agreeing how new build development will be procured

In the first 6 months of the HRA Business Plan we will also bring forward proposals on how to procure new build council housing. Broadly the options are

- To lead the procurement 'in house' as was the case with the Archer Close development. With an increase in the programme, this will require some additional staff resources.
- To contract out the procurement of the new homes to, for example, a local housing association who would oversee the build of new homes on our behalf.
- To contract out the procurement of new homes to a private housebuilder.

The appraisal of procurement options will need to carefully consider whether outsourcing will lead to either cost savings or efficiencies especially considering that as the 'client' the council would still need to have day to day involvement in the decision making as sites are built out.

## Summary of Key Messages

Significant demand on existing social housing stock and a need to increase provision of affordable housing

A procurement model for new build council housing

To undertake a full review of the dispersed and high value stock owned by housing and where appropriate make recommendations for its retention, conversion or disposal.

Actively seek opportunities to develop new build schemes that will be prioritised for households wishing to downsize and free

up family homes. We will introduce a range of incentives to encourage and enable households to downsize

## Priorities

Develop a 3 year rolling programme for the development of new council houses Approval for working up first sites for delivery of up to 60 council houses and submit for planning approval will be in Feb 13

Establish preferred methods for capital funding

By April 13

6 months – planning approval on sites

Agree procurement option for delivery of homes

By July 13

12-18 months – Bring forward proposals on further council sites that necessitate wider re-modelling of stock/selective demolition etc. As part of HRA Asset Plan

1-2 years – completion of circa 60 council houses

By April 15

3-4 years – completion of further 30 council houses

All the above are subject to funding opportunities, the pace of development of other major housing sites in the city where there may be other or better opportunities to invest, and resources available within CYC

# Repairs and Maintenance / Stock Investment

The Council's housing stock is well maintained. The stock has been the subject of significant investment over many years with a structured program of maintenance and improvement carried out and with a range of ongoing improvement programmes. At the end of December 2010 the Council successfully achieved the Government's Decent Homes compliance target.

- As at 1 April 2012, there were 28 dwellings considered to be non-decent<sup>3</sup>
- At the end of 2010/11 the average energy SAP rating of the housing stock was 74
- There are 614 non-traditional homes
- The Council have an annual capital improvement budget which is used to meet its improvement programme. Over the next 5 years we will invest £42.5m in our stock.
- The Council have embarked on a £2.4m window replace programme, to complete in March 2015
- In 2011/12 we carried out 27,000 responsive repairs
- The average unit cost per void property is £700

The Building Services team maps their service around one customer base, one housing stock and one budget. This ensures that there is cohesive decision making and management of projects in the most efficient and cost effective way, whether that is a reactive, planned or cyclical approach along with ensuring the best value procurement method is used.

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<sup>3</sup> Dwellings fall out of decency on a rolling basis and are improved within the financial year that they become non-decent

The following key priorities for the service have been identified in the Asset Management Plan.

## Asset Management Data

Codeman is the database that holds data on the housing stock. There is an amount of data held in various places that is being coordinated and loaded into the central database. This will enable the data to be utilized in programme modeling in Asset Management Planning.

There will be an increased effort in 2013/14 to increase the quantities of data on individual properties to add to what is already held in Codeman, data on communal areas for both Sheltered Housing and Flats will also be collated. Critical to the effective management of this process is the use of ICT, it is inefficient to continue manually inputting this information when it is able to be collected electronically. Relevant hardware will be purchased to enable this to happen.

## IT Infrastructure

There are a variety of IT systems in use within Housing Services and for varying reasons these have not benefitted from historical investment when needed. This has resulted in a number of inefficiencies that need to be addressed.

Analysis has been undertaken of what is required in the medium and short term to improve the functionality of the systems in place. This comprises upgrades to versions, self service modules to support the corporate drive to 'channel shift' alongside additional interfaces and new programmes that support the existing systems

that are in place. This will allow us to give better customer service, improve efficiencies and allow us to effectively analyse work content to map programmes of work which is more efficient.

In addition the council is retendering its mobile working platform, for the front line operatives that integrate with the Works Management Systems. This will improve productivity and improve efficiencies.

## Customer Service

The repairs service is regularly described by our customers as one of the most important services they receive from their landlord, Carrying out 27,000 individual repairs, with a minimum of two customer contacts per repair (report and repair) makes this the biggest customer contact function of the service and as such one of the biggest areas of service delivery to influence customer satisfaction.

The Building Services team is currently reviewing all of its operations with Customer Service central to that process. This work is being done in conjunction with the corporate customer contact team to ensure a single approach to how the council interacts with its customers.. This will result in analysis of customer feedback alongside the process mapping to look for improvements that can be made to the service being delivered. Examples of improvements will be better customer service, improved customer satisfaction and increased efficiency.

This will also include improvements to the information held on the council's website along with ensuring consistency of approach to all methods of communication relating to repairs, maintenance and investment programmes.

## Procurement

Robust procurement of all contracts, i.e. reactive maintenance, void maintenance, cyclical maintenance and planned investment programmes, is critical to ensure that best value is obtained whilst balancing the need to continue developing and supporting the local economy of the city. All procurement is carried out in accordance with the council's procurement strategy.

The current "stores" provision is being re-tendered during 2013.

## Energy Efficiency

Although the Standard Assessment Procedure (SAP) rating of the housing stock is within top quartile across the authorities, there are still improvements to be made. Energy Company Obligation (ECO) funding is being determined nationally and we need to be best placed with good, accurate stock data to be at the forefront of Utility Providers opportunities.

All stock needs to be assessed to look for further improvements that can be made particularly with regards to insulation, either internal or external, subject to planning and conservation considerations. There are various types of "hard to treat" construction such as like the non-traditional forms of construction that are in various areas of the stock. Clearly the authority has an opportunity to take a leadership role in developing its contribution to the council target of reducing carbon emissions by 40% by 2020. Improving the energy efficiency of its homes will also play a vital part in the council's financial inclusion policy.

Whilst researching potential funding streams that support these programmes we will also discuss whether other local landlords or private householders can take advantage of these schemes thereby leading the ECO agenda on behalf of neighbourhoods, not just the council's housing stock.

## Asbestos Management

Asbestos management is crucial in all programmes of work. It is an integral part of all processes and effective processes are in place to manage this safely and to legislative practices. Corporate processes are in place and we share these with our contractors to ensure a consistent best practice is integrated into the works. training is given on an annual basis, whether this is refresher training or comprehensive training for new staff. Invasive surveys will be carried out as necessary to inform programmes of work. The asbestos database will be further developed as part of our ongoing drive to improve our stock condition database and electronic information usage.

## Summary of Key Messages

We will continue to maintain and improve our properties

We will continue to work with the tenants and leaseholders to determine the priorities for the service.

We will continue to collect stock condition data in a programmed approach to intelligently inform planned investment ensuring a fair approach for our customers.

We will analyse the energy condition of different forms of housing construction to take advantage of potential funding streams. to reduce the carbon footprint and reduce fuel poverty for our customers.

To improve accessibility of information for our customers we will update the investment plan onto the website making the information more accessible.

We will continue to manage legislative surveys in a planned manner and carry out necessary works as required keeping our customers safe.

We will continue to manage Asbestos by carrying out detailing surveys in advance of any works being undertaken and update the database accordingly, allaying health and safety concerns from our customers.

We will continue to train our staff and operatives on Asbestos Awareness and ensure all procedures are followed.

We will continue to manage gas servicing contracts within government timescales including the utilisation of the Planned Maintenance module within the Works Management System to keep our boilers servicing and maintained which reduces the inconvenience to our customers of potential breakdowns.

By keeping our staff trained and updated in future changes to legislation we will ensure that we have plans and budgets available from a risk management viewpoint to make sure we spend budgets wisely and effectively

We will continue to carry out stock condition surveys across the housing stock to ensure that our customers receive the correct works at the correct time

We will carry out stock condition surveys of all communal areas both to sheltered housing and flats. to improve the communal living environment and also ensuring that investment to improve these facilities are carried out at the correct time

We will continue to cross reference reactive repairs to capture intelligence of product failure and implement planned maintenance schemes where necessary. This reduces the need for customers to contact us to report some regular repairs as we

will have some planned programmes in place to repair before failure.

We will ensure that we use Best Value principles when designing capital investment programmes to ensure the best life cycles can be achieved across the longer life of the product. This means less visits and disruption for our customers.

## Priorities

February 2013 – Agree investment needed for IT infrastructure

March 2013 – Begin Stock Condition Surveys on communal areas, Sheltered Housing and Housing Stock

March 2013 – Map next year's programmes against the best method for delivery

June 2013 – Improve ICT systems, interfaces, upgrades, modules

April 2013 – Conclude Customer Service Mapping Exercise against service

June 2013 – update Website and communication methods

3-5 years – Achievement of at least 95% stock condition data collection

The continuation of capital investment in the housing stock

All the above are subject to funding opportunities and current staffing levels within the service.



## Landlord Services

The landlord function of the Housing Service deals with the proactive estate management and community involvement which make our estates vibrant places to live and work. Key functions within this are: income management,, tenancy management, letting of properties, Right to Buy administration, resident involvement and low-level tenant ASB functions for the councils housing stock,.

