

**Notice of public meeting of  
Cabinet**

- To:** Councillors Alexander (Chair), Crisp, Cunningham-Cross, Levene, Looker, Merrett, Simpson-Laing (Vice-Chair) and Williams
- Date:** Tuesday, 16 July 2013
- Time:** 5.30 pm
- Venue:** The George Hudson Board Room - 1st Floor West Offices, Station Rise, York

**AGENDA**

Please Note: The Council is undertaking a two month trial of webcasting of Cabinet meetings with this Cabinet meeting being the second to be filmed. Please be aware that this will include the naming and filming of public speakers. The film will be made available to the public as part of the trial.

**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 18 July 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:

Annexes A, C and D to agenda item 17 (Compulsory Purchase of a Long Term Empty Property) on the grounds that they contain information relating to the financial or business affairs of any particular person (including the authority holding that information). This information is classed as exempt under paragraph 3 of Part 1 of Schedule 12A to Section 100A of the Local Government Act 1972 (as amended).

## 3. **Minutes** (Pages 3 - 44)

To approve and sign the minutes of Cabinet meetings held on 7 May and 4 June 2013.

## 4. **Public Participation**

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 15 July 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 45 - 48)

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

- 6. Finance and Performance year end report (Pages 49 - 120) 2012/13**  
This report provides a year end analysis of City of York Council's financial and performance delivery with an overview of key achievements together with a focus on key challenges and improvement required to plan ahead and ensure the objectives of the Council Plan are met.
- 7. Treasury Management Annual Report 2012/13 and Review of Prudential Indicators (Pages 121 - 138)**  
This report presents the annual treasury management review of activities and the actual prudential and treasury indicators for 2012/13.
- 8. Capital Programme Outturn 2012/13 and (Pages 139 - 158) revisions to the 2013/14 – 2017/18 Programme**  
This report sets out the capital programme outturn position, including any under or overspends, overall funding of the programme and an update as to the impact on future years of the programme.
- 9. Financial Strategy Refresh (Pages 159 - 170)**  
This report provides an update to the Financial Strategy and an outline plan for the 2014/15 and 2015/16 budget process.
- 10. Leeds City Region - Revolving Investment (Pages 171 - 186) Fund**  
This report seeks Cabinet approval to enter into a limited partnership with partner local authorities to establish a Leeds City Region Revolving Investment Fund, and give authority to invest £1.632m, as the City of York Council agreed contribution to the setup of the Fund.
- 11. Combined Authority Governance Review and (Pages 187 - 246) Scheme**  
This report seeks to confirm the next steps in City of York Council becoming a non-constituent member and, in due course, full member of the West Yorkshire Combined Authority.
- 12. Economic Infrastructure Investment - (Pages 247 - 262) Stimulating Development Delivery**  
This report sets out a proposal for investment in resources that are required to take forward the delivery of development to enable economic growth for the city of York.

- 13. Future of the Guildhall Complex** (Pages 263 - 276)  
This report sets out potential future uses of the Guildhall complex, including its use as the home of a Digital Media Arts Centre, and proposes a plan of action to assess financial viability, establish high level timelines and procurement options.
- 14. Future delivery arrangements for Library and Archives Services** (Pages 277 - 302)  
In January, Cabinet agreed that a business plan should be drawn up to determine whether it would be in the overall interests of the Council to transfer its Libraries and Archive Service to a social enterprise. This report summarises the results of this work.
- 15. City of York Trading Ltd - ICT Services** (Pages 303 - 308)  
This report details current and developing innovative services offered by City of York Council's ICT department and the department's aspirations of expanding its service provision with public sector partners and also make them available for the private sector.
- 16. Facing the challenge of poverty – Work Programme** (Pages 309 - 326)  
The purpose of this report is to provide Cabinet with an assessment of the poverty challenge in York and a draft vision for a poverty free York agreed with external partners.
- 17. Compulsory Purchase of a Long Term Empty Property** (Pages 327 - 346)  
This report seeks Cabinet approval for the initiation of compulsory purchase proceedings in relation to a particular long-term empty property.
- 18. Feasibility Report - Cycle Hire Scheme for York** (Pages 347 - 366)  
This report outlines a case for a full city-wide trial of a public cycle hire scheme within York.
- 19. Urgent Business**  
Any other business which the Chair considers urgent under the Local Government Act 1972.

Democracy Officer:

Name: Jill Pickering

Contact details:

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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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### Would you like to speak at this meeting?

If you would, you will need to:

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

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### Further information about what's being discussed at this meeting

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

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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?**

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- 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	7 MAY 2013
PRESENT	COUNCILLORS ALEXANDER (CHAIR), CRISP, GUNNELL, LEVENE, MERRETT, SIMPSON-LAING (VICE-CHAIR) AND WILLIAMS
APOLOGIES	COUNCILLOR LOOKER
IN ATTENDANCE	COUNCILLOR BARNES. D'AGORNE, DOUGLAS AND STEWARD

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**PART A - MATTERS DEALT WITH UNDER DELEGATED POWERS****126. 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 additional interests were declared.

**127. EXCLUSION OF PRESS AND PUBLIC**

RESOLVED: That it was agreed to exclude the press and public from the meeting during consideration of Annex 2 to agenda item 16 on the grounds that it contained information relating to the financial or business affairs of particular persons. Such information is considered 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).

**128. MINUTES**

RESOLVED: That the minutes of the last meeting of the Committee held on 2 April 2013 be approved and signed by the Chair as a correct record.

**129. PUBLIC PARTICIPATION/OTHER SPEAKERS**

It was reported that there had been four registrations to speak under the Councils Public Participation Scheme and a number of Members of the Council had requested to speak on the following items:

6. Future of Derwent Schools and Osbaldwick Primary School – details of the speakers are included under the relevant minute item at their request.

10. Improving Movement and Public Realm in the City Centre

Clive Warley spoke as a representatives of the GMB Trade Union. He advised that he supported many aspects of the report but had concerns about the impact on blue badge holders and their ability to access the city centre in the early morning.

12. New Council House Building: Phase 1

Kat Scurr spoke in objection to the proposals as she lived adjacent to the Newbury Avenue site. She advised that she was disappointed with the lack of contact from City of York Council about the plans which would affect access to the rear of her property. She also raised concerns about the impact of the building work and change to the area upon her daughter who has Asperger's Syndrome.

Councillor Neil Barnes spoke to advise that whilst he commended council house building and action to reduce the council waiting list, he had concerns about the impact upon car parking in the Hull Road Ward. He suggested the provision of some low cost storage units in the area would help alleviate the impact of the loss of garages.

16. Business Case for the Creation of a Warden Call/CELS Social Enterprise

Andrea Dudding spoke on behalf of Unison to advise that 48% of affected staff had indicated they were not in favour of social enterprise and had not been fully engaged in the process so far. She advised that staff had asked that other options were looked at before a social enterprise was approved.

**130. 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.

**131. THE FUTURE OF DERWENT SCHOOLS FEDERATION AND OSBALDWICK PRIMARY SCHOOL**

Consideration was given to a report which summarised developments since a report, dated 27 February 2013 had been presented to Cabinet, in relation to the proposal to close Derwent Infant and Junior Schools and to expand Osbaldwick Primary.

Alison Holt the Chair of Governors for Derwent Federation spoke to advise that the proposals were a positive way forward and that the children would thrive as a result. She thanked parents for their thoughtful contributions to the consultation.

Jane Lewis the Chair of Governors for Osbaldwick Primary School spoke to advise that the solution was a bold one and that the consultation had been education and community led and had shown a desire for those affected to work together. She stated that Osbaldwick staff would continue to work with Derwent to ensure continuity and some Governors would be moving over to Derwent School. She commended the proposals for approval.

The update included:

- Information on staffing and financial issues
- Information on pupil places

- Further details on the arrangements in place to ensure the best possible quality of education for the pupils affected.

The Leader spoke on behalf of the Cabinet Member who had sent her apologies and thanked Officers and school staff for working with the community on the consultation and for not shying away from a tough decision.

- RESOLVED: That Cabinet agree to:
- i) Close Derwent Infant and Junior Schools from 31 August 2013
  - ii) Operate an expanded Osbaldwick Primary School from 1 September 2013
  - iii) The minor changes to the catchment area of Tang Hall Primary School and the existing Derwent catchment area in order to balance the available school places from September 2013
  - iv) An increase in Planned Admission Numbers (PAN) to Osbaldwick Primary from September 2013.<sup>1</sup>

REASON: The primary education of children will be best served by expanding Osbaldwick Primary, building on the strong leadership and governance already available in the local education community and using the excellent facilities available at Derwent Schools.

Action Required

1. Implement closure and changes outlined in recommendations.

KH, CM

**132. GROWING THE YORK ECONOMY - WORKING WITH LEEDS CITY REGION LOCAL ENTERPRISE PARTNERSHIP**

Consideration was given to a report which outlined opportunities emerging from the development of a Leeds City Region Local Enterprise Partnership and associated City Deal for the city of York and initial steps for the city in taking advantage of these opportunities.

The report was the first of 3 related reports and set out progress made in recent years by the City of York in its involvement in Local Enterprise Partnerships (LEPs) and particularly the Leeds City Region LEP with the predominant economic links and potential for growth.

The report also outlined the following information:

- Background to LEPs
- York's links to the Leeds City Region economy
- The case for further market integration with Leeds City region
- Details of the City Deal for Leeds City Region and the opportunities for York in particular The Economic or Revolving Investment Fund and The Transport Deal.
- The next steps.

The Chair commented that the decision to withdraw from the North Yorkshire LEP reflected that transport and housing were not priorities for the North Yorkshire LEP and that York needed to take advantage of the opportunities offered by the Leeds City Region LEP.

Following further discussion it was:

RESOLVED: That Cabinet agree to:

- i) Note progress to date on the development of the Leeds City Region City Deal.
- ii) Consider the associated WYYTF and Governance Review reports, and the associated calls for funding in the EIF recommendations on this agenda.

REASON: To keep Members updated on progress with the development of the Leeds City Region Deal and emerging opportunities.

### **132.1 West Yorkshire Plus York Transport Fund (WYTF+)**

Consideration was given to a report which provided an update in relation to the development of the West Yorkshire Plus York Transport Fund (WYTF+). The report also:

- Provided details of the proposed York package of schemes.
- Sought support in principle to the indicative level of financial contributions that York would need to make to the fund.
- Provided an update on emerging governance proposals and indicative timeline of key WYTF+ milestones.
- Sought approval for the governance Memorandum of Understanding (MoU) covering the interim period to April 2014.
- Sought approval for the preliminary development of the projects within the proposed York package in 2013/14.

The Cabinet Member for Transport, Planning and Sustainability confirmed that it was important for York to be involved in order to deliver transport infrastructure improvements through the proposed York package of schemes.

Following further discussion it was:

RESOLVED: That Cabinet agree to:

- i) Support the principle of establishing a £1 billion 'West Yorkshire Plus' Transport Fund and the associated, indicative levels of financial commitments as set out in the report, subject to resolutions ii) and iii) below.

- ii) Satisfactory progress in on-going City Deal negotiations, specifically including securing clarity and agreement on an acceptable level of Earn Back funding from future additional business rates in West Yorkshire and York; and
- iii) An in-principle agreement being made by all West Yorkshire District Authorities.
- iv) Submit the proposal to Full Council once negotiations have been progressed, an acceptable level of Earn Back funding has been agreed and receipt of in-principle agreement by all West Yorkshire District Authorities.
- v) Approve the draft Memorandum of Understanding, as set out Annex C of the report.
- vi) Approve the initial development of business cases for the Outer Ring Road schemes and early development work on the bus interchange at York railway station in 2013/14.

REASON:

- i) - iv) To enable major transport schemes to be brought forward which will deliver the council's objectives.
- v) To enable CYC and West Yorkshire Authorities to work together to deliver the WYTF+.
- vi) To allow delivery of schemes early in the WYTF+ programme.

## **132.2 Transport Governance Review for York**

Consideration was given to a report which provided a summary of the transport governance review which was the next stage in the City's work to create the best possible environment for its workforce, residents and business base and built on the city's involvement in the development of the Leeds City Region Local Enterprise Partnership (LEP).

The aim of the governance review was summarised at paragraphs 9 to 25 and the current governance arrangements at paragraphs 26 to 49.

The following options had been considered:

Option 1 Status Quo

Option 2 Establishing an Economic Prosperity Board

Option 3 Establishing a Combined Authority with West Yorkshire.