The service also manages the 207 tenancies on behalf of Fabrick Housing Association and receives an income of £120K

Category	Stock numbers 31 Oct 2012
Total HRA stock (units) of which:	7915
General Housing	7432
Sheltered Housing	212
Sheltered Housing with Extra Care	152
Temp Housing	53
Temp Housing (Hostels)	36
Miscellaneous leased dwellings	13

Landlord services work closely with Housing options, homelessness, the city-wide ASB team, housing standards/adaptations, supported housing and the Housing Strategy team to deliver a comprehensive, joined-up service for tenants at all stages of their tenancy.

There are a number of issues that are driving the need change our approach.

- 808 council tenant households will be affected by the bedroom tax

- 15 tenants affected by the benefits cap
- Approximately 1000 tenants are underoccupying their homes and of these, 160 are actively seeking a move
- 260 are overcrowded
- Garage vacancy levels remain at 18% of overall stock
- Tenancy turnover is 7%
- Total rent loss through voids is 0.76%
- Current rent arrears at 31 March 2012 £440,711. This represents 1.55% of the rent debit
- Former tenant arrears at 31 March 2012 £395,925

## Housing Management function

In 2012 we reviewed our management arrangements and developed 3 estate management teams. Each team has specialist tenancy management and income management staff and in recognition of the challenges that welfare reforms bring additional posts were created with their initial focus offering advice and assistance to the tenants that will be affected by the welfare reform changes. Whilst each team have specialist functions they are managed by a single team leader who has the responsibility to ensure that the service that is provided is generic and seamless. Each of the team leaders has specialist responsibilities for one of the following areas

- Income Management
- Anti social Behaviour
- Community Development

## Income Management

Over the last five years we have seen a significant and consistent reduction in current tenant rent arrears. This has been based on a

pro-active/early intervention approach working with key partners such as Housing Benefit, CAB, Keyhouse and Future Prospects.

The biggest change arising from the welfare reforms is the payment of the housing element of universal credit being paid directly to claimants from April 2014. This has the potential to significantly undermine the very stable nature of landlord income base thus challenging our financial stability. Processes and policies to manage direct payments and the impact this will have upon customers and income streams need to be developed. The challenges that welfare reform present require an increased focus on early intervention and a more holistic approach in assisting tenants in their financial management.

To assist in making best use of stock and to help those affected by the bedroom tax the local authority has approved a downsizing incentive scheme that was introduced from January 2013.

## Anti-social Behaviour

The housing management team is supported by a specialist tenancy enforcement team based within the Community Safety Unit, along with a community mediation service.

There has been an increase in the complexity of cases, particularly from people suffering from mental health and dual diagnosis issues. It is acknowledged that there is currently a shortfall in specialist and supported accommodation to meet the needs of these groups.

Within the ASB strategy it was highlighted that there was a need to improve policies and procedures to ensure better outcomes and a consistent approach.

In December 2012 the government published a draft Anti-social Behaviour Bill setting out a series of changes to enforcement tools and the impact of this currently unknown but the ASB strategy will be updated to reflect any changes.

## Community Development

Ward based community contracts have been developed with residents and set out the key local priorities for the year ahead. Each contract is delivered through an action plan which focuses on delivering bespoke services. The estate managers will act as community champions and will lead on the delivery of the local action plans that support the contracts.

In 2012, the housing service restructured to deliver efficiencies, embed equalities and better meet the needs of customers. We have adopted a neighbourhood style of working, with estate managers based in the communities they serve. The newly developed Tang Hall advice hub brings together four specialist advice agencies to offer employment and training opportunities alongside money management, housing and general advice. Established in 2012, our combined housing and benefit advice drop-in sessions are delivering the local, joined-up services customers told us they wanted with over 2,000 customers using them between February & May 2012.

In the most deprived wards, we are piloting the use of schools to place financial management, debt advice and welfare reform within easy reach of customers' daily lives. The second phase will see us target support to 14 – 15 year old secondary school students. By reaching out to the next generation early enough, we aim to minimise the realities of homelessness and debt through training and advice.

## Letting & Allocation of Homes

The allocation of homes is delivered via the North Yorkshire HomeChoice sub-regional choice based lettings scheme. The policy is currently being reviewed with customers and stakeholders, to address some of the learning highlighted during the first twelve months of operation and concerns relating to the outcomes from the welfare reform and localism acts and is mindful of the revised allocation guidance.

The system has created greater transparency for customers but has not been successful in reducing the levels of administration. There continues to be a large number of applicants on the housing register who are placed in bronze band with no housing need and realistically many applicants on the register will never be offered a home due to the shortage of available properties.

The lettable standard has been reviewed by our tenant inspectors and as a result a new standard has been developed with staff and customers. The emphasis of the new standard will be based on improving quality and taking a more tailored, innovative and flexible approach to letting property. The outcomes are unknown at the moment and will need to be monitored in terms of performance and cost.

## Customer Services

Our approach to customer services will be based on customer preference when making contact. We will enable and promote channel shift via self-service options and communication media (email, text, social media) whilst retaining and developing more traditional methods of communication for those customers who need and prefer this. The Customer Service Advisor team will

develop to form the core phone and reception contact for all customers of Housing Services and contribute and compliment the councils contact centre.

Getting it right first time – Housing Services will ensure that services are delivered in the way that customers want, when they want it by ensuring that staff are supported through training, ICT support, effective management and comprehensive policies and procedures

A comprehensive training plan to ensure that staff deliver services in a customer focused, knowledgeable and efficient way will be developed in 2013/14. This will be refreshed annually to include any new requirements for the department, individual staff and customers.

Housing Services will work towards, achieve and exceed customer excellence standards across the department, taking a whole service approach to our business.

Housing Services will develop its approach to collecting and utilising customer information to ensure that services meet the individual needs of its customers. Routine contact and the annual visit scheme will be developed to provide more effective outcomes for customers and the service in terms of service provision and identifying and addressing safeguarding, support or enforcement issues. This will compliment the priorities of the council's customer strategy 2012-15:

- *Improve ways and choices of ways customers can access services.*
- *Provide a service in courteous, responsive and timely ways*
- *Working jointly with our customers and other providers of services*

- *Continually assess the quality of our service to make sure they can remain accessible, efficient and inclusive.*
- *Make it easier for our customers and communities to do things for themselves*

## Right to Buy (RTB)

Historically RTB has been high with over 6000 homes sold within the city since its introduction. In recent years uptake has been very low with over the last few three years average of 7 RTB per annum. With the national reinvigoration of RTB, by increasing maximum discounts, the business plan settlement model has assumed RTB sales between 20 and 28 per year. The model excludes RTB receipts, the authority have indicated that it intends to retain its proportion of these receipts for re-provision of new homes.

## Making best use of stock

In light of the issues of overcrowding and the limited number of large family homes it is proposed to develop a loft conversion scheme to help alleviate these problems. Demand for social housing in the city is high and there are properties that are not sustainable in the long term and need remodelling. Programmes of work will be developed to address these issues as part of our annual update of the Asset Management Plan.

Within the council stock there are one-off high value properties and a review is required to determine whether we retain or sell these properties using the capital to reinvest in more suitable accommodation.

## Summary of Key Messages

Welfare reform is going to significantly impact upon the council's ability to collect rental income and could lead to increased arrears

Tenants affected by welfare reform changes will find it more difficult to manage their household finances

Welfare reform will add additional pressures on household incomes and living arrangements that will affect tenants' health and wellbeing

We need to explore more ways of maximising income tackling digital exclusion and assisting customers into employment or training

Universal credit payment will be at variance with the existing collection cycle

Alternatives to formal enforcement action can be effective and less costly so these measures should be prioritised

General needs accommodation is not always the most suitable accommodation for vulnerable groups including those with complex needs

We need to prepare for changes brought about by the ASB Act

Development of localised services is key to the effective delivery of the housing management function

The Community Contracts will drive priorities within local areas

Choice Based Lettings does not always deliver for those with no housing need or those considering other housing options

Whilst demand for affordable homes in York remains high it has become apparent that the current way of letting homes does not provide a product of a consistent quality for customers

Need to address the issues of overcrowding and the limited supply of family homes

Need to refresh our focus on customer service

## Priorities

Review rent arrears policies and procedures to ensure that rent is paid and households are supported to sustain their homes

Develop an accessible and timely welfare reform communication plan that targets those most likely to be effected, to minimise its impacts on households. To include use of social media

Encourage under occupiers to take advantage of downsizing incentives to help free up the availability of larger homes

Better understand the needs of our customers through detailed customer profiling to inform the development and improvement of services

Review the current rent cycle In preparation for the introduction of universal credit and the 4 weekly payment cycle that will be introduced

Develop targeted housing advice to meet the needs of different groups, such as younger households, older households and those with specialised needs

Address financial exclusion by work in partnership with high street banks and credit unions to provide basic bank accounts and encourage use of direct debit payments

Financial management training for tenants and staff to improve household budgeting

Explore the introduction of restorative practice pilot WHY?

Explore options for the provision of suitable accommodation for customers with mental health problems

Further develop local advice services offering a range of advice and information linked to accessing and/or sustaining accommodation

Deliver Community Contract action plans to improve the delivery of services at the local level

Complete a review of the CBL framework to improve overall efficiency and outcomes for all customers

Monitor the new lettable standard in terms of performance and cost WHY?