The report concluded that for the City of York, full membership of a Combined Authority to be created with West Yorkshire authorities was the best option for the area. However due to current legislative challenges full membership was not possible and in the interim Associate Membership was recommended. Following further discussion it was agreed that:

**RESOLVED:** That Cabinet agree to:

- i) Option 3, to establish a combined authority with West Yorkshire, subject to resolution of primary legislation.<sup>1</sup>
- ii) Associate membership in the interim.

**REASON:** This provides the best option for delivering the benefits listed in paragraph 94 of the report.



**133. ECONOMIC INFRASTRUCTURE FUND - PROPOSALS**

Consideration was given to a report which set out three proposals for Economic Infrastructure Fund (EIF) allocations: (1) Leeds City Region Revolving Investment Fund (RIF); (2) Leeds City Region transport infrastructure proposals; and (3) Economic Inclusion.

Details of each of the proposals were set out at paragraphs 2 to 37 of the report.

Members noted that the performance of investments would be reported back to Cabinet.

**RESOLVED:** That Cabinet agree to approve the EIF allocations of:

- i) £1.672m for CYC to invest in the LCR Revolving Investment Fund (RIF), subject to SAF and governance arrangements approval which will be brought back to a further Cabinet meeting;<sup>1</sup>
- ii) £200K required to fund the Economic Inclusion Programme; and<sup>2</sup>
- iii) £550k required to fund the first project in the emerging Transport Package.<sup>3</sup>

**REASON:** To support the Council Plan priorities of creating jobs, growing the economy and investing in the city's economic future.

Action Required

1-3. Implement projects using funds as approved. KS

**134. FINAL REPORT OF THE YOUTH UNEMPLOYMENT SCRUTINY REVIEW**

Consideration was given to a report which set out the recommendations arising from the Scrutiny Review into Youth Unemployment, with a copy of the full final report attached at Appendix 1.

Councillor D'Agorne, as a member of the Task Group attended the meeting and presented the report to Cabinet. He confirmed that in relation to Recommendation 4 funding had been secured for 2 job fairs and in relation to recommendation 7, the Council was involved with the 'Foundation for Jobs' campaign.

Members were informed that the review had identified the main barriers to the 18-24 age group getting work, were in particular transport costs, unsocial hours in some sectors with available jobs such as the Care Sector and a lack of skills in areas such as administration. He asked the Cabinet to support the following recommendations arising from the review:

Recommendation 1 - That the Learning City York Partnership Manager, via the 'Connecting People to Jobs and Opportunities' partnership network and the Learning City Strategic Board, take overall responsibility for setting an achievable target with key partners within the city to reduce longer term unemployment in the 18-24 year old bracket.<sup>1</sup>

Recommendation 2 – That City of York Council continue to offer apprenticeships to young people under the age of 24 and evaluate the success of this by collecting information on how many of those that have completed an apprenticeship at the Local Authority are still in work or further training 6 – 12 months later and that the Learning City York Partnership Manager lead on a programme with the Head of Adult Services to develop a programme that better supports unemployed 18-24 year olds into unfilled apprenticeship vacancies.<sup>2</sup>

Recommendation 3 - That City of York Council continue to offer work experience placements to under 16's (whilst still at school) and under 18s not yet ready for an apprenticeship. And in addition to this:

- i. That the Head of Strategic Workforce Development and Resourcing, in conjunction with the Learning City York Partnership Manager, offer a discrete, managed, matched

pilot, of work experience placement opportunities for unemployed 18 to 24 year olds, who have been unemployed in excess of three months

- ii. That the Head of Strategic Workforce Development and Resourcing ensures that there is a robust Graduate and Student Internship Programme in place within the authority.<sup>3</sup>

*Recommendation 4 - That the Head of Adult Services at City of York Council ensures that Future Prospects works in partnership with Jobcentre Plus and leads on the co-ordinating of twice yearly job fairs.*<sup>4</sup>

*Recommendation 5 - That the Head of Adult Services at City of York Council ensures that the Future Prospects team continue to work in conjunction with Jobcentre Plus, to offer sector specific workshops and that both Work Programme providers and their clients\* are made aware of the sector specific workshops on offer. \*in this instance clients means unemployed 18 to 24 year olds, including those on the Work Programme.*<sup>5</sup>

*Recommendation 6 - That the Learning City York Partnership Manager continue to facilitate quarterly networking meetings of 'Connecting People to Jobs and Opportunities' to support residents on out of work benefits and seeking employment. This networking meeting should include a standing item on looking at potential solutions to enable currently unemployed 18-24 year olds back into work.*<sup>6</sup>

*Recommendation 7 - That the Council's Head of Communications lead on a branded campaign that effectively markets:*

- i. success stories and inspiring cases about York's young people finding jobs/self employment and those that have overcome barriers to gain employment
- ii. apprentices and interns
- iii. a video of the next job fair
- iv. wage incentives and support available to employers<sup>7</sup>

*Recommendation 8 - That the Learning City York Partnership Manager continue to promote the range of support available to employers.*<sup>8</sup>

*Recommendation 9 - That the Assistant Director for Strategic Planning and Transport explore potential ways and investigate*

the feasibility of funding/providing sustainable subsidised travel that fits shift patterns and would help young people to access entry level jobs outside of the city centre (e.g. bicycles, public transport, car share).<sup>9</sup>

Recommendation 10 - That the Work Programme providers, working with the Learning City York Partnership Manager and the Head of Adult Services at City of York Council, develop a plan for improving the skills of those clients without basic literacy and numeracy. This should happen in the first year of the Work Programme's two year cycle.<sup>10</sup>

The Chair thanked the Task Group Members for the work on the review and it was:

RESOLVED: That Cabinet agree to:

- i) Note the contents of the final report of the Youth Unemployment Scrutiny Review.
- ii) The implementation of the recommendations set out at Paragraphs 6-15 of the report.

REASON: To fully inform the Cabinet of the outcome of this scrutiny review.

Action Required

1-3 & 6, 8 & 10 Proceed with implementation of review recommendations.

JM

KH

5& 4 - Proceed with implementation of review recommendations

SH

RW

7. Proceed with implementation of review recommendation.

9. Proceed with implementation of review recommendation

**135. IMPROVING MOVEMENT AND PUBLIC REALM IN THE CITY CENTRE**

Consideration was given to a report which set out a proposal for a trial to establish a pedestrian and public transport and cycle route over Lendal Bridge commencing in August 2013, operating a two-way restriction enforced by Automatic Number Plate Recognition (ANPR).

The proposal was part of a number of key city centre improvements that would be completed over the next 2 or 3 years which, taken together, will help to improve the city's public realm and public transport system.

Key points were outlined in the report including the economic case for investing in the city centre, past opportunities and rationalisation for improving movement and details of the Lendal Bridge trial.

The Cabinet Member advised that under the previous administration, estimates had shown that York could see a 28% increase in traffic congestion over a 15 year period. The Local Transport Plan had addressed some issues but some more radical approaches were now required to tackle the problem. Following resident consultations it was identified that reducing congestion without charging was the preferred approach. Improvements needed to be made to buses, cycling and walking routes and users needed to be taken off the roads to enable this. He referred to a scheme undertaken in Oxford in 1999 that was considered radical at the time but had since proved to be successful. He advised that a trial closure of Lendal Bridge from 10.30am to 5.30pm would give the Council the opportunity to identify any teething problems before moving to a 7am to 7pm closure.

The Chair commented that responses to the trial had varied but there was a general acceptance that this was something the Council should do.

Following further discussion it was:

RESOLVED: That Cabinet agree to:

- i) The proposal to commence a trial based on a two-way enforced restriction, on Lendal Bridge, starting in August, 7 days per week between 10:30am to 5:00pm. To receive a report considering any objections before considering any further Order to change the time period. Cost implications arising from this recommendation are £70k of capital costs to be funded from the capital programme.<sup>1</sup>
- ii) Undertake consultation on the bridge trial with residents and businesses on the basis of the proposals set out in the report. Cost implications arising from this recommendation are £10k of revenue to be funded from existing public transport resources.<sup>2</sup>
- iii) A dedicated Project Manager appointment and authorising the setting up the multi-disciplinary 'task group' with a remit to design and implement a trial restriction on Lendal Bridge in August 2013. Cost implications arising from this recommendation are £50k of revenue funded from the BBAF.<sup>3</sup>
- iv) To additional Network Operating staff for the pilot period. Cost implications arising from this recommendation are £40k of revenue funded from BBAF.<sup>4</sup>

REASON:

- i) To provide a mandate to progressing of this important trial, demonstrate the real as opposed to modelled impacts and to test some of the mitigation proposals.
- iii) Early engagement will enable positive messages and information to be

delivered ahead of the trial commencing and ensure that issues are fully captured.

- iii) The success of the trial facilitates and adds value to a number of high profile initiatives. The links and dependencies are cross directorate.
- iv) To provide proactive management and control to optimise the operation of the traffic network and signalling systems to reduce unintended consequences and keep York moving.

Action Required

- 1. Arrange for implementation of trial. RS
- 2. Organise consultation. RS
- 3 & 4 - Arrange for appointment of project manager and staff. RS

**136. EARLY MORNING RESTRICTION ORDERS AND LATE NIGHT LEVY**

Consideration was given to a report which informed the Cabinet of recent changes made to the Licensing Act 2003 (2003 Act). This followed the implementation of Section 119 (Early Morning Restriction Orders) and Chapter 2 (Late Night Levy) of the Police Reform and Social Responsibility Act 2011 (2011 Act), on 31<sup>st</sup> October 2012 and the potential impact on the Licensing Authority.

Early Morning Restriction Orders (EMRO'S) would enable licensing authorities to restrict sales of alcohol in the whole or part of their area for any specified period between midnight and 06:00 if they considered this appropriate for the promotion of the licensing objectives.

The Late Night Levy would allow licensing authorities to raise a contribution from late-opening alcohol retailers towards managing the late night economy.

The Cabinet Member outlined the proposals and advised that income from the levy would be split 70% to the Police and 30% to the Council for clean up costs. A typical Friday night in York saw low level anti social behaviour on a frequent basis and the money would help to manage the late night economy. He thanked Officers for their efforts and recommended that the Council carry out a consultation with regards to the introduction of the levy and/or an EMRO.

Following further discussion it was:

RESOLVED: That Cabinet approve Option 1, as set out at Para 18 of the report, to consult with North Yorkshire Police, the Police and Crime Commissioner, other responsible authorities, Safer York Partnership and the relevant Business Community with regards to the introduction of Early Morning Restriction Orders and/or the Levy. <sup>1</sup>

REASON: To ensure that the council have the appropriate evidence to consider the introduction of EMROs or a Late Night Levy.

Action Required

1. Arrange for consultation.

LC

**137. COUNCIL HOUSE BUILDING - UPDATE.**

Consideration was given to a report which set out proposals to deliver the first phase of new council homes and sought approval for the council to pursue development of a number of sites within the Housing Revenue Account (HRA) to build between 50 and 70 new homes.

The Cabinet Member outlined the report and advised that the Council needed to improve its housing stock level to address the high level of housing need in the city. The sites identified in the report as suitable for development were sites within the councils own portfolio and the Beckfield Lane site would be the first to come forward.



Details of the funding route was outlined at paragraphs 14 to 16 of the report, including the use of £1million of commuted sums that were ring fenced for the delivery of affordable housing.

The registered speakers comments from earlier in the meeting were noted and the Cabinet Member advised that all sites would be subject to public consultation and the planning process.

Following further discussion it was:

RESOLVED: That Cabinet agree:

- (i) Option 2, to the building of 50 to 70 new council homes on the sites identified in the report, with delegated responsibility to the Cabinet Member for Corporate Services to approve any alternative sites following consultation with the Cabinet Member for Health, Housing, and Adult Social Services, should those identified be unable to progress. <sup>1</sup>
- (ii) The inclusion of an element of market housing at Beckfield Lane. <sup>2</sup>
- (iii) The identified procurement routes, with delegated authority to the Cabinet Member to approve any revisions. <sup>3</sup>
- (iv) Additional project management resources required to deliver the project. <sup>4</sup>

- REASON:
- i) To allow the council to add a significant number of homes to its existing asset base and help to alleviate the acute housing need in the city, and ensure that should one of the identified sites not progress an alternative can be pursued without delaying the project.

- ii) To ensure a mix of tenures to allow a mixed and sustainable community and to provide cross subsidy to help fund the project.
- iii) To allow officers to progress with the identified procurement processes to achieve the delivery timescale, and to ensure that any revisions to the identified process do not lead to delays related to achieving cabinet approval.
- iv) To allow the successful delivery of the project without impacting on the wider Housing Development Team work plan by ensuring the appropriate level of resources.

Action Required

1-4. Implement recommendations to progress building of 50-70 council homes.