Make best use of the existing affordable housing stock by launching a programme of loft conversions and extensions to existing properties where households are currently overcrowded

Review options to remodel or redevelop obsolete or less sustainable housing stock to maximise the supply of decent affordable homes

Review the stock of high value homes and consider options for disposal and re-investment in new housing supply

Develop a single budget training plan for the whole service

# Supported Housing

Supported housing is defined as housing which is designated for a specific group (such as older people, people with learning disabilities etc.) and in which there is some level of support provided as part of the accommodation offer, this is usually funded through a service charge to residents.

A supported housing strategy is currently being developed to address the supported housing needs of the City, and to prioritise resources appropriately.

- The Council directly manages 7 sheltered housing schemes, and a further 4 sheltered housing with extra care schemes.
- Temporary accommodation for statutory homeless households includes Ordnance Lane (currently providing 31 units of various sizes) Holgate Road and Crombie House (20 units)
- Around 30 per cent of the total population in York is aged 55 or over
- Sheltered housing makes up 13% of social housing stock in York

The priority of the supported housing strategy will be to build on the proactive resettlement approach that has been developed to tackle rough sleepers and young people at Howe Hill and Peasholme

There has been an ongoing programme of maintenance to fixtures and fittings in the 7 sheltered schemes over the past 4 years but little work has been undertaken on overall layout and design.

The investment need in sheltered housing is higher than in general needs stock, as it requires investment not only in the individual properties, but also in the communal facilities

## Older People

A major review of the provision of residential care is taking place across the city, which will involve the closure of the council's seven remaining elderly people's homes, and the construction of three new homes, one of which will include a care village with sheltered with extra care housing attached. This will result in a reduction in the overall number of residential beds, however, the new residential units will be purpose built to be able to meet the needs of those with dementia and more complex care needs

## Mental Health

There is a recognised demand in York for the development of supported housing to meet the needs of individuals who have multiple support needs, and require intensive and targeted support for the medium term (up to 5 years). This could help those who are currently struggling to manage precarious accommodation in homeless accommodation, and are unable to engage fully in resettlement work due to their mental ill health

There are currently a number of people with a mental health diagnosis who are not able to have their accommodation needs met through the existing housing stock, either due to the demand, or because they have a dual diagnosis (for example a mental health condition coupled with substance misuse issues) which make them unsuitable for the accommodation available. Alternative medium term supported housing is required

## Summary of Key Messages

Some of temporary accommodation is not fit for purpose

The elderly person homes (EPH) review will potentially increase demand for sheltered accommodation

The audit of sheltered housing schemes identifies a need for ongoing planned maintenance and refurbishment

There is a need to explore the conversion or alternative use of schemes

The supported housing strategy will identify priorities for the city

The facilities within the sheltered housing schemes need updating

There is a need for more supported accommodation for people with mental health problems

## Priorities

Draw up plans for new supported housing provision by looking at options on existing sites such as Ordnance Lane and include detailed funding options

Ensure future supported housing needs are planned for by completing the supported housing strategy

Bring forward proposals for the conversion of some of the councils existing general needs stock into medium term supported accommodation for people with mental health problems to address the shortfall in provision for this client group

Improve the quality of communal areas by completing stock condition surveys on all sheltered housing

Explore improvements to lighting and heating systems in sheltered housing schemes to minimise costs and ensure sustainability

through a detailed stock condition survey

Review the need for Wi-Fi and ICT rooms within sheltered schemes to improve levels of digital inclusion

## Adaptations

Local authority social housing providers are expected to meet the cost of any adaptation work required by tenants of their social housing stock. Currently 450 council homes receive some form of adaptation each year to meet the needs of particular households. The investment requirement ranges from the need for minor adaptations, such as grab-rails and ramps, through more major adaptations such as stair lifts, through floor lifts and assisted bathing facilities, up to the need for major structural changes.

Once a property has been adapted, the council processes, via the choice based lettings system for managing our housing waiting list and allocations activity, ensures that properties with specific adaptations are prioritised for the use of those with appropriate need.

Although every endeavour is made to let adapted properties to tenants who need them, this is not always possible. There is an ongoing need to relocate existing adaptations, renew existing installations and to provide additional installations to meet arising need. From 2013 the Housing Capital Investment Programme annual allocation will increase to £400,000 to meet the increase in demand. Previously this budget has been one that comes under continued pressure and has been managed through the council holding a waiting list. This additional funding will enable waiting times to be kept to a minimum.

An additional consideration is the increased revenue cost associated with servicing and maintaining specialist equipment that is installed in the housing stock, where again the budgets allocated for this purpose come under increased pressure over time as the number of adaptations increases. There is an acknowledgement that the recording of this information and the subsequent prioritisation of re-lets to households with similar needs could be improved. This will be a priority for the asset plan.

## Summary of Key Messages

There is scope for making more effective and efficient use of adapted homes

There is a long waiting list for bathing adaptations

Difficulty in providing financial assistance on extensions to allow families to remain in their existing homes

## Priorities

We must make additional improvements to our ICT systems to ensure better quality information is available about our properties, especially in relation to adaptations. This will help ensure adapted properties are better allocated to those that need them

We must reduce the waiting time for bathing adaptations



# Governance and Tenant Involvement

## Decision making

City of York Council is a unitary authority delivering a wide range of statutory and non statutory services to local residents. Working from its democratic mandate, it plays a key leadership role in the life of the city and is responsible for a wide range of services such as planning, education, transport, highways, adult social services, children's services and public health. The council is made up of 47 elected representatives drawn from 22 ward areas.

The council has a cabinet structure for governance and decision-making. Housing Services is led by the Cabinet Member for Health, Housing & Adult Social Services. Our portfolio holder delivers direct representation at full Cabinet coupled regular meetings with the Assistant Director of Housing, tenant activities and York Residents' forum. Decisions can be made efficiently and based on personal understanding and direct involvement.

Housing Services is aware of the need to keep pace with the changing requirements of regulators, especially in regard to residents monitoring services. The role of tenants in co-regulation has been embraced by the council with the introduction of the Housing Inspectors and the forthcoming tenant scrutiny panel

## Tenant Involvement

Tenant involvement is critical to the delivery of an effective and efficient housing service.

## What matters to our customers, matter to us

Working with our customers we have developed a range of involvement activities from which customers choose how they wish to influence services from a wide range of options including:

- York Resident Federation and 20 Resident Associations
- Tenant Scrutiny Panel
- Tenant Inspectors
- Annual Tenant and Leaseholder Open Day
- A range of satisfaction surveys, focus groups and drop-in sessions

The long-standing York Residents' Federation is the umbrella group for York's Residents' Associations. With a formal structure, access to senior staff and the Cabinet portfolio holder as a standing member, the Federation's voice influences our policies, priorities and performance

Residents' Associations provide a tight focus on communities and localities. With access to an annual estate improvement budget of £170,000, each RA leads on consultation to determine how local tenants feel their funds should be spent to improve their areas. The current process will be reviewed in consultation with customers within the first year of this plan with the aim of delivering on priorities identified via community contracts and other indicators of local priorities.

The newly formed Tenant Scrutiny Panel will check and challenge policies, performance, service plan progress and monitor local service standards agreed with customers in April 2011, input into the service planning process and ensure our resources are focused on achieving the improvements that really matter to tenants.

Our established group of Tenant Inspectors will continue to use a wide range of techniques to conduct in-depth inspections of services aimed at increasing customer satisfaction through improved working practices.

The needs and aspirations of housing customers will be reflected in the community contracts, which will operate at ward level

## Summary of Key Messages

Younger people are currently under represented in shaping and influencing services and appear less interested in attending traditional meetings

We must continue to seek broader representation and involvement in decision making to ensure services remain attuned to the needs of our increasingly diverse customer base

The current estate improvement schemes are restrictive and need to be reviewed

## Priorities

We will explore new involvement activities and make use of social media such as Twitter and Facebook to reach a greater range of tenants and particularly target those that have not traditionally been involved to ensure services remain relevant and accessible to them

Undertake a comprehensive review of estate improvement funding recognising the introduction of community contracts to ensure resources are spent in an integrated way

# Information Systems

## Current IT Infrastructure

Housing Services employ a range of systems including commercially procured systems, web based applications and ad hoc databases.

Housing specific systems include:

- Northgate SX3 Integrated Housing Management System – (also used by Revenues and Benefits with an integrated database)
- Codeman – Property Database
- Servitor Housing Repairs – Works Management System
- Anite Document Management System – Housing Services
- Abritas Choice Based Letting System
- Flare (Environmental Health and Trading Standards also use)-

The Housing Services relies very heavily on a number of business critical ICT systems, with the Integrated Housing Management Information System (Northgate SX3) being one of the key applications. This system is currently being upgraded with the existing supplier.

There are a number of other key systems, which work alongside or integrate with this application, and a review of a number of these is required to make best use of the IT functionality currently available to support a housing business.

Whilst development of ICT has often been peripheral to service development, Housing Services will ensure that it is an integral part of developing effective data sharing across the department, excellent customer service, and individualised outcomes for customers.

The integration of these systems requires significant resources and infrastructure to allow it to be fully operational and effective. Positive outcomes for the business will include the ability to support service delivery with accurate and comprehensive data, a reduction in waste and duplication and reduction in staff time spent interrogating systems that are not integrated. These benefits will feed through to customers as better informed decisions are taken and staff time is freed up to deliver for customers.