AK

**138. IMPLEMENTING ADDITIONAL PUBLIC HEALTH DUTIES WITHIN CITY OF YORK COUNCIL: UPDATE**

Consideration was given to a report which provided an overview of how the council were implementing the additional public health duties that came into effect on 1<sup>st</sup> April 2013.

Following the introduction of the Health and Social Care Act 2012, the structure of the National Health Service has gone through major change. As part of these changes, City of York Council would take on additional public health responsibilities which were intended to clearly demonstrate the leadership role for local authorities in:

- Tackling the causes of ill health and reducing health inequalities
- Promoting and protecting health
- Promoting social justice and safer communities.

The Cabinet Member outlined the key points of the report and it was:

RESOLVED: That Cabinet noted the content of the report and the implications and risks associated with the transfer of public health into CYC.

REASON: To ensure that Members are aware of the heightened role of the local authority in public health from 1<sup>st</sup> April 2013.

**139. STAFF SICKNESS ABSENCE FINAL REPORT**

Consideration was given to a report which set out the recommendations arising from the Sickness Absence Scrutiny Review, with a copy of the full final report at Appendix 1.

Councillor Steward was in attendance to present the report as a member of the Task Group. He advised that the review had been long running and many issues with staff sickness data had been resolved with the introduction of iTrent. However, some work on policies still needed to be undertaken.

Consideration was then given to the following recommendations:

- i. The Council's policy be rewritten as two separate documents – one to be a short, clear and succinct policy for employees, and one to be a separate guide for managers.
- ii. Both documents be written in a clear, assertive and more formal language.
- iii. Both new documents incorporate the amendments identified in Annexes A & B of final report, as appropriate.
- iv. Mandatory training on absence management to be introduced for managers e.g. through the introduction of an eLearning package and use of Team Talk.
- v. HR should consider the one off purchase of an online training package for managers in an effort to reduce Health Nurse training costs.

- vi. Mandatory induction for new staff should be introduced.
- vii. Manager's should be held accountable for employees in their team failing to attend Occupational Health appointments without an appropriate reason, and the number of missed appointments should be reported to the Corporate Joint Consultative Committee.
- viii. Managers should report quarterly to DMT on absence figures.
- viii. HR should look at positive ways of promoting good attendance, e.g. recognition for those employees who have no or low rates of absence e.g. letter from Chief Executive, Xtra Factor Award.
- ix. Two HR officers should be designated as 'GO TO' officers (see 4<sup>th</sup> bullet point in paragraph 49 of final report).
- x. CYC's Counselling Services should be re-publicised.
- xi. Corporate and Scrutiny Management Committee should re-visit the question of how best to create a change in culture once the revised policy and change to working practices had been embedded throughout the organisation.

The Chair thanked the Task Group members for their work on this review and it was:

**RESOLVED:** That Cabinet agree to endorse the recommendations already implemented by HR and approve the remaining recommendations arising from this review, as shown in paragraph 7 of the report. <sup>1</sup>

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

Action Required

1. Continue with the ongoing implementation of review recommendations. TW

**140. IMPROVING COMMUNITY RESILIENCE SCRUTINY REVIEW FINAL REPORT**

Consideration was given to the final report from the Improving Community Resilience scrutiny review with a full copy of the report attached at Appendix 1.

Councillor Douglas as a member of the Task Group attended the meeting and presented the report to Cabinet. Members were informed that it had been an interesting review and the recommendations would not be costly to implement. She asked Cabinet to support the following recommendations arising from the review:

- i) Strengthen Community Resilience by following best practice as implemented by others (e.g. East Riding of Yorkshire Council) through the introduction of Community Resilience Plans. <sup>1</sup>
- ii) Work with Communities to help them identify any available external funding. <sup>2</sup>
- iii) Work with appropriate partners to encourage their support and assistance. <sup>3</sup>

Officers confirmed that elements of the review were already in place with the introduction of Snow Wardens.

The Chair thanked the Task Group members for their work on the review and it was:

**RESOLVED:** That Cabinet approve the recommendations arising from the Improving Community Resilience Scrutiny Review, as set out in paragraph 9 of the report.

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

Action Required

1-3. Proceed with implementation of review recommendations. SW

**141. BUSINESS CASE FOR THE CREATION OF A WARDEN CALL/CELS SOCIAL ENTERPRISE**

Consideration was given to a report which outlined the business case for the creation of a Community Equipment Loan and Warden Call/Telecare Service social enterprise.

The report asked Cabinet to approve the following:

- the proposed governance structure and legal form
- to proceed initially in shadow form to facilitate a smooth transition
- and receive a further report in December 2013 to update on progress and seek approval for a 1 April 2014 start date for the social enterprise.

Details of the consultation carried out with staff were outlined at paragraph 9 and details of the options considered for the governance structure and legal form were contained at paragraphs 22 to 29. The best option was considered to be a Community Interest Company, in the form of a Company Limited by Guarantee.

Members noted the comments made by the Union representative on this item and:

- RESOLVED: i) That Cabinet agree to the establishment of the Council's first social enterprise and to:
- ii) Create a mutual, Social Enterprise organisation to provide the Warden Call/CELS service in shadow form to facilitate smooth transition. <sup>1</sup>
  - iii) Form a Community Interest Company,(in the form of a Company Limited by Guarantee) for the reasons described in sections 4 and 5 of the report.
  - iv) Provide a further report on progress in December 2013 to seek confirmation of a 1 April 2014 start date for the new organisation. <sup>2</sup>

REASON: To create a viable social enterprise opportunity that will provide services to a wider customer base whilst providing value for money to the council.

Action Required

1. Implement creation of a mutual social enterprise organisation. HB  
HB
2. Schedule a further report to Cabinet in December 2013 to confirm start date.

**142. CHAIRS REMARKS**

The Chair passed on his thanks to Councillor Julie Gunnell who would not be on the Cabinet for the next municipal year due to being the Lord Mayor elect.

**143. PART B - MATTERS REFERRED TO COUNCIL**

**144. NEW COUNCIL HOUSE BUILDING - PHASE 1**

*[See also Part A Minute]*

Consideration was given to a report which set out proposals to deliver the first phase of new council homes and sought approval for the council to pursue development of a number of sites within the Housing Revenue Account (HRA) to build between 50 and 70 new homes.

The Cabinet Member outlined the report and advised that the Council needed to improve its housing stock level to address the high level of housing need in the city. The sites identified in the report as suitable for development were sites within the council's own portfolio and the Beckfield Lane site would be the first to come forward.

Details of the funding route was outlined at paragraphs 14 to 16 of the report, including the use of £1million of commuted sums that were ring fenced for the delivery of affordable housing.

RECOMMENDED: That Cabinet agree to recommend the use of £1m commuted sums, and thereby increase the approved capital programme (HRA) for new homes from £6m to £7m.

REASON: To allow a total scheme budget of £7m to deliver the project.

Councillor Alexander, Chair

[The meeting started at 5.30 pm and finished at 7.55 pm].



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MEETING	CABINET
DATE	4 JUNE 2013
PRESENT	COUNCILLORS ALEXANDER (CHAIR), CRISP, CUNNINGHAM-CROSS, LEVENE, LOOKER, MERRETT, SIMPSON-LAING (VICE-CHAIR) AND WILLIAMS
IN ATTENDANCE	COUNCILLORS BROOKS, REID, RUNCIMAN, STEWARD AND WARTERS

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### 1. **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 additional interests were declared.

### 2. **MINUTES**

RESOLVED: That the minutes of the meeting of Cabinet held on 30 April 2013 be approved and signed by the Chair as a correct record subject to the following amendment to Minute 125 - City of York Local Plan Preferred Options:

In the third bullet point, listing the replies to earlier speakers, the removal of the words “in the” in the first line.

### 3. **PUBLIC PARTICIPATION/OTHER SPEAKERS**

It was reported that there had been five registrations to speak at the meeting under the Council’s Public Participation Scheme, and a number of Members of Council had requested to speak on a number of items as set out below:

#### General Remit – Cabinet Governance

Gwen Swinburn spoke to congratulate Cabinet on the web casting of the meeting which she fully supported. She asked

Members to consider extending this to cover Council and Task Group meetings to further engage residents. Reference was also made to the possibility of allowing residents to send in written questions in advance of Cabinet meetings to Cabinet Members. Suggesting that these could then be answered during the meeting to encourage increased attendance at meetings.

#### General Remit – Webcasting

Cllr Warters also expressed his support for the filming of the Cabinet meeting and the webcasting of all the authorities' public meetings.

#### 5. Council Plan Review and Forward Look

Cllr Steward spoke to refer to the list of positive comments and excellent progress made in delivering the Council Plan. He questioned if there were any instances when things could have been done better?

#### 6. Gypsy, Roma and Traveller Community in York

Cllr Warters also spoke to raise his concerns at the production of a Strategy and Action Plan for the Traveller Community and to the cost implications. He referred to recent public meetings held in respect of Local Plan allocations for new gypsy and traveller sites in the area and to increases in levels of petty crime and rubbish disposal adjacent to existing sites. Suggestions were made for robust policing of these sites.

Christine Shepherd spoke as Chief Officer of the York Travellers Trust, a small voluntary organisation working with the travelling community in York. She spoke of a need to alleviate the social exclusion of travellers and making better opportunities to bridge the gap between travellers and the settled community.

Reference was made to the Trust's achievements in helping travellers to gain access to services, training and paid employment. Working closely with the local authority she welcomed the Trusts involvement and expressed support for the Strategy and action plan which it was hoped would have a real impact.

Stephen Pittam spoke as a Trustee of the York Travellers Trust reaffirming the earlier speaker's comments and supporting the adoption of the Strategy. He made reference to the problems of

prejudice and exclusion against gypsies and travellers and the need for a holistic approach to assist the community to enable them to gain a voice and independence. His only concern related to the reference, in the implications section of the report, to no cost in respect of the delivery of the strategy.

#### 7. Community Engagement Scrutiny Review Final Report

Gwen Swinburn reported the views of The Groves Residents Association in relation to the community engagement final report. Confirming that the Association saw the resulting recommendations as a positive step in the right direction. However there was a void in inner city wards, affecting a small proportion of the population.

Cllr Steward referred to the radically different report which had resulted from this review from that originally proposed. Reference was made to the ethos of the work of the Parish Councils and Residents Associations as referred to in the report and to the subsequent lack of Officer attendance at Parish Council meetings to expand on the draft Local Plan proposals.

#### 9. Rights and Responsibilities for Customer Contact

Cllr Steward spoke in relation to the Policy Statement at Annex B of this report, put forward for approval. In particular to the process for restricting contact and references to 'should' which he felt should be replaced by 'must' and other changes he felt were required. He pointed out that a number of views had not been taken on board when drafting these documents together with those of the Audit and Governance Committee.

#### 10. Update on the Council's Elderly Persons' Homes Modernisation Programme

Denise Craghill, representing the Green Party, referred to last year's citywide public consultation during which 86% of consultees had indicated that they wished the Council to continue running its own elderly persons' homes, thereby retaining existing staff. Pointing out that this report now proposed going out to tender for these services. Reference was also made to the lower terms and conditions in the private sector which would affect the quality of care in the longer term.

Heather McKenzie, speaking on behalf of Unison, confirmed the earlier speaker's comments. Expressing disappointment that the elderly persons' programme did not include an in house provider nor had this been examined as an option. Members were asked to undertake further consultation together with an examination of an in house option for inclusion in the procurement process.

### 13. City of York Trading Ltd Business Development

Heather McKenzie, speaking on behalf of Unison, also spoke to express her serious concerns regarding the setting up of this company thereby developing a two tier workforce. Following previous good work with employees she asked that, if approved, employees were brought back to CYC terms and conditions at the earliest opportunity.

At this point the Chair clarified a number of the earlier speaker's comments in relation to the parishing of areas, webcasting of meetings and written questions.

## 4. **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.

## 5. **COUNCIL PLAN REVIEW AND FORWARD LOOK**

Consideration was given to a report which set out the progress made on delivering the Council Plan, at the mid point of the Council's current term of office. The report also outlined details of the proposed key emphasis and actions over the next two years, in the light of economic and policy circumstances, to ensure the Plan's objectives were met.

The highlights, progress and achievements to date and the future priorities in the following five Council Plan priority areas were set out at paragraphs 5 to 45, 60 to 99 and at Annexes A and B of the report:

- Create jobs and grow the economy
- Get York moving
- Build strong communities
- Protect the environment

- Protect vulnerable people

Further information in relation to the significant work undertaken on the following core capabilities and day to day work programme were set out at paragraphs 46 to 59 and for the next two years at paragraphs 100 to 107:

- A confident, collaborative organisation
- Completely in touch with our communities
- A relentless focus on our priorities

The report referred to the further work still be undertaken, which was critical to build capacity and capability amongst the Council's workforce, partners and residents.