The development and use of advanced ICT technology and social media will fundamentally change and improve efficiency and coincide with a council wide initiative to work smarter and become less reliant on office accommodation for its field staff. This will help us take services to customers and communities and allow them to actively participate in service delivery and development in a wide variety of convenient ways.

Development and more effective use of ICT will also help us deliver customer service excellent with on-line packages to deliver staff training, provide universal access to data, records, procedures and documents as well as providing management information that will allow monitor service delivery in terms of quality and outcomes.

## Summary of Key Messages

Significant investment is required to ensure that the existing systems are fully integrated

Current reporting management information tools and ability to utilise customer profiling information are underdeveloped.

Current hardware does not support our ambitions around mobile technology and providing a local service

A need to explore Wi-Fi possibilities on estates for financial inclusion and mobile working

Explore the opportunities that social media provide to engage with tenants

Need to develop self-service options to improve accessibility

West Offices and reduced desk space need further exploration of alternative methods of working

Develop and promote mobile working solutions and self service options that genuinely deliver business efficiency and choice of access for customers.

Support CYC's Super-Connected Cities Programme which focuses on digital inclusion for customers. A pilot project is planned that seeks to greatly increase digital inclusion within areas of deprivation in the city

## Priorities

Undertake an audit and analysis of ICT spending, provision and support for Housing Services within the corporate ICT context including a full review of all systems and interfaces and the necessary budget requirement to authorise what is needed

Ensure that a value for money and 'right first time' approach is enabled in the delivery of services

Use technology to make services easy to access, high quality and efficient, effectively managed and responsive to the particular needs of individuals and/or customer groups

Undertake an audit and analysis of ICT spending, provision and support for Housing Services within the corporate ICT context including a full review of all systems and interfaces and the necessary budget requirement to authorise what is needed

Ensuring that a value for money and right first time approach is enabled in the delivery of services

Use technology to make services easy to access, high quality and efficient, effectively managed, and responsive to the particular needs of individuals and/or Customer groups

# Rent Arrears, Voids and Rent Setting

## Rent Arrears and Bad Debt Provision

Historically rent collection has improved year on year.

Rent arrears in total are a combination of current and former tenant debt, with the latter being more difficult to pursue and recover. In recent years improved recovery and a rigorous approach has seen a reduction in former tenant arrears.

A pro-active approach to pursuing current tenant debt is key to keeping former tenant debt, and therefore the cost of rent written off, to a minimum.

The year end position in respect of current and former tenant debt is summarised in the table below.

Financial Year End	Value of Year End Current Arrears	Current Tenant Arrears as a % of Gross Debit	Value of Former Tenant Arrears
31/03/2012	£440,711	1.55%	£395,925
31/03/2011	£439,424	1.63%	£563,118
31/03/2010	£479,905	1.80%	£887,019
31/03/2009	£583,964	2.25%	£831,751
31/03/2008	£599,298	2.37%	£800,051

Despite improved performance in rent collection in recent years this trend is anticipated to reverse, particularly in light of the welfare reform changes from April 2013, when housing benefit will no longer be payable directly to the landlord. Current pilot landlords are predicting significant increases in rent arrears as a result of the changes.

It is imperative that the council take positive action to minimise any increase in rent arrears, thus reducing the financial burden on the HRA that an increase in bad debt will create.

The HRA maintains a provision for bad and doubtful debt, with the value of the provision reviewed annually, taking into consideration both the age and value of outstanding debt at the time. In light of the forthcoming welfare reform changes the bad debt assumption has been amended from 0.4% to 1.5%

Investment has been made in additional staff to pro-actively recover rent due by providing advice and assistance into training and employment.

## Void Levels

The level of void properties in the housing stock is relatively low compared with other areas of the country. The average number of properties re-let in the last three years is 704, including transfers and non secure tenancies in Ordnance Lane hostel.

The value of rent not collected as a direct result of void dwellings in 2011/12 was £217,039, representing a void loss of 0.76%.

The number of voids unavailable for letting at year end remains low compared with other areas of the country and an assumption of 1.2% voids is currently considered appropriate.

## Rent Restructuring

Rent restructuring was introduced in April 2002, with the key aim of converging rents across all social housing providers, whether local authority landlord or other registered provider.

The programme was originally anticipated to span a ten-year period, with target rents calculated based on property prices from January 1999. Since the outset, a national review of the system saw further changes imposed from April 2006, resulting in an increase in target rents for Local Authority housing stock with far fewer properties nationally expected to reach convergence by 2011/12; the end of the initial period.

Government-prescribed limits on average rent increases of 5% were imposed for 2006/07

2007/08, whilst April 2008 saw an extension of 5 years in the original 10-year convergence period, taking intended convergence to 2016/17.

The rent increase from April 2009 was retrospectively reduced, following re-issue of the 2009/10

HRA Subsidy Determination, resulting in a reduced average increase of 2.86% and a delay in the intended rent convergence date to 2023/24. In April 2010, an average rent increase of 1.83% was applied to the Council's Housing Stock, with the intended date of convergence brought forward to 2012/13.

In April 2011, the Housing Revenue Account Subsidy Determination again moved the intended rent convergence date, this time to 2015/16. The rate of inflation at September 2010

however, still drove a significantly high increase in guideline, and therefore actual, rent, with an average increase in actual rent for 2011/12 of 6.4%. In April 2012 the rent convergence date remained at 2015/16 and the average increase in actual rent was 7.4%.

Throughout these changes individual annual rent rises have continued to be limited to a figure of inflation plus half a percent plus £2 per week.

As target rents are calculated using a formula, which considers both property prices and average manual earnings, both weighted for the geographical location of the housing stock, target rents for York were higher than the levels being charged at the outset of the regime. Forecasts indicate that 99% of the housing stock will be at target rent levels in 2015/16, if the existing rent restructuring rules continue to apply and no changes are made to rent setting policy locally.

# Performance Monitoring

## Performance Management Framework

Housing's key actions and outcomes are contained within the overarching Service Plan for Housing and Community Safety. The actions and outcomes have been aligned to show how the Housing Service contributes to the ambitious outcomes and priorities set out in the Council Plan.

The actions and outcomes have been identified to address challenges the service faces from government and legislative changes, local priorities, budget and staffing considerations, and to strengthen areas of weak performance. Customer expectations are an essential source in driving improvement.

Customer influence is channelled through a number of sources including the annual Tenant Satisfaction survey, service specific customer satisfaction surveys, complaints, findings from Tenant Inspector reviews and feedback from the Resident Panel, Housing Tenant Scrutiny Panel, Resident Associations, Customer Panels and Focus groups.

The Housing Service has a three year Service Plan which is reviewed annually and contains the following service priorities:

1. Get York Building including maximising affordable homes
2. Make the best use of housing assets and improve decency
3. Helping residents into employment & training
4. Support independent living

5. Improve Community Cohesion
6. Widen and Extend Resident Involvement
7. Improve access to advice and services
8. Address financial inclusion

Weekly and monthly operational reports are provided to Housing Managers to monitor performance concerning particular service areas. In addition a quarterly Service Plan performance status report including the status of performance indicators together with budgetary information is presented to Housing's Management Team and Housing and Community Safety Senior Management Team. Quarterly performance reports are also presented to Housing's Cabinet Portfolio Holder.

Performance updates has been presented to the Resident Federation. The recently established Housing Tenant Scrutiny Panel will undertake this role in the future. Service Managers are invited along to these meetings to discuss performance concerns with residents. Performance issues are also discussed by Estate Managers attending Resident Association Meetings.

## Benchmarking

The Housing Service has been a member of Housemark benchmarking club since 2009. This allows robust, comparable spend data and performance analysis in relation to a range of landlord activities covering:

- Overheads
- Responsive Repairs and Void works
- Major Works and Cyclical Maintenance including Gas Servicing

- Housing Management
- Lettings
- Rent Arrears and Collection
- Anti-social Behaviour
- Resident Involvement

The key findings from the analysis are plotted on the Value for Money Matrix and inform service plan priorities and Housing's Value for Money approach. A full benchmarking report is presented to Housing Senior Management team. The newly established Housing Tenant Scrutiny Panel will oversee future benchmarking results.

## Value for Money

In 2010 Housing adopted a three year Value for Money strategy. This was supported by a programme of Value for Money training for all Housing Managers.

The aims of the strategy include:

- Ensuring continuous service improvement which operates in a sound financial environment
- Understanding costs, how they relate to performance and how they compare to others
- Strengthening the approach to procurement and partnership working
- Embedding an effective Value for Money and Performance Management framework
- Developing ICT management systems

## Community Impact Assessments

Community Impact Assessments are carried out in respect of individual service area delivery and policy review. Self-financing is a change in a major financially driven process and therefore it is not appropriate to undertake a CIA in respect of the introduction of the Business Plan in its own right. However, CIAs will be carried out in respect of any potential changes in policy or service delivery that may result from this different financial process.

## Reviewing the Business Plan

The business plan is a dynamic, working document. Consequently it is essential that it is reviewed and updated on an annual basis.

The plan will be monitored throughout the year by officers, Housing & Community Safety Management Team, the Housing Portfolio Holder and the Cabinet as appropriate.



# Treasury Management

The HRA Self Financing reform detailed in the Government White Paper in November 2012 resulted in City of York Council paying £121.550m to Department of Communities and Local Government (DCLG). This removed the Council from the HRA subsidy system from 1 April 2012 and the payment made on 28 March 2012 was effectively the debt which relates directly to the HRA.

The self-financing valuation of the local authority's council housing stock was made by the Government using a discounted cash flow model for the authority's social housing. The model was based on assumptions made by Government about rental income and expenditure required to maintain the council's housing stock over 30 years. It determined the amount paid to the Government of £121.550m and also the upper limit on housing debt that the Council may hold under the HRA self-financing reform.

In order to finance the £121.550m, significant exploration of the funding options available to the Council were undertaken with the final decision being made by the Director of Customer Business & Support Services in accordance with the delegated powers as approved by Council in the Treasury Management Strategy dated 23 February 2012.

## Considerations in Constructing a Loan Portfolio

The following key factors were considered when constructing the loan portfolio for the HRA:

- Source of Borrowing
- Type of Loan
- Loan Portfolio

## Source of Borrowing

The options investigated for the source of borrowing including:

- Internal borrowing
- Borrowing from North Yorkshire County Council pension fund
- Borrowing from other local authorities
- Borrowing from the Public Works Loans Board (PWLB)
- Raising funds through bond issuance (either individually or as part of a club)
- Raising funds through private market placement

The work undertaken also considered the benefits of adopting a mix of the above funding options.

Then, in October 2012, the Government announced a reduction in the interest rates to be offered by the PWLB for the HRA self-financing settlement transaction. Therefore, borrowing from the PWLB was the most favourable option.

## Type of Loan

The two key consideration in determining the type of loan were

- (i) fixed or variable interest rates - it was financially advantageous to the HRA to take out fixed rate loans, which gave access to historically low rates and provided the advantage of greater certainty for financial planning purposes
- (ii) the repayment basis – considered maturity, Equal Instalments of interest & principle or Annuity loan. Maturity loans were taken as the best fit with the financial projections of the business plan and offered the greatest degree of flexibility, in terms of the potential to release resource during the life of the business plan to facilitate additional investment in service developments.

The proposal not to internally borrow at this point in time, does not preclude the possibility that it may be advantageous to undertake such borrowing at a future point, i.e. when the business plan requires additional borrowing against the headroom available, at which point the standard PWLB rates may compare less favourably against the rates which the General Fund would seek to charge for any internal loan.

## **Loan Portfolio**

The objective of creating the HRA loan portfolio was to keep interest rates to a minimum, mitigate risk as much as possible and create flexibility within the portfolio.

In considering the risks associated with the proposed borrowing strategy, a key factor was the implications of repaying the initial loans at a point earlier than their natural maturity. This may be required for treasury management purposes or to provide greater flexibility within the business plan for future developments.

The prudent approach to scheduling multiple loans was to ensure that the HRA business plan was capable of repaying debt at the point where loans were scheduled to mature and could seek opportunities to further invest in the level and quality of social housing.

Based on the PWLB's interest rate information at the time the loans were taken on 28 March 2012, rates did not significantly vary for maturity loans from periods of 25 years to 50 years. Given this, the portfolio of 21 maturity loans was constructed taking loans with varying amounts, at a variety of interest rates, across different maturity periods in line with the HRA business plan.





Element	2013/14	2014/15	2015/16	2016/17	2017/18	Totals
Tenant's Choice	£2,030,400	£1,878,308	£2,203,914	£3,009,588	£1,883,201	£11,005,411
Electrical Upgrades	£95,400	£98,100	£100,800	£103,824	£106,939	£505,063
Professional Fees	£335,780	£345,560	£355,340	£366,000	£376,980	£1,779,660
TC Backfill	£329,000	£338,870	£349,036	£359,507	£370,292	£1,746,705
Misc Kitchens and showers	£50,000	£51,500	£53,045	£54,636	£56,275	£265,457
Cyclical Electrical Testing	£120,000	£123,600	£127,308	£131,127	£135,062	£637,097
Asbestos Contingency	£100,000	£103,000	£106,090	£109,273	£112,551	£530,914
Asbestos Roof Strip and refurb in Bell Farm	£220,000					£220,000
Loft conversions/extensions	£1,000,000				£281,377	£1,281,377
Water Mains		£1,098,865	£2,098,865	£1,018,000	£18,540	£4,234,270
Assistance to elderly persons (Adaptations)	£400,000	£400,000	£400,000	£400,000	£400,000	£2,000,000
Heating and renewables	£1,060,000	£1,191,800	£1,327,554	£1,467,381	£1,611,402	£6,658,137
Sustainability works	£85,010	£86,060	£87,142	£188,256	£339,404	£785,872
External Doors	£180,000	£185,400	£190,962	£196,691	£202,592	£955,645
Windows (Timber to PVCU)	£1,470,000	£1,000,000				£2,470,000
Windows (PVCU replacement)			£238,500	£102,000	£162,000	£502,500
Roofing and chimneys	£331,500	£383,040	£290,333	£312,858	£350,000	£1,667,731
Damp Works	£128,000	£128,000	£128,000	£128,000	£128,000	£640,000
Struct Works	£76,321	£78,481	£80,641	£83,060	£85,552	£404,056
Fire Prevention	£25,000	£25,750	£26,523	£27,318	£28,138	£132,729
Lift Upgrades (Passenger)		£224,000	£5,000	£5,150	£5,305	£239,455
Door Entry System and Security Door upgrades	£104,000	£104,000	£142,000	£150,000	£154,500	£654,500
IT Infrastructure	£150,000	£75,000	£50,000	£50,000	£50,000	£375,000
Sheltered incl. Extra Care	£50,000	£51,500	£53,045	£54,636	£56,275	£265,456
Communal Security Lighting	£80,560	£82,840	£85,120	£87,674	£90,304	£426,497
Security Upgrades (Alarms and Doors)	£43,375	£44,603	£45,830	£47,205	£48,621	£229,635
Communal Improvements	£99,948	£104,184	£107,198	£111,914	£99,809	£523,053
Access walkway upgrades	£140,000					£140,000
Stairlift replacement	£30,000	£30,900	£31,827	£32,782	£33,765	£159,274
Sound Proofing Works	£171,720	£176,580				£348,300
Non Traditional Properties	£720,000					£720,000
Emergency lighting repairs/replacement	£9,000	£9,270	£9,548	£9,835	£10,130	£47,782
<b>Totals</b>	<b>£9,635,014</b>	<b>£8,419,211</b>	<b>£8,693,621</b>	<b>£8,606,715</b>	<b>£7,197,015</b>	<b>£42,551,576</b>





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**Cabinet**

12 February 2013

Report of Cabinet Member for Leisure, Culture & Tourism and  
Cabinet Member for Transport, Planning & Sustainability

**The Tour de France – Hosting the Grand Départ****Summary**

1. This paper outlines proposals for York's participation in the activities supporting the "The Grand Départ" of The Tour de France in Yorkshire in July 2014. It outlines the associated benefits and operational costs and implications and seeks agreement to enter into an arrangement with Welcome to Yorkshire and Leeds City Council, as the lead local authority, to host the second day start of the Grand Départ.
2. This report provides an update on progress to date and benefits of staging the Grand Départ in Yorkshire. It seeks agreement from cabinet for the payment of the hosting fee and support in our approaches to taking forward the legacy work and cultural activities that will form part of the Tour De France programme across the region.

**Background**

3. The Tour de France is an annual multiple-stage cycle race. Almost all the stages are held in France, though two or three stages are held in nearby countries. Most recently in the U.K. the Grand Départ was held in London and Kent in 2007.
4. The Tour is the third largest sporting event in the World after the Olympic Games and the FIFA World Cup. It was first organized in 1903 and is run by the Amaury Sport Organization (ASO). It takes place in July and consists of 21 day-long segments (stages) over a 23-day period (including two rest days). Whilst the route changes each year, the format of the race stays the same with at least two time trials (individuals racing against the clock), the passage through

the mountain chains of the Pyrenees and the Alps, and the finish on the Champs-Élysées.

5. The “Grand Départ” (GD) is the name given to the start of the first stage of the Tour. It is now hosted by a different city each year. In 2012 it was hosted by Liege; this year it will be hosted by Porto Vecchio in Corsica and in 2014 it will be hosted in Yorkshire. The GD is staged over 3 days and it is by far the biggest, and most publicized, of all the Tour locations except for the finish in Paris.
6. The actual start of the race is only one aspect of what goes on at the site of the GD. In the days before the start there are presentations of the teams to the public, displays, cycle shows, market stalls and competitions. There is a festival atmosphere with cultural activities for all the family, attractions for the cycling enthusiasts and lots of peripheral activities for those non sports enthusiasts. There is a strong family flavour to events as well as opportunities for the cycling enthusiasts.
7. In October 2012 Welcome to Yorkshire, in partnership with Local Authorities in Yorkshire, submitted a proposal to the organisers of the Tour de France, ASO (Amaury Sport Organisation) to bring The Grand Départ of The Tour de France to Leeds and early stages of the race to the region in 5<sup>th</sup> - 7<sup>th</sup> July 2014 with Leeds, York and Cambridge currently proposed as start points for each of the three days. Just before Christmas it was announced that Yorkshire had been successful in their bid for 2014. On the 17<sup>th</sup> January we had official confirmation of York as second stage start.