The Chair confirmed Cabinets wish to honour their manifesto pledges, in spite of the significant financial challenges, and for the need to continue to prioritise jobs and growth. All Cabinet Members went on to outline the significant work undertaken in each of their areas, the issues and barriers facing them and their key priorities for the forthcoming year.

RESOLVED: That Cabinet agree to:

- i) Note the progress and work done over the last two years towards delivering the Council Plan.
- ii) The priority and emphasis for the next two years in delivering the Council Plan as set out in the report.
- iii) Mandate the Chief Executive and the Management Team to develop plans for the remaining delivery of the Council Plan through the priority boards, working closely with Portfolio Holders.<sup>1</sup>
- iv) Produce quarterly reports to Cabinet reflecting progress against delivery of the Council Plan.<sup>2</sup>
- iii) The Council developing proposals for both the Community Budgeting initiative and also the recently announced Transformation Fund.<sup>3</sup>

- iv) Developing the Scrutiny work programme for 2013/14 to take account of the Council Plan priorities and the scope for Scrutiny to support the delivery of these. <sup>4</sup>.

REASON: To provide an update on progress towards delivering the Council Plan and priorities for the next two years, in view of reduced funding to local authorities.

Action Required

- 1 &2. Develop plans for the remaining delivery of the Council Plan and produce quarterly reports to Cabinet . SH
- 3. Develop proposals for community budgeting and the transformation fund. SH
- 4. Take account of the Council Plan priorities when developing the current scrutiny work programme. DS

**6. GYPSY, ROMA AND TRAVELLER COMMUNITY IN YORK**

Members considered a report which highlighted the inequalities faced by the Gypsy, Roma and Traveller Community in York and work to be undertaken on six priority areas in order to help improve the outcomes for this community. This was set out in the form of a Strategy and Action Plan for 2013-18, provided at Annex A of the report.

Further details of the communities and partnership working undertaken, the focus groups and survey work which had informed the Strategy were also set out. It was confirmed that a partnership group would be established as a sub-group of the Fairness and Equalities Board to monitor delivery and progress which would be reported back to Cabinet.

Members thanked Officers and the voluntary sector for their work on the document. They highlighted the need for better dialogue and relationships with the community.

Consideration was then given to the following options:

Option 1- To approve this Strategy and action plan across the City.

Option 2- To amend the Strategy and action plan across the City.

RESOLVED: That Cabinet agree the Gypsy, Roma and Traveller Strategy and Action Plan for 2013 – 2018 as attached at Annex 1 of the report. <sup>1</sup>.

REASON: To improve outcomes for the Gypsy, Roma and Traveller Community.

Action Required

1. Proceed to implement Strategy and Action Plan. KG

**7. COMMUNITY ENGAGEMENT SCRUTINY REVIEW FINAL REPORT**

Consideration was given to the final report arising from the Community Engagement scrutiny review, set up in September 2012, to look at the issues affecting levels of community engagement across the city.

A copy of the final review and associated annexes were set out at Appendix 1 of the report.

Councillor Runciman, as Chair of the Scrutiny Task Group, presented the report. She confirmed the wealth of willing volunteers found in Parish Councils and Residents Associations to provide community liaison and disseminate information. It had also been found that, following their involvement, Parish Councils and Residents Associations required feedback from the Council. Reference was made to the use of new media in an effort to engage with all communities. The only concern being those areas without Parish Councils or Residents Associations.

The Cabinet Member thanked the Group for their work, expressing support for the under mentioned recommendations. Referring to the wider issues of community engagement and the recent mock Peer Review recommendations which had been very similar in relation to community engagement and improving relationships.

- i. Resident Association meeting dates to be included in the Council's Corporate Calendar, in the same way that Parish Council meeting dates are.

- ii. Corporate Calendar to include both formal and informal ward committee meeting dates
- iii. Introduce Resident Association and Parish Council Forum pages on the CYC website, for the Council to use to disseminate information quickly and regularly e.g. to highlight consultations etc
- iv. Adjoining Parish Councils to be informed of significant planning applications which are likely to affect their parish
- v. Training on the importance of the relationship with Parish Councils and Residents Associations should be included in the induction programme for new Councillors.
- vi. Ward Councillors to receive the minutes from Parish Council and Resident Association meetings, and it should be consider good practice to attend PC & RA meetings
- vii. In regard to council consultation, more time should be given to enable Parish Councils and Residents Associations to participate, as consultation needs to go to a meeting for discussion, not just to individuals.
- viii. The council to ensure that feedback is given to PCs and RAs on their consultation responses
- ix. Council to notify PCs & RAs of significant changes to services e.g. Christmas recycling arrangements, green bin charges etc
- x. All Council service providers to use Parish Council/Resident Association notice boards and newsletters more to communicate council information relevant to the area
- xi. Council documents should be checked for jargon i.e. continued use of Plain English
- xii. Report authors to include appendix of abbreviations in reports where appropriate - to aid ease of reading. The list can be tailored to each committee and duplicated for all reports relevant to that committee, with revisions/additions where needed
- xiii. Improve joint working at Ward Team Meetings through the adoption of the Statement of Intent shown at paragraph 41 of the final report at Appendix 1.
- xiv. Communities & Equalities Team to identify areas of the city where no Parish Council or Resident Association currently exists and identify a private resident



association or some other type of community group to disseminate council information through.

RESOLVED: That Cabinet approve the recommendations arising from the Community Engagement scrutiny review, as set out above and in paragraph 4 of the report. <sup>1</sup>.

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

Action Required

1. Implement review recommendations in full. CC, MB

**8. LIBRARIES SCRUTINY REVIEW FINAL REPORT**

Consideration was given to the final report arising from the Libraries Scrutiny Review, set out at Appendix 1 of the report. A review set up by the Learning and Culture Overview and Scrutiny Committee in September 2012 to investigate library provision across the city and their use as community hubs providing other library services.

Councillor Reid, as Chair of the Task Group presented the final report. She referred to the omission of the words “Burnholme School site” prior to the words “best ways of developing the nearby..” in the first line of paragraph 18 of the report. The review had shown there was scope to open up libraries for additional uses and this would also assist community engagement in the city. On behalf of the Task Group she requested that the recommendations should be taken on board by those taking over the library service in the future.

The Cabinet Member welcomed the recommendations, a number of which she confirmed would be useful to feed in to the social enterprise report now in the course of preparation.

The following recommendations arising from the review were then considered:

i. The Library Service to:

- a) Adopt the following definition of a community hub modelled around a community library and commit to implementing community hubs throughout the city:

‘A Community Hub puts the local library at the heart of the community providing a flexible and welcoming space where local residents can come together for a wide range of community activities’

- b) Consider the customer base for each library to identify ways of encouraging more use
- c) Consider ways of increasing the number of volunteers and volunteering roles
- d) Improve marketing for libraries and their facilities through a variety of mediums to the community and organisations
- e) Identify the community hub elements currently available at each library and investigate how other elements may be introduced in the future to meet the aims of the agreed definition
- f) Investigate the introduction of a fair trade refreshments / cafe at all community libraries
- g) Look at the Big Survey responses in detail to try to understand the reasons behind the figure of 13% of respondents who had stated a lack of transport as the reason they did not use libraries, and investigate the use of Dial-a-ride to improve access
- h) Investigate the possibility of ring-fencing a proportion of the income raised by each library for re-investment into supporting the specific needs of its local community.

ii. Each Community Hub to:

- a) Clearly define its opening hours and the services it offers and when, and ensure these are appropriately advertised so that it is clear when the building is available for alternative use.

- b) Increase its opening hours to enable more opportunities for community use wherever possible.
- c) Provide flexible space so that it may be used for a variety of purposes e.g. moveable shelving
- d) Maintain self-service machines in its community library to enable a basic level of library service throughout its opening hours, without the need for library staff
- e) Provide display boards and/or leaflets on:
  - council services, public meetings and contact information
  - the council's partners and third sector organisations
  - community events and activities etc
  - volunteering and participating in responding to issues affecting the local community

Following further discussion it was

RESOLVED: That Cabinet approve the recommendations arising from the Libraries scrutiny review, as set out above and in paragraph 8 of the report.  
1.

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

Action Required

1. Implement review recommendations in full. CC, FW

**9. RIGHTS AND RESPONSIBILITIES FOR CUSTOMER CONTACT**

Members considered a report which asked Cabinet to approve a policy, set out at Annex A, and procedures for responding to those customers whose behaviour was persistent and potentially vexatious, at Annex B of the report.

Following the recent move to West Offices a new set of standards had been developed to provide a framework for interaction with customers and residents. On the few occasions

when customer contact was considered extreme and/or inappropriate the Council had a duty to respond to this behaviour for which the policy at Annex B had been developed.

The Cabinet Member confirmed the need to protect staff from abusive and violent behaviour and his support for the adoption of the proposed policies and procedures.

Officers with reference to earlier comments confirmed that the confidential central log of those with restricted contact would be reviewed every six months by the Assistant Director, Governance and ICT as delegated by the Director of Customer and Business Support Services.

RESOLVED: That Cabinet approve the adoption of the procedures set out in Annex B to this report. <sup>1</sup>.

REASON: To ensure that the Council has clear arrangements in place to deal with abusive or vexatious customers.

Action Required

1. Implement customer contact policies and procedures.

AD, PS

**10. UPDATE ON THE COUNCIL'S ELDERLY PERSONS' HOMES (EPH) MODERNISATION PROGRAMME**

Members considered a report which provided an update on the Council's Elderly Persons' Homes (EPH) Modernisation Programme. Proposing to proceed to tender to secure two new care home facilities at Burnholme and at Lowfield in Acomb, as part of a community village for older people.

An earlier report, in May 2012, had outlined a modernisation programme proposing two new care homes to replace current homes at which time it had been noted that future consideration would also need to be given to whether or not a replacement for Haxby Hall was required based on future projections. Following completion of this work it was not considered that the third care home at Haxby Hall was now required. The earlier report had also proposed building at Fordlands, Fulford however the limits and constraints on this site, which had come to light in Autumn 2012, had precluded further consideration.

Further details of the work undertaken, financing and procurement proposals for the two specialist residential care homes at Burnholme and Lowfield were set out in the report at paragraphs 15 to 35. Timescales together with a table highlighting the new homes that existing residents were most likely to move to, were reported at paragraphs 36 to 38 and Annex B. Although it was noted that a choice of home would be offered to residents.

The Cabinet Member confirmed the aim of making the city dementia friendly. She detailed the lengthy work undertaken to get to the present stage in the programme, which had included consultation, the need to increase the supply of affordable housing and factoring in government cuts.

Officers referred to the helpful positive feedback and comments of the Wider Reference Group, in relation to the EPH modernisation programme, which had assisted their work.

The Chair made reference to the positive ambitious vision for elderly persons' care these proposals offered which would revolve around the individuals concerned.

Following further discussion it was

RESOLVED: i) That Cabinet agree to the approach outlined in the report, that is:

- To fund the building of care homes at Burnholme and Lowfield (plus a Community Hub) and seek a capital receipt for the land at Lowfield on which a range of other housing accommodation for older people will be built.
- The two care homes to feature a 'household model' of residential care focused on meeting the needs of residents with dementia and high dependency care needs.
- To proceed to tender (in a single procurement for both sites) to procure an external provider that will Design, Build, Operate and Maintain the Burnholme

care home and the Lowfield Community Village for Older People. <sup>1.</sup>

- ii) That Cabinet approve estimated project costs of up to £500k, as set out in paragraph 32 of the report, in order to complete the procurement process and
- iii) That Cabinet and Council receive a further report once the procurement process has been completed. <sup>2.</sup>

- REASON:
- i) To replace the council's existing care homes that are no longer fit-for-purpose with modern facilities designed to meet the needs of residents with specialist needs.
  - ii) So that the project can progress.
  - iii) To consider in full the financial implications of the project.

Action Required

- 1. Proceed to tender for building of two new care homes. GT
- 2. Add update report to Forward Plan following completion of procurement process. GT

**11. UPDATE ON FINANCIAL INCLUSION WORK**

Consideration was given to a report which highlighted progress made in establishing a Financial Inclusion Steering Group (FISG) to drive forward financial inclusion policy and actions, previously agreed by Cabinet in November 2012.

The Steering Group with membership from each of the Council's directorates, Citizen's Advice Bureau and South Yorkshire Credit Union were meeting on a regular basis to develop a tactical approach to investment and co-ordination of financial inclusion for the next 3 to 5 years.

Details of their current work, overview of the York Financial Assistance Scheme and the successful bid to the Big Lottery Advice Service Transition Fund were set out in paragraph 3, with their work programme at Annex A.