### **Why now and why Yorkshire?**

8. Following the 2012 Tour de France win by Bradley Wiggins and the cycling team’s medal haul in the London Olympics, cycling as a sport in the UK has captured public interest. York’s status as a Cycling City is now generally accepted throughout the UK. By attracting the start of the Tour de France to the region we hope it will act as a catalyst to create a coherent cycling strategy for Yorkshire. York will be leading on the legacy from this successful bid.
9. Bringing the Tour to Yorkshire has the potential to bring significant inward investment to the city and offers a catalyst to sporting organisations and cycling clubs with the potential for a much better cycling offer across the region. It affords a unique opportunity to provide a step change in the international perception of York as a sporting city with ambition and as a place to visit and do business as well as leaving a legacy for cyclists for many years to come.



10. To show the strength and commitment from across the region local authorities had already signed up to taking this legacy forward whether the bid was successful or not. The fact that we have been successful will significantly boost this work. We are the first region in the UK to approach working on a legacy together in this way and this is helped by significant endorsement by British Cycling. York will be leading the Cycling legacy for the whole region.
11. The focus of this legacy work will be encouraging more people to cycle more often with greater safety. It will identify safe routes, encourage cycling as a family as well as sporting activity and as a result help people live healthier lifestyles. This will significantly highlight this region both nationally and internationally and we will be working together to attract further investment, becoming the best regions to cycle in the UK. It will also offer an opportunity to build on the volunteering opportunities which worked so well in our York 800 and York Gold programmes in 2012.
12. City Centre Cycle races have been planned again for 2013 building upon previous years work when they attracted big names in British road race cycling, including Ed Clancy. Within this legacy work we are also looking to host the Sky Rides from 2013, hopefully a year before the GD 2<sup>nd</sup> day race is staged in York in 2014. As the lead for the region in the legacy work we are working particularly closely with North Yorkshire and building on our national reputation for cycle development and participation programmes.
13. York is currently performing well economically as one of the two most resilient Northern cities in the current economic climate. However, to maintain this momentum and demonstrate York's ambitions as a fantastic city to live with a great quality of life and an international profile we need to do more. Hosting the second day start of the GD will win York world-wide profile. Hosting the GD in London and Kent 2007 generated an estimated £35M of free publicity for the region and 68% of the press mentions were positive (over 20,000 pieces of media coverage).
14. The evaluation report for London and Kent's hosting of the GD showed that because access to the Tour De France is free the economic benefit arose mainly due to visitor spend on accommodation, transport and refreshments. There were significant increases in overnight stays and boost to other visitor attractions. In 2007 this generated an estimated £73 million of economic benefit to London and £15 million to Kent. Over 3 million spectators attended the event across London and Kent with more than half of these

coming from outside London and another 10% travelling to London from overseas. Day visitors spent £26.15 in London and £18.82 in Kent. In Yorkshire, Welcome to Yorkshire is currently estimating that the economic benefit to the region will be in excess of £100M.

15. Given the basic requirement of up to 10,000 bed nights of accommodation for teams and media for between 7 and 10 days and the increased interest in cycling and the Tour in the UK any bid from the region as a whole would seek to surpass the benefits to London in 2007. Some of the key areas of direct expenditure include up to £1.8M on accommodation, £6M in retail (non food) spends per stage and up to £6.2M in food and catering spend per stage. It is estimated that the media equivalent value would be approximately £15M for each day of the GD.
16. We have worked to ensure that York would be the start of the second day of the GD. Our experience with the Tour of Britain would suggest that the economic impact of holding starts is greater than finishes as teams will base themselves near to a start rather than a finish. And the promenade nature of the start of the race will be attractive to the visitors. For comparison the daily economic impact of hosting The Royal Ascot at York Meeting (2005) was in the region of £4.6M to the city. During the Olympic Torch Relay we dealt with 6 media outlets. For the GD there are over 350 international media outlets involved. This is an extremely large scale event with an equally large potential economic benefit.

### **Main issues**

17. There are a number of issues associated with the hosting of the Tour-de-France that the each of the local authorities involved has to consider, namely:
  - Arrangements resulting from the bidding process
  - Operational cost and logistics
18. **The bidding process** – The ASO, which is the company that organises the Tour de France, has made it clear that they only wish to be dealing with one organisational point of contact in Yorkshire. It has been agreed by the participating local authorities that this will be Welcome to Yorkshire. They led on the successful bid submission.
19. **Operational costs and logistics** - As a major international sporting event there will clearly be financial implications to the region and City of York Council in hosting the start of the second day of the GD. There are three types of costs:
  - The £500k fee for us hosting the second day start.

- costs associated with delivering the event and
  - ensuring a strong cultural and cycling legacy
20. **Hosting the second day start** - Following a meeting of the regional Chief Executives Leeds City Council will act as administrative body and guarantor for all the authorities with involvement in the stages. The Chief Executive of Leeds City Council has recently written to each of the local authorities to seek our commitment in principle to providing the financial support required. This would commit the city to a payment of the hosting fee of £500k in three stages, on signing, one year before the event and on the first day of the GD.
21. **Delivering the event** – Work is underway to establish opportunities for funding the significant additional costs of delivering the event. The requirements are varied and include route preparation, cleansing and event management. The City has experience of hosting festivals and events, although clearly not on this scale but all opportunities will be taken to support from existing resources, festival and event, leisure programmes and LSTF funding, and by bidding in to other promised funding opportunities such as Sport England, British Cycling, Public Health and the Arts Council. Further papers outlining these details will be brought forward. The staffing capacity to deliver this also needs to be considered.
22. **Ensuring a strong cultural and cycling legacy** - The Council will use the event as a means of promoting cycling as a sustainable mode of transport, as a means of promoting healthy lifestyles and to support our ambition to become the city with the largest participation in sport and active lifestyles. We will be supporting other authorities across the region to achieve higher participation rates in cycling. The authorities will also work together to develop a ‘festival of cycling’ to sit along side the Tour to enable local people and visitors to get the most out of their stay in the region. North Yorkshire County Council has already financially agreed to this work in principle. Further funding bids may also be possible to Sport England.
23. In Yorkshire we have also announced that we will stage a 100 day cultural festival counting down to the GD itself. Initial talks with our other partner authorities and the Arts Council: England indicates positive support for this across all local authorities in Yorkshire.

### **Consultation**

24. The cycling community, through an online petition, have been involved as much as possible in encouraging local people to back

the bid and show ASO the support that cycling has in the region. 150,000 people have signed the online petition reflecting the huge interest in cycling and appetite for the Tour to come to Yorkshire. Now that the bid has been successful then consultation and engagement will be core to ensuring the success of the event. The consultation will include cycling clubs, communities on the route and those involved in the event along with elected members.

### **Next Steps**

25. The formal announcement that the Grand Depart was to be held in Yorkshire was made shortly before Christmas. The main announcement of the route was made in Paris and Leeds on the 17<sup>th</sup> January. Leeds City Council will be signing the agreement with ASO and Welcome to Yorkshire on the 17<sup>th</sup> January and the other regional local authorities will need to be in a position to confirm their support within a short timeframe thereafter.
26. In view of this it is proposed that the Chief Executive is given delegated authority to enter into the necessary agreement with Leeds City Council and Welcome to Yorkshire.

### **Implications**

#### **Financial:**

27. It is expected the initial hosting cost of £500k will be met from the Economic Infrastructure fund. Further detailed work is underway to bring together a full financial proposal for this opportunity for the City.

#### **Legal:**

28. Welcome to Yorkshire will be the contracting body with ASO, with Leeds City Council acting as the lead local authority for the event. Welcome to Yorkshire will issue contracts with each local authority the route passes through.

#### **Equalities:**

29. The GD, the potential cultural festival and the legacy work offers the city many opportunities to engage with a wide range of local people. Fundamental to the event will be the opportunity to develop a cycling strategy which will focus on access to cycling for all. A full equality impact assessment will be completed on the development of the programme for York.

#### **Human Resources:**

30. While some of the work on the cultural and legacy elements of this bid have been and can continue to be absorbed within the current

staffing structure a successful delivery of the event and its associated legacy will require additional staffing support. Work is underway to establish how we can work with partners to support these requirements built on previous experience.

### **Risk Analysis**

31. Risks associated with delivery of the event are wide ranging and similar to other major events the city is well used to delivering. These risks will be managed as part of the project process.

### **Corporate Priorities – Delivering the Council plan**

32. The proposals within this paper help to deliver the council plan in two of the main priority areas:

Build Strong Communities – the event itself, the accompanying cultural festival and the legacy work with York leading will support the health and family agenda, encourage greater take up cultural opportunity.

Create Jobs and grow the Economy - Attracting the Tour de France to Yorkshire and to York will underline the city as a venue for global events which will be key to internationalising our culture. The economic benefits of hosting a start of stage will be similar to those experienced when we hosted the Olympic Torch Relay and Royal Ascot.

### **Recommendations**

33. Members are asked to:
  - a) Approve the Council's commitment to staging the Grand Départ within the parameters outlined and agree that the £500k hosting fee will be met from the Economic Infrastructure Fund.
  - b) Give delegated authority to the Chief Executive, in consultation with the Leader of the Council, to enter into an agreement with Welcome to Yorkshire and Leeds City Council to host the Grand depart.
  - c) Agree the approach of the regional and local legacy and cultural work as outlined above.