Members suggested a request for a years funding to the FISG for outreach work in libraries. Officers confirmed that consideration would be given to this funding, referring to recent discussions with the Credit Union around this work which would result in an increased package for these services.

**RESOLVED:** That Cabinet note the progress made in establishing a city-wide framework for improving the financial wellbeing of York's residents and the successful application to the Big Lottery Funded Advice Service Transition Project.

**REASON:** To update Cabinet on progress made in gaining financial inclusion for resident's across the city.

## **12. SUPER-CONNECTED CITIES PROGRAMME**

Members considered a report which confirmed the success of the City of York Council as one of twelve Super-Connected City (SCC) Programme Round 2 winners recently announced by the Department of Culture, Media and Sport. The bid had secured an initial £2.75m to enhance citywide digital connectivity across a range of innovative projects.

The importance and benefits of enhanced digital connections were reported together with the Council Plan target of 95% of all businesses having the opportunity to have minimum connection speeds of 25 megabits per second by the end of 2014/15. Details of the 8 projects which would complement existing private and public digital investment were set out at paragraphs 17 to 24 of the report.

It was reported that it had proved difficult to be precise as to the financial implications of the programme, pending confirmation and scoping of the projects. The funding to be committed from the Economic Infrastructure Fund set out at paragraphs 31 – 32 and 40 and at Annex A. Governance would take the form of a Digital York Board which would be appointed to guide the SCC programme and promote private and public investment opportunities.

Members spoke of the need to engage the hotel industry in ongoing work in order to attract business visitors to the city.

Following discussion it was

RESOLVED: That Cabinet agree to:

- i) The Council contributing £869, 000 towards the £4.849m Super-Connected Cities programme, and that this cost be allocated to the Economic Infrastructure Fund.
- ii) A Digital York Project Board being put in place with the Chief Executive delegated authority to agree its membership and terms of reference. The Digital York Board to oversee and guide the York Super-Connected Cities Programme.
- iii) A priority for the Board being to prepare a Digital York Strategy and Delivery Plan.<sup>1</sup>

REASON: York's Super-Connected City (SCC) proposals are designed to complement and build on existing digital initiatives underway or planned, to support the need of enhancing York's digital connectivity. This was recognised in the 2011 Council Plan target of helping to establish a digital infrastructure within the City to provide speeds of 25 megabits per second (Mbits) for the majority of York's business and residents by the end of 2015 and was in line with the national BDUK targets.

Action Required

1. Set up Project Board to oversee programme and prepare delivery plan.

RG

**13. CITY OF YORK TRADING LTD (CYT) BUSINESS DEVELOPMENT**

Consideration was given to a report which updated Cabinet on the establishment of City of York Trading Ltd (CYT) as a Local Authority Trading Company. The company had commenced trading as a schools supply agency in June 2012 under the



name WwY@CYT using the internal casual staffing team, WorkwithYork to deliver the service.

The company's outturn Performance Report and the Business Plan for further business development (WorkwithYork Phase II), set out at Annex A of the report, had been received by the Board of Directors and the Shareholder Committee and approved. Cabinet were now asked to consider the case for the extension of the supply agency activity and the transfer of all the remaining casual staff business from the Council to CYT by 1 September 2013.

A summary of the business case for the transfer of staff and the proposal to retain the internal HR team managing the WwY service within the employment of the Council were also outlined in the report. It was confirmed that discussions had been undertaken with the Trade Unions and that casual workers had been informed of the proposals.

The Cabinet Member confirmed support for the expansion which would provide a number of benefits outlined in the report with advantages to casual staff with the protection of jobs and a guaranteed living wage.

Officers referred to the governance arrangements and to the flexible approach the transfer would provide. Increased turnover would result from the expansion of the service ultimately providing significant returns and dividends to the Council.

Following further discussion Cabinet considered the following options:

- Option 1 Transfer all WwY casual work by September 2013.
- Option 2 Transfer all casual work in option 1 plus non WwY casual work, phased over time to December 2013.
- Option 3 No change.

RESOLVED: That Cabinet agree to

- i) Option 2, the transfer of all CYC casual work (WwY & non WwY) and related casual only staffing resources to CYT Ltd on a phased basis until December 2013, commencing with existing WwY services in September 2013.

- ii) Support in principle the transfer of interim and specialists work and authorise the Director of Customer and Business Support Services to proceed subject to a further report to the Shareholder Committee.
- iii) The WwY Team within CBSS Human Resources to remain within the Council with all costs recharged to CYT Ltd. <sup>1</sup>.

REASON: To achieve the benefits summarised in paragraph 14 of the report

Action Required

1. Proceed with phased staff transfer and further report to the Shareholder Committee.

PS

Cllr James Alexander, Chair

[The meeting started at 5.30 pm and finished at 7.50 pm].

## Cabinet Meeting: 16 July 2013

### FORWARD PLAN

***Table 1: Items scheduled on the Forward Plan for the Cabinet Meeting on 3 September 2013***

Title & Description	Author	Portfolio Holder
<p><b>Draft Local Flood Risk Management Strategy</b> Purpose of the Report: The Council is required to produce a Local Flood Risk Management Strategy under Section 9 of the Flood and Water Management Act 2010. In consultation with flood risk management partners a draft strategy has been produced. Following Cabinet approval of this, it will be subject to public consultation and final Cabinet approval.</p> <p>Members are asked to give approval of the draft strategy to enable public consultation to commence.</p>	Mike Tavener	Cabinet Member for Transport, Planning and Sustainability

***Table 2a: Items scheduled on the Forward Plan for the Cabinet Meeting on 1 October 2013***

Title & Description	Author	Portfolio Holder
<p><b>Review of the Impact of Technical Changes to Council Tax</b> Purpose of Report: to provide details of the impact of the changes approved at Cabinet on 6th November 2012 as requested by the Leader of the Council.</p> <p>Members are asked to: consider the impact and value of any additional council tax collected and consider any further amendments to the exemptions.</p>	David Walker	Cabinet Member for Finance, Performance and Customer Service

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

Title & Description	Author	Portfolio Holder	Original Date	Revised Date	Reason for Slippage
<p><b>Developing a Thriving Voluntary Sector</b>            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 meeting to allow more time for consultation. This report has been slipped to the March 2013 meeting to allow further time for consultation. This item was slipped to the April Cabinet to allow the voluntary sector more time to develop it. This has now been slipped to the Cabinet meeting in June for the same reason. This item has been slipped to the July Cabinet to allow more time for York CVS to develop the strategy document.</i></p> <p>This item has now slipped to the September Cabinet to allow time to consult with the new Chief Executive of CVS.</p>	Adam Gray	Cabinet Member for Leisure, Culture & Tourism and Cabinet Member for Crime & Stronger Communities	Nov 12	Withdrawn	This item has been withdrawn for the current time to allow for consultation with the new Chief Executive of York CVS.

<p><b>Review of Council Tax Support Scheme and Council Tax Exemptions</b></p> <p>As requested by Cabinet the report will provide an update on the implementation of the councils CTS scheme and Technical Changes to Council Tax. It will also consider whether changes may be required for 2014/15 and the need for further Public Consultation</p> <p>Members are asked to: consider the current position and options for 2014/15 and make any necessary decisions.</p>	<p>David Walker</p>	<p>Cabinet Member for Finance, Performance and Customer Services</p>	<p>July 2013</p>	<p>Withdrawn</p>	<p>This item will be considered by Cabinet later in the year.</p>
<p><b>Public Toilets</b></p> <p>Purpose of Report: To agree future arrangements for the management of public toilets in York.</p> <p>Members are asked: To approve the award tender to secure investment in public toilets and new operator arrangements.</p> <p><i>This report has been deferred until the July Cabinet to allow time for tender evaluation.</i></p>	<p>Russell Stone/ Adele Spencer</p>	<p>Cabinet Member for Environmental Services</p>	<p>July 2013</p>	<p>August-Decision Session - Cabinet Member for Environmental Services</p>	<p>It is more appropriate for this item to go to a decision session so it will now be considered at a public Decision Session - Cabinet Member for Environmental Services on 20 August 2013.</p>

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**Cabinet****16 July 2013****Report of the Cabinet Member for Corporate Services****2012-13 Finance and Performance Year End Report****Summary**

1. This report provides a year end analysis of our financial and performance delivery with an overview of key achievements together with a focus on key challenges and improvements required to plan ahead and ensure the objectives of the Council Plan are met.
2. The performance delivery is analysed against each of the five key delivery priorities of the Council Plan and the cross-cutting organisational priority theme which focuses on the capacity and capability of the organisation. The five priorities are as follows:
  1. Create jobs and grow the economy
  2. Get York moving
  3. Build strong communities
  4. Protect vulnerable people
  5. Protect the environment
3. The management and delivery of our finances for 2012/3 is profiled by income, expenditure and outturn by each directorate and, in addition, provides areas of growth and investment.

**Overview and context**

4. We began this year with a challenging financial position with an assessed gap of £10.7m between resources required and budget available. Strong financial and performance action has been taken to deal with demand growth, inflationary pressures and reduction in central grant funding and income. The council has continued to deliver against its saving targets, driven key efficiencies and transformational work to reduce cost, redirected resources to council priority areas and sustained an overall good service performance

trend whilst at the same time achieving a balanced budget for the next two years with minimal workforce redundancies.

5. The responsibility for governing the city requires decisions which are increasingly challenging and at times controversial. However, the Cabinet has taken some significant decisions this year, not least the introduction of a living wage for all Council staff and the draft Local Plan. The living wage benefits 570 of the lowest paid Council staff. It makes a difference to many household budgets in the city and sets a new benchmark in the city for what a responsible employer should do. The draft Local Plan sets out the ambition for growth in the city over the next 20 years and secures a greenbelt for a much longer period. It sets out where business districts might emerge and where residents and workers could be housed. The proposals are currently being consulted upon.
6. Cabinet received a report on the 4<sup>th</sup> June regarding the mid-term review of the Council Plan and the future outlook which confirms the Council Plan priorities have been either fully delivered or are on track to be delivered by December 2013. This report also concentrated on the priorities and future focus for the next two years.
7. Work has been undertaken to take account of further likely reductions in central government funding following the spending review and a provisional budget was set for 2014/15. Continued downward pressure on available resources against rising demand for statutory services will necessitate very difficult decisions to be taken in relation to service delivery models and future service provision.
8. Set out in the following paragraphs are details of key achievements and also areas of future improvement under each of the priority themes and the organisational priority in relation to the capacity and capability of the organisation. More detailed information on actions and performance is available in the attached priority and organisational theme scorecards. Overall the council is sustaining its benchmarked service performance levels (Source: LG Inform).



## **Performance Achievements and Areas of Improvement**

### ***Priority 1: Create Jobs and Grow the Economy:***

#### **Where are we performing well?**

9. This is the key priority for the council and is core to ensuring the prosperity of the city and the financial security of the authority.

#### **Economy**

10. The city's economy is increasingly competitive. The recent publication of the Municipal Journal and Local Futures' Inward Investment Guide to England put the city as one of the top five places for businesses to invest, and recent private sector employment in the city has grown by 20% from 2010 to 2012 – the highest growth rate in the region.

#### **Employment**

11. In employment terms, York's economy continues to perform well with an overall employment rate of 75.9% (Source: LG Inform) which places York in the top quartile regionally and second quartile nationally. Latest figures show that this has increased to 78.2% (Source: Nomis December 2012). Latest figures show that York's unemployment rate was 2.2% in April (JSA claimants) whilst national and regional rates are at much higher levels (3.7% and 4.7% respectively). York has the joint fourth lowest youth JSA rate growth after Oxford, Cambridge and Aberdeen (Centre for Cities). 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.
12. For the first time since 2007, average earnings for full time workers resident in York have risen above the national average. Average earnings for those working in jobs in York have also increased and York now sits second highest in the region for workplace pay, which shows significant progress in this area. Work is now focusing on part-time pay rates and wage levels for the lowest paid full-time workers to ensure that all York residents benefit from the economic prosperity of the city.

## **Businesses**

13. The council has been involved in both encouraging new businesses to come to York and supporting existing businesses. It held its second annual business conference in 2012. Recent data on business units (ONS) shows positive signs for York; the city has seen an increase in local business units from 7,870 in 2011 to 8,010 in 2012. There has also been an improvement in business survival rates. During the year York attracted 800 new jobs to the city, a key highlight being a deal with Hiscox. A new brand for independent retailers -, "Proudly in York" - was developed to support the city's diverse and distinctive business offer.
14. The council also achieved funding for enhanced broadband coverage and Wi-Fi through the Super Connected Cities bid and development of the York Core network with City Fibre Holdings.

## **Local Plan**

15. Strategically the Local Plan plays a significant role in the development of the city and how it plans to realise its aspirations. It provides a master plan to meet York's growing needs and seeks to build 20,000 new homes by 2030.

## **Get York Building**

16. The Get York Building programme has been established to increase the number of new homes built, especially the number of affordable homes. The council is investing £7m and the scheme includes building new homes and council homes, bringing forward stalled brownfield developments quickly and reviewing planning policy to support sustainable growth. The Local Plan sets out ambitious targets to build between 1,090 -1,250 new homes per annum and by 2030 deliver over 20,000 dwellings. By March 2015 we expect almost 100 new affordable homes to be completed and work on around 200 to have started on site including up to 60 new council homes.
17. The target to build 126 new affordable homes just missed target with 115 new affordable homes built in 2012-13. The target has not been achieved due to delays with the Hungate development.

## **Skills and training**

18. Helping residents into employment and ensuring they have the skills to take up employment opportunities remains a key commitment. Workforce skills are ranked 3rd best out of 64 cities.
19. Long term youth unemployment (16-24 year-olds) has now levelled off locally and has remained stable at 0.4% from July, well below the national and regional figures (currently 1.0% and 1.4%).
20. Two Jobs Fairs which ran in partnership between the council and Jobcentre Plus took place in 2012 and 2013, attracting circa 1500 attendees. These will be a regular feature in the city during 2013 and beyond.
21. An apprenticeship programme has given a large number of people the chance to learn new skills within the council's teams and the city as a whole supports over 1,600 apprentice positions.

## **Positioning York on a global stage**

22. During 2012 York's profile was further raised through the celebration of York 800 the 800th anniversary of the City's Royal Charter. Over the last year the city has hosted visits by the Queen and the Duke of York. York also hosted both the Olympic and Paralympics torch relays. The Paralympics Lantern parade to Celebrate Agility Day at Energise was awarded the Inspire Mark from LOCOG for the third year running. Looking forwards the first ever northern full marathon will be staged in York in October 2013 supporting our move towards being the most active city in the country. Work in underway with Welcome to Yorkshire and the other local authorities in the Yorkshire region to prepare for the Tour de France coming to Yorkshire in July 2014. This includes the delivery of an extensive cycling legacy in partnership with British Cycling and the production of a 100 day Yorkshire-wide cultural festival.

## **Internationalisation**

23. An Internationalisation Strategy for investment has been developed to promote York globally. The Council supported the re-introduction of the Leeds-Bradford-Heathrow flight connection to encourage further investment in the region.

24. Work is ongoing with China, France, Germany, US and Latin America to progress the interest of the city and its businesses. There are discussions ongoing with the city of Nanjing to explore the development of a city collaboration to establish a platform for further engagement in the Chinese market.
25. Follow on from the city's trip to Dijon in 2012 has yielded an opportunity for a secondment of a Visit York employee to Dijon, which is enabling the building of relationships with the city on, particularly, the visitor economy and opportunities for attracting visitors to York from Dijon, but the Council is also providing information for building the links in other industries which may offer trade relationships – including biosciences and biorenewables.
26. York also attended the MIPIM international property fair in Cannes during 2013 to showcase the city's huge potential for investment and development in key and strategic sites around the city. This event has generated a number of follow up visits to the city of York from investors and developers (both commercial, leisure and residential), and an investors week is being planned in October to attempt to broker partnerships where appropriate.

**Areas for Improvement:**

27. Footfall performance in York has weakened during 2012/13 and parking transactions and revenue are also down. This trend is mirrored in data from the Visitor Information Centre, the major York tourist attractions and Coach Parking.
28. Work is ongoing with the City Team York to identify a programme of activity that will enable a boost in footfall for the city centre, and the Council's Economic Development Team are working to bring further business into the city centre, which will bring greater employment to the centre and thus greater natural footfall and more attractions for visitors and residents to stay and spend in the city centre economy.
29. Although average earnings are increasing, the pay gap between the lowest paid and the average is increasing. The council is addressing this issue by adopting a living wage for its employees, encouraging other businesses in the city to follow suit and prioritising work on poverty.

30. The proportion of full-time workers has decreased by 8.1% since 2010/11 - the region and GB reducing by 0.9% and 0.2% respectively. The part-time proportion has increased by the same amount. There is some evidence that men are taking on second jobs to account for the shift from full to part-time in their primary jobs. This could affect the poverty agenda.
31. The Cabinet has agreed to invest £200K of Economic Infrastructure Funding (EIF) into the economic inclusion agenda, which includes a full package of measures to connect people to jobs and opportunity, which will go some way to addressing the poverty agenda. A series of job fairs and work experience programmes will be put in place to ensure greater opportunity for York residents.

### ***Priority 2: Get York Moving:***

#### **Where are we performing well?**

##### **Access York**

32. £15m of Government funding was secured for a £23m project to build two new Park & Ride (P&R) sites. Construction has begun at the Poppleton site which is scheduled for completion in May 2014. Bus priority measures have begun on the A59 and include new traffic signal junctions and refurbishment of existing junctions and an upgrade to the A59 roundabout. The Askham Bar site is being relocated and doubled in size. Both services will provide frequent ten minute journeys in and out of the city centre. P&R journeys have increased over the last five years with one million more passenger journeys recorded and 4.3m (provisional figure) P&R journeys made in 2012 -13, rising from 4.06m in the previous year.
33. The new 'York Park & Ride' app provides live departure information, car park space availability in the five P&R sites and detailed route maps. The council launched the UK's first Park & Pedal scheme at the Designer Outlet Park & Ride site with commuters encouraged to park for free and cycle into the city centre.

## **Better Bus Area Fund**

34. The council received £3m of Government support to increase bus use and enhance the customer experience. The Better Bus Area Fund programme being delivered includes refurbishing bus stops and shelters, a new bus enquiry desk at York station, a bus/cyclist safety campaign and a travel survey of 16-18 year olds to help increase bus use by this group. New city centre interchange facilities and smart ticketing products are being developed - £650k has been allocated to develop the infrastructure for a smart ticketing system selling tickets from electronic street kiosks, Payzone points and outlets including universities and colleges. A trial of smart cards has taken place on the Unibus service.
35. An All York ticket covering the major bus companies was launched in September 2012. The aim is for all-York smart cards to be in place in 2014.

## **Cycling**

36. York is the UK's 3rd cycling city with 25% of the adult population cycling regularly (behind Oxford 28% and Cambridge 47%).
37. York will host the second day of the Grand Départ (Tour de France) in July 2014.

## **i-Travel**

38. The initiative launched in September 2012 to provide a range of innovative sustainable travel initiatives aimed at encouraging modal shift. Supported by £4.65m Government funding, highlights include a business travel planning service, personalised travel planning, i-travel website and mobile travel apps. The 'i-Travel York programme' aims to increase levels of cycling by 20%, walking by 10% by 2016 and bus use by 20% by 2015.
39. The level of available information in a range of formats has increased. A public transport information centre has opened at York railway station. Three downloadable bus apps have been launched. In addition to the P&R app, 'YorkLIVE' provides live traffic and travel information, including where roadworks and road closures are, how many available spaces there are in council car parks and live rail arrival and departure times. 'BusYork' helps bus users choose when and where to get their local bus service from, live departure times,

route maps, specific bus information and service times, plus live Twitter feeds for the latest traffic and travel information.

## **Rail**

40. York is set to benefit from the HS2 route which includes a York spur, with faster rail travel to London and key UK cities. Construction is due to start in 2017 and will open to passengers in 2026. York is working collaboratively with other local authorities along the East Coast Mainline to press the business case for further investment to improve ECML capacity, reliability and connectivity.

## **West Yorkshire Plus Transport Fund**

41. York joined with West Yorkshire authorities to investigate the formation of the West Yorkshire Plus Transport Fund to realise City Deal and collaborative working opportunities. If the development of the fund is successful, potential schemes are improving access to Leeds/Bradford Airport, upgrading the Northern Outer Ring Road and Harrogate rail line, building a Clifton Moor Park & Ride, re-opening Haxby rail station and developing a York railway/bus interchange.

## **Areas for improvement**

42. Numbers of non P&R bus journeys continue to decline - down 9% year on year against P&R bus journey provisional data that indicates a 6% increase in number of journeys over 2011/12. The Access York and Better Bus programmes are designed to meet these transport challenges in York.

43. It is unlikely that a contract for the Quality Bus Partnership will be devised and tendered by the initial completion date of March 2014 and is now likely to be December 2014.

44. Cycling Plans to develop an outer connecting cycle route in Haxby and Clifton Moor have been delayed and the link between the two Clifton Moor retail parks will be deferred into 2013/14.

**Priority 3: Build Strong Communities:**

**Where are we performing well?**

**Housing**

45. There is an emerging challenge with tenant rent arrears increasing due to challenges around welfare reform and the introduction of the bedroom tax. A corporate Welfare Reform Task group has been established, including voluntary sector partners, to mitigate the effects of welfare reform on rent arrears and increases in other debt.
46. Residents directly affected by changes have been identified and a range of initiatives to raise awareness and provide support is underway including: the creation of two 'Community Debt & Employment Adviser' posts to provide advice on debt, benefits, training and employment opportunities to individuals and families; using £27k DWP grant the Housing Options service is targeting advice and support to tenants affected by Local Housing Allowance changes in partnership with the Salvation Army; a 'Money Matters' guidance booklet has been published with the CAB and Aviva to help residents manage their own finances; and a new 'Gateway service' drop in and telephone advice service provided by CAB and partners has been launched.

**Homelessness**

47. There is a mixed picture on homelessness in York. The number of homeless households living in temporary accommodation is stable at 99, but remains above last year's position and the ambitious target of 85. The increase reflects national trends in the current challenging economic climate. However, the number of homeless households with dependent children living in temporary accommodation has reduced as has the number of 16 to 17 year olds accepted as homeless. The Homeless Strategy has been refreshed and the No Second Night Out initiative is running with the primary accommodation providers (ArcLight, Peasholme and Howe Hill for Young People) offering emergency beds to rough sleepers.

**Community Engagement and Volunteering**

48. The Neighbourhood Working Model has been revised. New Residents Forum meetings have been introduced along with new



Community Contracts at Ward level while new local Community Information Hubs in libraries have also been set up to encourage active involvement of residents, community groups and partners to identify and address ward priorities. It is hoped that this revised framework will increase resident satisfaction with their ability to influence decisions which stood at 29% in 2012.

49. The council signed up to the York Charter for Volunteering in June 2012 - a framework for assessing and developing high quality volunteering programmes in the city. There are eight principles in the Charter and the council has carried out a self-assessment scoping exercise. The findings were generally positive and the next step is for the authority is to sign up to the York Charter for Volunteering Self-Assessment Toolkit to formally recognise our progress and gain access to resources that support volunteer managers and volunteers.
50. The council is already supporting dozens of community groups including over 100 snow wardens, street buddies and resident recycling champions through the SMARTER York initiative. York also has numerous 'friends of' groups made up of volunteers who help to maintain areas such as Hob Moor, Rowntree Park, Chapman's Pond, Acomb Wood and Bachelor Hill. As part of the SMARTER charter launched this year, an inaugural city 'spring clean' was held, undertaken by existing volunteer groups and the Community Payback scheme and residents were encouraged to suggest areas for clean up or improvement.

### **Safer, Inclusive Communities**

51. The Hate Crime strategy has been refreshed along with the Community Safety Plan. The council is managing Community Payback to make those responsible for vandalism repair damage. Anti-social behaviour meeting structures have been revised to bring all meetings into one multi-agency structure incorporating all partners. In 2012-13 there were 2,169 fewer calls for service equating to a 17% reduction. Burglary in a dwelling (offences per 1,000 population) has reduced (Source: LG Inform) and York remains within the second quartile regionally and the third quartile nationally. However violence with injury against the person (offences per 1,000 population) has increased (Source: LG Inform) but York remains within the third quartile regionally and nationally.
52. Over the last year "A Fairer York" was launched, the council's equality scheme, that sets out our vision and priorities for equalities.

It endorses the 10 fairness principles borne from the independent challenge by the Fairness Commission. The scheme focuses on York's Community of Identity. These are groups with protected characteristics protected by law under equalities legislation. The Equalities Governance arrangements have also been refreshed and strengthened. A Fairness and Equalities Board has replaced the Inclusive York Board strengthening links with partner organisations and the Local Strategic Partnership. The next six months will focus on strengthening equalities training for staff and members, better understanding of the equalities profile of staff and members through further implementation of iTrent and taking forward equalities work in the procurement and commissioning of services. Work on the equalities improvement action will continue as we are committed to move on from our current level of 'Achieving' gained in July 2011 under the Equalities Framework for Local government to Excellent.