Reason: To support the efficient and effective implementation of the work needed to successfully host the Grand Départ in the region and the legacy work for York's regional leading role and York element of the legacy implementation.

**Contact Details**

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	<b>Report Approved</b>	✓	<b>Date</b> 31 January 2013
<b>Specialist Implications Officer(s)</b>			
Glen McCusker – Deputy Head of Legal Services			
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Leona Marshall – Head of Communications			
<b>Wards Affected:</b> List wards or tick box to indicate all	<b>All</b>	✓	

**For further information please contact the author of the report**

**Background Papers: None**



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Cabinet

12 February 2013

Report of Cabinet Member for Corporate Services

## **Disposal of Acres Farm Naburn**

### **Purpose of the Report**

1. Cabinet approval is sought for the sale of Acres Farm to the fourth highest bidder in accordance with the recommendation below following the earlier approval to sell the property which was given by the Executive on 17 April 2003.

### **Background**

2. Acres Farm is situated in a semi rural position, approximately 3 miles south of York city centre. It comprises two ranges of outbuildings (1,015 sq m/11,434 sq ft) in need of complete refurbishment together with a fold yard (404 sq m/4,300 sq ft) and agricultural land (8.85 acres). The agricultural tenancy on this property was surrendered some time ago and the buildings and land are currently used for storage and grazing of sheep by the adjacent farmer on a temporary licence arrangement which would expire automatically on completion of a sale of the property.
3. In addition to the above, there is also a farm bungalow on site which is currently leased on a secure tenancy and this property cannot be disposed of under existing legislation and must be retained by CYC unless vacant possession is obtained. The bungalow is, therefore, excluded from the proposed sale but a 20 year option to purchase the bungalow is to be included in the contract of sale in the event that vacant possession is obtained within that period.
4. Access to both Acres Farm and the bungalow is currently gained via a temporary right of access through the neighbouring Naburn Lodge Farm.
5. The property has, therefore, recently been marketed for potential redevelopment by agents, Bruton Knowles, and seven sealed bids have been received. Only the four highest bids have been evaluated as the remaining three were significantly lower on price.

## **Consultation**

6. The property was last used for agricultural use and any alternative use, therefore, requires planning permission.
7. A marketing report was obtained from an external agent in March 2011 providing advice on the suitability of the property for employment uses and it was concluded that such uses were not economically viable in this location. Planners, therefore, agreed to consider conversion of the existing outbuildings to residential uses and it was concluded from pre application advice that the property may be suitable for conversion to one or two dwellings, subject to planning permission.
8. Outline planning permission has already been granted for the creation of a new access route from the B1222, Naburn Lane.

## **Options**

9. As sale of the property in principle has already been approved, it is considered that the options are now to proceed with a sale to one of the bidders for a substantial capital receipt. In accordance with the recently approved Asset Management Strategy, the bids have been assessed against the four criteria for the Asset Management Strategy. These are as follows:-
  - i) Reduce revenue costs, increase revenue income and generate capital
  - ii) Support economic development
  - iii) Create new permanent homes
  - iv) Create new community value

## **Analysis**

10. Option1      Dispose of Acres Farm to Bidder A
11. Although this bid is the second highest, it is conditional only on extending the buyer's option to purchase the bungalow to 40 years (in the event of vacant possession being granted in the future) and is a cash purchase which is not conditional on planning. It is, therefore, considered that this bid presents the lowest risk as regards a successful completion. The buyer, however, could possibly secure planning permission at a later date for retail development in conjunction with the nearby retail outlet and the property could potentially have a higher value than that offered. It is,



therefore, suggested that if this offer were accepted, a suitable overage provision would need to be included in the contract.

12. As this bid is unconditional, it would not be practicable to place a restrictive covenant on the use (as would be possible for other bidders), therefore, Members might want to consider the potential *uses* which this buyer may wish to pursue in the future (see paragraph 11.)

Although Bidder A has not confirmed its proposals for the property in the long term, it has indicated that it would initially maintain the status quo but 'may' seek to obtain planning permission for residential conversion in the future.

13. Acceptance of this bid would potentially satisfy the following key objectives of the wider asset review:

- i) Generate Capital – second highest
- ii) Support Economic Development – none confirmed in details of the bid
- iii) Create New Permanent Homes – n/a
- iv) Create Community Value – n/a

14. Option 2 Dispose of Acres Farm to Bidder B

15. This bid is the highest, however, it is conditional on planning consent to convert to a residential dwelling and source of funding is by way of the sale of a property. There are, therefore, risks associated with acceptance of this bid which may cause delays/failure to proceed.

16. Acceptance of this bid would potentially satisfy the following key objectives of the wider asset review:-

- i) Generating Capital Receipts - highest
- ii) Economic Development – n/a
- iii) Create New Permanent Homes – only one home proposed
- iv) Create Community Value – n/a

17. Option 3 Dispose of Acres Farm to Bidder C

18. This bid is the third highest. However, it is unconditional with proof of cash funding provided with the offer. The risk of this sale not

proceeding, therefore, would be low. However, the buyer could still decide not to proceed prior to contracts being exchanged.

19. Acceptance of this bid would potentially satisfy the following key objectives of the wider asset review:-

i) Generating Capital Receipts – third highest

ii) Economic Development – n/a

iii) Create New Permanent Homes –only one home proposed

iv) Create Community value – n/a

20. Option 4 Dispose of Acres Farm to Bidder D.

21. Bidder D (in partnership with Nottingham University) propose to develop the property for a Poultry Training Academy. University of Nottingham in conjunction with Bidder D is planning to create a Diploma/Masters degree in poultry production to start in 2013. The European College of Poultry Veterinary Science has been created to deliver a training programme for veterinary graduates in this speciality. It is proposed that the new facility would provide facilities for both the clinical poultry department of Bidder D but also allow prospective students to undergo further training for both veterinary related poultry qualifications and also poultry related qualifications for students from the industry. From information provided by Bidder D, it is anticipated that by 2015 up to 15 new jobs would be created including veterinarians, lab technicians, dispensary staff, farm field specialists and administrative assistants. By 2019, the number of new jobs should have increased to around 23 in total.

22. Economic Development has been consulted in respect of the employment aspect of this bid and GVA forecasts are as follows:

Assuming FTE's and forecast through to 2019

#### Output

Total impact in Yorkshire and the Humber = £17.1 million

Total impact in York = £14.8 million (approx £2.3 million indirect)

The options from Bidder D and the proposed European College of Poultry Veterinary Science aligns with the city's economic strategy, providing highly productive jobs and educational opportunities in the key growth areas of science and research, education, and the knowledge based economy.

The associated beneficial links with universities are well founded and are also embedded in the economic strategy.

The wider economic benefits to the region will enhance the agricultural aspects of growth strategies of the York, North Yorkshire and East Riding Local Enterprise Partnership area.

Agri-food has been identified as a nationally and potentially internationally leading strength of the York and North Yorkshire sub region, and as such the proposed development could contribute to the critical mass in this industry and positions the city to gain further supply chain benefits from these sector strengths.

23. This bid is the fourth highest. It is also conditional on the following:-

i) Satisfactory planning to Bidder D

ii) Satisfactory resolution of the highway/junction to allow adequate access for larger vehicles

iii) Satisfactory site investigation

iv) Satisfactory building survey to the buildings that are to be retained

v) Provision being included in the contract for deduction of abnormal costs that have not been allowed for in the bid

Risks associated with this bid are noted at paragraph 29.

24. Acceptance of this bid would satisfy the following key objectives of the wider asset review:-

i) Generating Capital Receipts – fourth highest

ii) Economic development – highest (see further info. in paragraphs 23 and 24)

iii) Create New Permanent Homes – n/a

iv) Create Community Value – n/a

### **Scoring**

25. Each of the four highest bids has been scored against the four main criteria of the Asset Review and a summary is attached at confidential Annex 1. Owing to the potential benefits with regard to economic development of Bidder D, this bid has the highest total score.

### **Approval by Capital and Asset Board**

26. A report along with the attached scoring matrix was presented at the Capital and Asset Board meeting on 26 November and a recommendation to sell Acres Farm to Bidder D was made.

### **Corporate priorities – Delivering the Council Plan**

27. The recommendation within this paper helps to deliver the council plan in one main priority area:

**Create Jobs and grow the Economy** – This will be supported as follows:

- The creation of up to 15 highly productive new jobs by 2015 and up to 23 by 2019 as well as educational opportunities in the key growth areas of science and research, education and the knowledge based economy.
- The wider economic benefits to the region will enhance the agricultural aspects of growth strategies of the York, North Yorkshire and East Riding Local Enterprise Partnership Area.
- Agri-food has been identified as a nationally and potentially internationally leading strength of the York and North Yorkshire sub region and as such the proposed development could contribute to the critical mass in this industry and positions the city to gain further supply chain benefits from these sector strengths.

None of the other bids help to deliver any of the objectives of the Council Plan.

### **Implications**

28.

- a) Financial – contained in the report
- b) Human resources – none
- c) Equalities – Each of the bids has been fully considered in respect of both the price offered and the proposed use and the three lowest bids dismissed on this basis. The four highest bids have then been fairly scored against the four criteria of the Asset Management Review.
- d) Legal – The Council has power, under s123 Local Government Act 1972, to dispose of land for the best consideration reasonably obtainable. “Consideration” means monetary or

commercial value and does not include other non-commercial benefits, such as job creation. The Authority may, however, take into account the certainty of any bid and the prospects of a successful completion in determining whether a particular offer amounts to reasonably obtainable consideration

- e) Disposals at less than best consideration require the consent of the Secretary of State. A general consent provided in Circular 06/03: Local Government Act 1972 General Disposal Consent (England) 2003, allows an authority to dispose of land at less than best consideration where to do so would promote the economic, social, or environmental well-being of its area, and provided the unrestricted difference in value is not more than £2 million. The report contains information upon which Cabinet could form as view as to the likelihood of a particular disposal promoting well being.
- f) European law in relation to state aid must also be complied with. State aid is a complex and developing area of law. The starting point is that the resources of the state should not be used to benefit a particular entity in a way which has the potential to impact on trade between member states. A sale of land which is at a price below the best offer may amount to such a benefit. There are exemptions including a useful de minimis exemption allowing aid of up to €200,000 to an organisation, from all sources in a three year period. Before finalising the sale it will be necessary to ensure that the disposal involves no state aid or that it is covered by an exemption.
- g) Crime and Disorder – none
- h) Information Technology – none
- i) Property – contained in the report

### **Risk Management**

- 29. There are risks associated with acceptance of the recommended offer, owing to the conditions listed above. In particular, although the buyer's agent has had informal discussions with planners and highways regarding the proposed development and alteration of the permission already given for the new access road, these are not certain. If planning permission was not achieved the property would be placed back on the market and it is expected that a similar level of receipt should be achievable, subject to market conditions at that time, although it will obviously be delayed. The risk of a potential reduction in the offer to meet 'abnormal costs' will be mitigated by

agreement of a maximum figure for each type of abnormal cost as a condition of the sale.

### Recommendation

29. Cabinet is asked to agree the sale of Acres Farm to Bidder D on the grounds that it reflects a reasonable market value for the land and creates a significant economic benefit for the city through the creation of jobs and training and best meets the requirements of the Asset Strategy and Council Plan.

Reason: To ensure the Council disposes of the land and buildings for the best consideration reasonably obtainable whilst also helping to deliver the objectives of the Council Plan.

### Contact Details

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	Tracey Carter, Assistant Director, Finance Asset Management and Procurement		
	<b>Report Approved</b>	✓	<b>Date</b> 31 January 2013
<b>Specialist Implications Officer(s)</b> Implication: Legal Name Andy Docherty Assistant Director Governance & ICT			
<b>Wards Affected:</b> List wards or tick box to indicate all			<b>All</b> ✓

**For further information please contact the author of the report**

### Annex

Annex 1 - Details of bidders and scoring matrix (Confidential)

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**Cabinet**

**12 February 2013**

## **Report of the Cabinet Member for Transport, Planning and Sustainability**

### **York a Sustainable City Tackling Fuel Poverty**

#### **Summary**

1. The purpose of this report is to highlight the need for specific targeted resources to deliver against the Council's Climate Change Framework and Action Plan and to address fuel poverty in the city.

#### **Background**

2. Members continue to highlight their ambition for York to be known as a Leading Environmentally Friendly City. The aspiration is set out in the City's Climate Change Framework and Action Plan, with challenging commitments and targets (adopted by the Council and 'Without Walls' (WoW) in 2010).
3. Sustainability is also a key element of the "*Protect the Environment*" chapter of the Council Plan and work to address fuel poverty is an important part of economic agenda for the city. The Fairness Commission report of September 2012 also drew attention to Fuel Poverty issues in the city, one of their "*ideas for action*" was:

**HH17** Continue to increase the energy efficiency of fuel-poor households' homes; consider incentivising behaviour change, e.g. through energy bill rebates; and enforcement activity in the private rented sector.

Further action

4. At a time where there is an increasing focus on rising energy costs, there is a greater potential to link energy efficiency / saving measures (which necessarily reduce carbon emissions) with a focus on tackling fuel poverty.

5. Tackling Climate Change and reducing Fuel Poverty are potentially highly complementary and over recent years measures to improve the energy efficiency of homes across the City have been promoted through joint working between the sustainability and housing adaptations teams and Yorkshire Energy Partnership.
6. Members will be aware of the budget position that CES is required to find a saving (or additional income) of £2.9M over the period 2012/13 – 2013/14.
7. The Council's current Sustainability and Carbon / Energy management team, of 3 fte's and the Housing Standards and Adaptations team (0.5 fte dedicated to this area of work) struggles to balance the need for delivering against the Council's own targets with taking a wider city leadership role.
8. The Council has stated commitments to:
  - Local low carbon / renewable energy generation
  - Reducing CO2 emissions across the city, working with communities and business
  - Improving energy efficiency, and tackling fuel poverty,
9. It is therefore essential that staffing resource is enhanced with temporary additional capacity to drive the delivery of this critical agenda.

## **Options**

10. It is important that there is a City wide focus, which will involve working across the council and with partners and securing external funding to deliver specific objectives:

### **Local low carbon / renewable energy generation**

11. Recent studies have highlighted the potential for this in York. Detailed work is now need to :
  - Produce a heat map for the city to guide a coordinated approach that maximises opportunities for large-scale Low Carbon Renewable Energy (LCRE) District Heat Networks (DHNs)

- Undertake a number of feasibility studies (probably 3 based on heat mapping work) for potential LCRE DHNs, and
  - Undertake detailed feasibility study and business case preparation for a potential LCRE DHNs – including soft market testing.
12. On completion, this work should provide the opportunity for the city to attract investment and / or identify the funding opportunity to accelerate the development of LCRE / DHNs across the city. This could be through the creation of a local Energy Services Company (ESCo). Without mapping and a detailed feasibility study to determine the viability of potential opportunities, it will be very difficult for York to lever in investors / and or funding.

### **Reducing CO2 emissions across the city - working with communities and business**

13. A number of different projects have been run in York working with communities including the Green Neighbourhood Challenge which came to an end in March 2012, and the Good Life project in New Earswick. These were externally funded and externally delivered.
14. For communities not directly involved in these projects support has been limited to telephone and online advice and the occasional presentation at ward meetings.
15. Currently CYC offers advice to businesses through YEP who have recently launched the Investors in the Environment accreditation scheme  
[http://www.yorkshireenergypartnership.org.uk/index.php?route=page/view&page\\_id=91](http://www.yorkshireenergypartnership.org.uk/index.php?route=page/view&page_id=91)
16. Additional resource here would be directed at an enhanced service which should lead to more action being taken by businesses and communities to reduce energy costs, alleviate fuel poverty; support growth in local businesses and steadily reduce the city's carbon emissions.

### **Improving energy efficiency and tackling fuel poverty**

17. Additional work needs to be undertaken to establish how best to combine energy efficiency advice that directly impacts on tackling Fuel Poverty. Options are likely to include:

- Report to Cabinet in May 2013 on a preferred way forward to maximise the Green Deal in York
  - Explore in house opportunities for enhanced green deal / energy efficiency services to maximise the amount of Green Deal Packages offered in the city and explore possible income generation opportunities linked to the Green Deal and ECO funding.
  - Consider links to Local Low Carbon / Renewable energy generation and investigation of options for the establishment of a community interest ESCo.
18. A further report will be brought forward to highlight the specific opportunities and seek member guidance on priorities.

### **Analysis**

19. Progress against existing council priorities in the Climate Change framework and action plan has not delivered against members expectations for City wide action.
20. The actions outlined above offer a means of addressing this concern with targeted action. An initial investment via the Economic Infrastructure fund could provide the potential for all options to become self funding through return on investment opportunities or fee based payback.

### **Council Plan**

21. The options outlined in the report have the potential to contribute to the following Council Plan objectives: Protect the Environment; Protect Vulnerable People; create jobs and grow the economy and Build Stronger Communities.

### **Implications**

- **Financial:** There are no direct financial implications as a consequence of this report. The subsequent report referred to will set out the business case for additional investment.
- **Human Resources (HR):** There are no direct HR implications
- **Equalities:** There are no direct equalities implications

- **Legal::** There are no direct legal implications
- **Crime and Disorder:** There are no direct crime and disorder implications
- **Information Technology (IT):** There are no direct ICT implications
- **Property:** There are no direct property implications
- **Other:** There are no other direct implications

### **Risk Management**

22. The options highlighted above are intended to reduce the reputational risk to the authority of not taking sufficient action in working towards becoming a Fair and Inclusive, Leading Environmentally Friendly City.

### **Recommendations**

23. Cabinet are asked to note the report, highlighting the delivery issues factored against stated ambitions, and to consider additional investment in Sustainability and tackling Fuel Poverty, once the detail of the budget is agreed. More detailed proposals will be brought forward to Cabinet seeking approval for temporary additional funding from the Economic Infrastructure Fund to secure the staff resource necessary to deliver on the sustainability and fuel poverty agenda for the City.

Reason: To improve the council's response to the Sustainability and Fuel Poverty Challenges facing the City.

**Contact Details:**

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Tel No. Ext 1300	<b>Report Approved</b>	✓	<b>Date</b> 5 February 2013
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<b>Wards Affected:</b> List wards or tick box to indicate all		<b>All</b>	✓

**For further information please contact the author of the report**

Background Papers:

Climate Change Framework and Action Plan - 2010  
Fairness Commission Report - Sept 2012

Annexes: None