### **Health and Wellbeing**

53. The Health and Wellbeing Strategy setting out the priorities and actions for improving the population's health and wellbeing for the next three years has been agreed. Delivery will be driven through the four strategic partnerships beneath the Health and Wellbeing Board. There has been an increase in the rate of hospital admissions (per 100,000) for alcohol related harm in York, regionally and nationally (Source: LG Inform) however York remains in the top quartile both regionally and nationally.

### **Planning**

54. The performance of determination of planning applications (for all categories) remains above the national average. The Development Management team are working closer with the development industry to satisfy their local needs rather than simply meeting 8 and 13 week target times. Local targets are being adjusted to respond to these circumstances. Data for the last quarter demonstrates an improvement across all three categories.

### **Areas for improvement**

55. The number of new affordable homes has just missed the target due to delayed Hungate development. This will be closely monitored as it is fundamental to the future growth of the city and the fairness agenda that targets are met in this area. The ambition in the Local Plan sets out a vision for meeting this challenge in the future.

56. The number in temporary accommodation has risen in line with the significant increase in homelessness and numbers in temporary accommodation nationally (see **Homelessness** section above). That said, the number of households living in temporary accommodation in York continues to be well below the national average of 1.8 per 1000 households (Source: LG Inform), and still appears in the second quartile nationally. Although York is in the bottom quartile regionally.
57. Current tenant rent arrears and the percentage of tenants evicted due to arrears has been increasing. This was expected as a result of changes to welfare.

***Priority 4: Protect Vulnerable People:***

**Where are we performing well?**

**Homecare**

58. The redesigned Homecare service has been successful in signposting customers with low level needs to other forms of provision but there has been an increase in those customers who have more complex needs (for further information see paragraph 129).

**Looked after children**

59. Within Child Social Services the Looked After Children (LAC) Support Service started operating in December 2012 and indications are that early intervention is having a positive impact on the number of new entrants (for further information see paragraph 133).

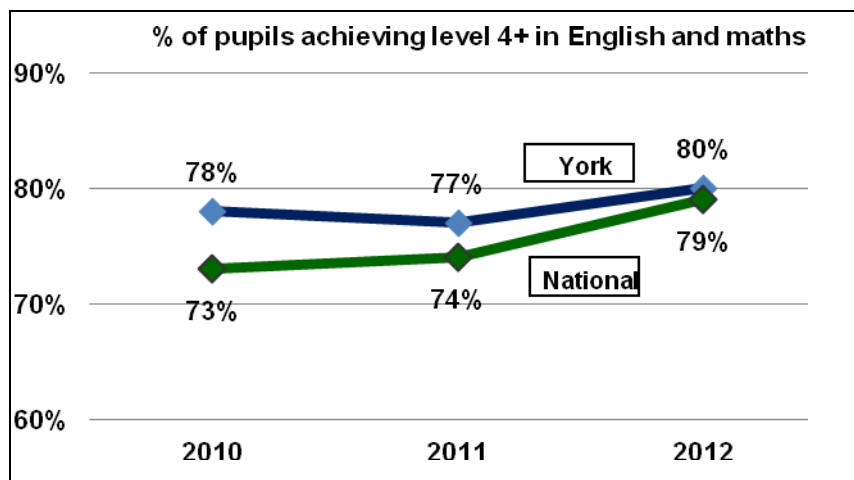
**Educational attainment**

60. Through the targeted work of the School Improvement Team, 7 schools have received an improved outcome from recent Ofsted inspection, moving from 'Satisfactory' to 'Good', also a further 7 schools were supported to prevent them dropping from 'Satisfactory' to an 'Inadequate' result.

- 61. The number of Early Years settings receiving good and better Ofsted judgments has increased from 80% to 88%.
- 62. The percentage of childminders receiving good and better Ofsted judgments has increased from 73% to 74% and the number of out of school clubs achieving good or better Ofsted judgments has increased from 63% to 65%.
- 63. Educational attainment results show a mixed picture with very strong performance at Key Stage 4 and an improving picture at Key Stage 2. Foundation Stage and Key Stage 1 show varying results but there are appropriate improvement strategies in place.

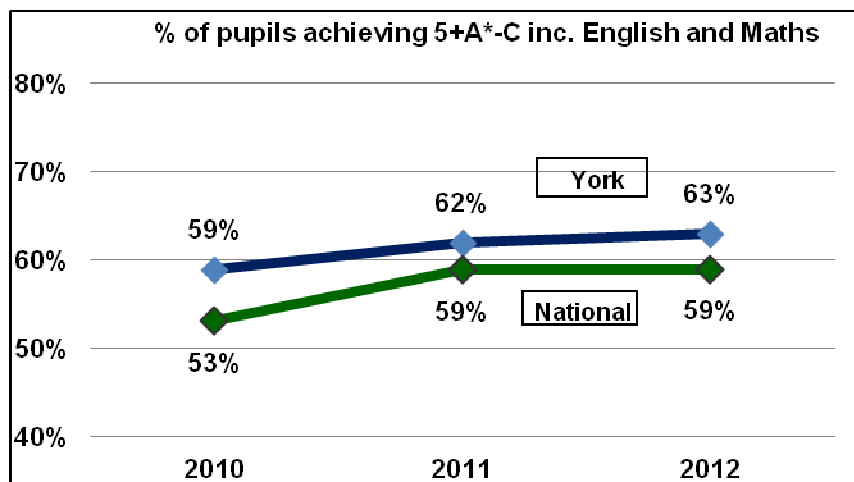
64. Key Stage 2

The percentage of pupils achieving the expected level, level 4 or above in English and mathematics, shows an improving trend and is above the national result. York's results at the higher level (level 5 or above) are well above the national results.



65. Key Stage 4

The percentage of pupils achieving 5+ A\*-C including English and mathematics shows an improving trend and is well above the national result and in the top quartile in England (Source: LG Inform).



#### 66. Narrowing the gap

At Key Stage 2 and Key Stage 4, the percentage gap between Free School Meal and Non-Free School Meal pupils has narrowed. This is a strong result but the attainment of Free School Meal pupils, particularly at KS2, is a key improvement priority.

#### **Areas for improvement**

67. Discharges from hospital continue to be a challenge, with a continuing increase in the number of referrals from the hospital. Delayed transfer of care for acute and non-acute patients has remained constant (Source: LG Inform) with York remaining in the second quartile nationally and regionally. Total numbers for 2012-13 were 54% higher than in 2009-10, with no additional capacity for care management assessment to date. Plans to use short stay residential vacancies in CYC are now helping as we move people to a care home to await an agreed start date for their home care.
68. Results from the National Child Measurement Programme for childhood obesity in school year 2011/12 shows a rise in the percentage of obese Year 6 children recorded in York of 1.4% points to 16.1%. That said, York continues to be well below the national average of 18.2% (Source: LG Inform), and still appears in the top quartile nationally.
69. Although there had been a decrease in the number of out of city care placements for children until January 2013, there was a temporary

need to provide a few additional places whilst the transfer of Wenlock Terrace's function occurs. It is fully expected that the numbers will drop down to previous levels once the transfer is complete.

***Priority 5: Protect the Environment:***

**Where are we performing well?**

**Climate change**

70. The council continues to develop a range of initiatives to combat climate change with support for residents, tenants and businesses with significant progress made in the last year. The council exceeded by 3% its own carbon target to reduce emissions by 25% since 2007 and options are underway to evaluate a new carbon management programme. Photovoltaic panels have been installed on the new HQ and in over 400 council homes with a target of a further 380 homes. A green audit has been completed with projects identified to deliver up to 445t of CO2 savings and feasibility work is already underway.
71. The council is delivering ways for residents to reduce their own emissions and save energy in their homes by partnering with the Leeds City Region (LCR) to procure a green deal provider. This will help residents to make energy efficient changes to their homes with no up-front cost and repaid via their household energy bill. A collective energy switching scheme has recently been piloted and 328 residents signed up. Those who did so are now set to save a total of £36,000 through switching to cheaper energy tariffs (the average saving across the region from the switch was £137). CERT funding has also helped residents receive over 1,200 energy efficient measures worth £341,000. The council has also received £123,000 to trial insulations for solid walls and £447,000 to help vulnerable residents with heating systems.
72. Work to the equivalent value of £10,000 has been secured via the Leeds City Region to create a Heat Map for York. This will be used to help identify opportunities for the development of strategic low carbon heat networks across the city. A Delivery and Innovation Fund (DIF) application was successful to carry out 3 pre-feasibility studies on a potential heat network which will be used to lever in investment to continue development of opportunities.

## **Air Quality**

73. The council continues to prioritise improvement to air quality in the city, and produced the first low emissions strategy in the country following a low emissions feasibility study and modelling. Dangerous levels of nitrogen dioxide reduced in 2011-12 in each monitored area. The council is currently developing an Air Quality Action Plan to deliver the Low Emission Strategy. Projects include: installing electric vehicle charging points around the city, an Eco Stars Scheme for business vehicles with 11 businesses already signed up, electric/hybrid discount scheme for taxis and the use of the council's first electric car by the Noise Patrol team. York will have the first AC charging Pay-As-You-Go network in the country. The council has received around £150,000 from DEFRA to develop these projects.

## **Reinvigorate York**

74. York has an outstanding built and natural environment and the council has been working to enhance key areas of the city centre so York continues to provide a high quality of life that attracts business and supports the buoyant tourism market. £3.3m has been secured to reinvigorate several areas of the city centre and a separate £1.5m has been allocated for Newgate market. An international competition was undertaken to generate ideas around the redesign the Guildhall waterfront complex. The council is also updating its Public Spaces Strategy.

## **Bio diversity**

75. A final draft of the Bio Diversity plan has been completed to fit in with the Local Plan timetable, helping to establish a green wildlife network throughout the city. The council is also committed to plant 50,000 trees by 2015 via Treemendous and provide cleaner streets via the Smarter Charter. York maintained its 5 green flags for parks and open spaces and received a gold medal award for the Yorkshire in Bloom category.

## **Flooding**

76. To help protect the city from floods the council is updating the Strategic Flood Risk Assessment and Land Flood Strategy. The Surface Water Management Plan was approved by Cabinet in December 2012. In 2012-13 the flood defence budget was adjusted,

increasing allocation to Leeman Rd and Clementhorpe by £356k. Work is beginning on a multi-million pound project to protect homes in a flood-prone area of York. The £3.2m scheme, which is partly funded with £1m from the council, will reduce the flood risk to almost 400 homes and businesses in the Water End area.

### **Areas for improvement**

77. The council's Waste Strategy is delayed due to withdrawal of PFI funding. The council is still actively pursuing the Allerton Park scheme without the Waste PFI credits in place. A decision is however on hold pending the outcome of a Judicial Review into the planning decision made by North Yorkshire County Council. It is likely to be November (at the earliest) before details of the technical aspects of the proposal and the financial implications to the council can be considered by Cabinet. This is an essential component to the Waste Strategy so it is not possible to take the strategy forward until there is further clarity on the Allerton Park scheme.
78. Recycling rates for the year are slightly lower than for 2011/12, due to a number of factors. These include adverse weather conditions in the summer affecting green waste volumes (there was a 6.5% reduction in the tonnage of waste composted). The approach is essentially to encourage more household and community engagement, particularly in those areas with low recycling rates.
79. The cost of landfill will be 11.4% higher this year than in 2011/12. Despite a continuing reduction in landfill tonnages, the landfill tax bill continues to rise with increases in the landfill tax per tonne.



***Organisational Theme: Core Capabilities and Resources:***

**Where are we performing well?**

80. The council has further changed the way in which it operates to become a more effective council through the better use of resources, people and assets.
81. Council Directorates have undergone major re-configuration to drive efficiencies and savings and the budget proposals for 2012/13 identified a reduction of around 100 posts. The council minimised the impact of job losses wherever possible and the actual figures were 104 with most coming from voluntary redundancy.
82. In a time of major change, the level of sickness decreased to 8.63 days per year (per Full Time Employee) from 8.66 in 2011/12 which is a major achievement. However, the level of stress increased to 1.68 days per year (per FTE) from 1.61 in 2011/12.

**Workforce development**

83. The council has worked hard through its Workforce Development Strategy (Sep 12) to build capability and capacity across the organisation. Work has been undertaken to strengthen leadership through mentoring and the 'Service to City' Leadership Programme for senior managers. Innovation programmes have allowed staff to contribute their ideas for improving services to customers. Senior staff have undertaken consultation and listening events with staff.

**Living wage**

84. A Living Wage was introduced (Apr 13) for council staff with 570 staff at grades 1 and 2 benefiting from the introduction. Additionally the council has also moved to paying an apprentice living wage.
85. YOR Wellbeing (an interactive health & wellbeing portal for City of York Council staff and their families) was launched (Mar 13) and has been favourably received by staff accessing it.

**West Offices**

86. Early in 2013 the council successfully completed the move to West Offices, rationalising its city centre office space and offering an improved service for customers with the opening of a new Customer Centre in March 2013. As well as accruing significant financial

savings, the move will allow a step change in improving the culture and effectiveness of the organisation. Teams are co-located and can more easily work together. Partners are also co-located making the development of the health agenda in particular, much easier. The key benefit however is being able to offer customers a joined up service in the customer centre from the council, Citizens' Advice Bureau and Credit Union. This presents a first class service and will build on the Customer Service Excellence award achieved by phone and face to face teams in October 2012.

## **Innovation**

87. The council has been working on an open innovation strategy and in December 2012 the GeniUS project was voted overall winner and winner of the community engagement award at the prestigious Guardian Public Service Awards. The council is committed to exploring innovative ways of working and in particular progressing digital technologies. Securing funds for Superfast Broadband will help the city become more innovative and efficient.

## **Areas for improvement:**

88. The council will focus on further efficiencies and maximising the use of resources and assets to embed a 'One Council' approach. There will be further integration to support functions to maximise the delivery of front line services.

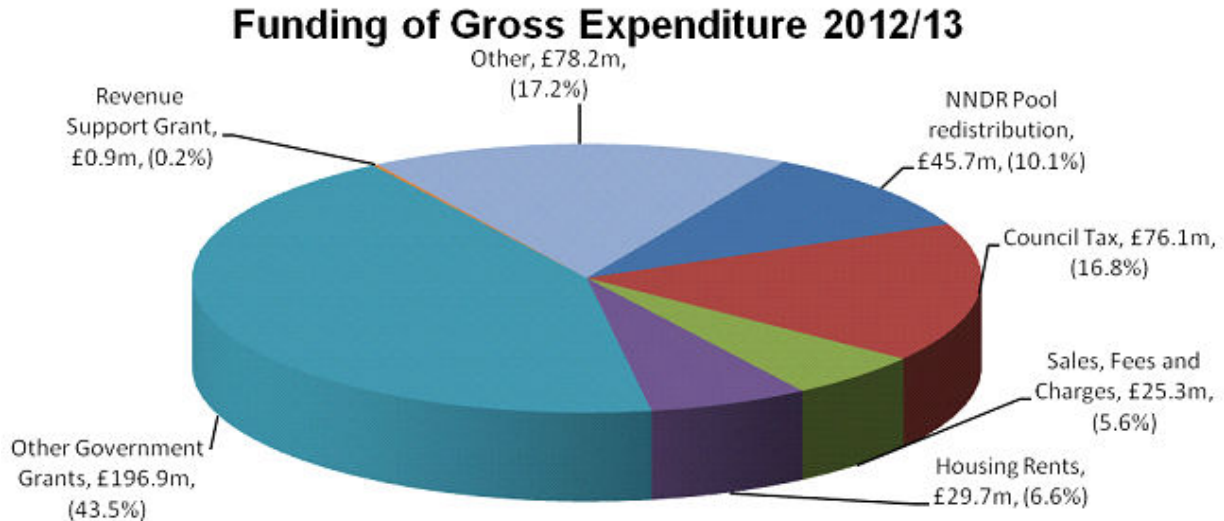
89. Further work will be undertaken to strengthen the workforce development plan to enable staff to further develop business and commercial skills and to promote confidence in the organisation.

## **Financial Management & Delivery:**

### **What makes up our income?**

90. The council's income is made up of grants from the government, fees and charges, rates from local businesses and council tax from residents. This year they are made up as follows:

91.



92. Formula Grant is the grant we receive from the government. The government has reduced its grants to local authorities, and this year's Formula Grant was around £5m less than last year's (this was a 4% reduction against a then net budget of £123.9m).

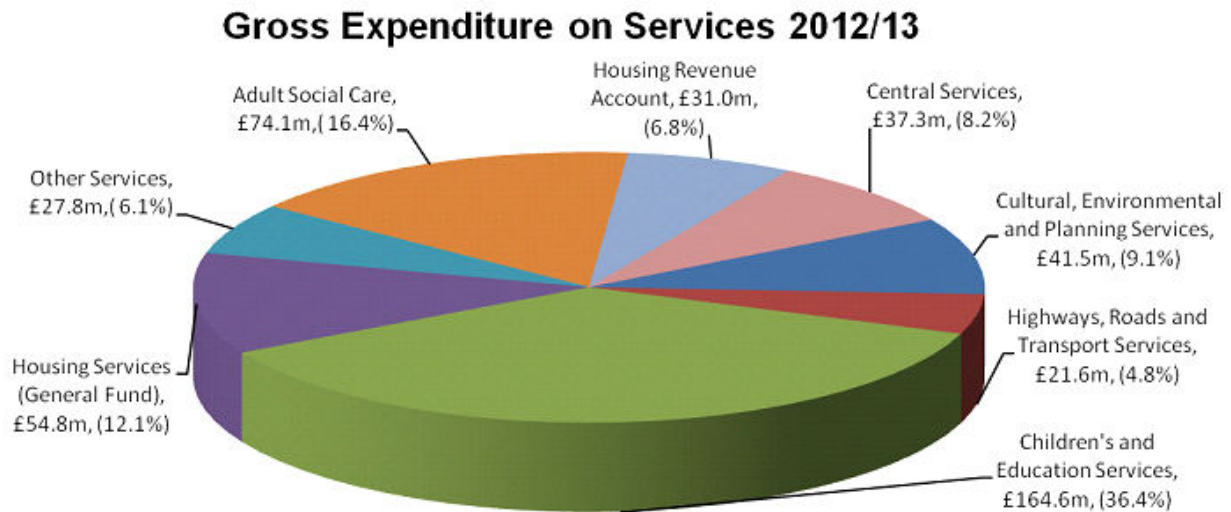
93. The council's element of Council Tax rose by 2.9 per cent (an increase of 54p per week for the average property in York) which was dedicated to investment in adult social care, while continuing to bring jobs and investment from the private sector to York.

94. The council did not take up the offer of £1.8 million in a one-off government grant to enable it to freeze council tax for this year. This is because it would mean a much larger increase next year – of around 4 to 5 per cent - as the council would have to find an extra £1.8m to fund the gap in its budget next year, on top of what was needed to cover increased costs due to inflation and service demand.

95. York's council tax remains one of the lowest in the country. Despite this, the council's services offer good value for money. In a national survey last year, CYC was rated as a best performing authority on cost in a number of key services including parks and open spaces, refuse collection and street cleansing services (Source: Association for Public Service Excellence).

## Where was the money spent?

96. The council spent (gross expenditure) £452.6m in 2012/13 of which £107m was Dedicated Schools Grant.



## In which areas did we choose to increase expenditure?

97. While income to the council is decreasing from central government, the council's spending will have to increase in a number of areas due to:

- An increasingly ageing population means there are many more customers requiring council services. An increase of £1.5m for adult social care was used to meet increased demand.
- A significant increase in the number of children requiring the council's care. There was an increase of £0.5m to children's social care to work with the families of disadvantaged children so that they do not need to be taken into council care.
- Increases in Landfill Tax to deal with our waste (£0.75m)
- Delivery and Innovation Fund £1m (see section 28)
- Use of £1.8m New Homes Bonus in the EIF (see section 23)

## Waste

98. While the council (with the help of residents) is working hard to reduce landfill, landfill tax is a major expenditure and has increased

from £24 per tonne in 2007 to £64 per tonne in 2013/14 and will reach £80 per tonne in 2014/15.

99. York has reduced year on year its tonnage of municipal landfill waste. York households have reduced their non recycled waste by 12% in 4 years (539kg per household in 2012-13). However the proportion of overall waste recycled has remained at 46% after 3 years of improvement. York is still a high performing unitary council for recycling (according to 2011-12 data York is 22nd out of 91) and early national figures for 2012-13 suggest levels of recycling are tending to plateau. York is developing a waste strategy in light of the PFI funding withdrawal from the Government and work is underway to encourage households to recycle via community engagement particularly in areas with low recycling rates.

100. An additional pressure has been the delay to efficiencies in the Waste Service and as a consequence this contributed to the overspend in City and Environment Services budgets (see paragraph 117). Measures to improve this in the financial year 13/14, including waste round reviews and income generation schemes, will help to resolve this in future years.

## **Where are we making new investments?**

### **Economic strategy**

101. The York Economic Strategy was finalised in July 2012 and delivery is underway.

### **The Economic Infrastructure Fund (EIF)**

102. The council has created an Economic Infrastructure Fund (EIF) totalling £28.5m over a five-year period to 'kick start' initiatives that support York's economy, create jobs and secure investment. Funding will be targeted in five key areas:

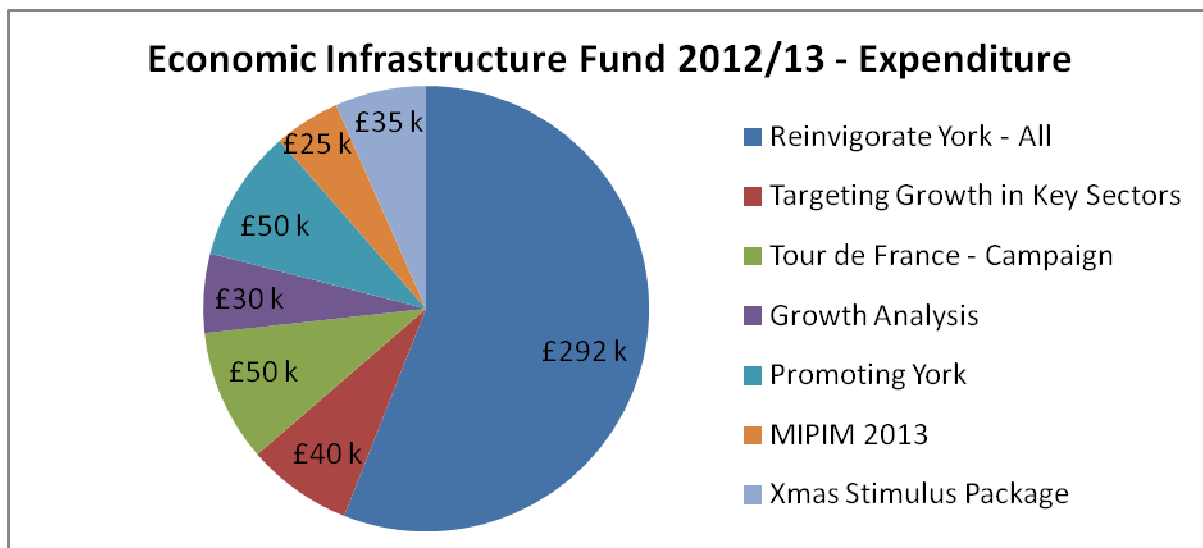
- **Get York Moving** – including Access York Park and Ride, Better Bus Fund, Highways Infrastructure
- **Digital York** – city centre Wi-Fi and creating the digital infrastructure to support a modern economy
- **Reinvigorate York** – city centre regeneration and public realm improvements
- **Economic Inclusion York** – intervention projects, reducing inter-generational poverty and targeted approaches to creating employment opportunities whilst stimulating economic growth

- **Sustainable Economy York** – supporting existing businesses, attracting inward investment and supporting new/emerging businesses

103. The EIF is part of the council’s capital expenditure plans and separate from its revenue spending. Capital expenditure refers to money spent on assets such as buildings. The funding for the EIF will come from two sources; the New Homes Bonus (NHB) and Prudential Borrowing, with potentially any gains from local business growth being used to cover the borrowing costs associated with the EIF.

**Where is the EIF being spent?**

104. In 2012/13 the council has spent £522k from the EIF budget across a number of service areas including promoting York, targeting growth in key areas, Tour de France and Re-invigorate York.



**Where are we making new and further investments?**

105. Over the five-year period, investment is to be made in the following areas:

Park & Ride	Officer delivery team	LCR Revolving Investment Fund
Better Bus Fund		
Reinvigorate York - All	Financial Inclusion Policy and Action Plan	Economic Inclusion Programme
		Digital and Media

Newgate Market Refurbishment	Promoting York	Arts Hub
Targeting Growth in Key Sectors	MIPIIM 2013	Infrastructure Investment Plan
Tour de France - Campaign	Arts Barge Project	Super Connected Cities – digital infrastructure
Growth Analysis	Living Wage	
	Transport Package	

106. Other key investments under the council's Capital programme for 2011/12-2015/16 include:

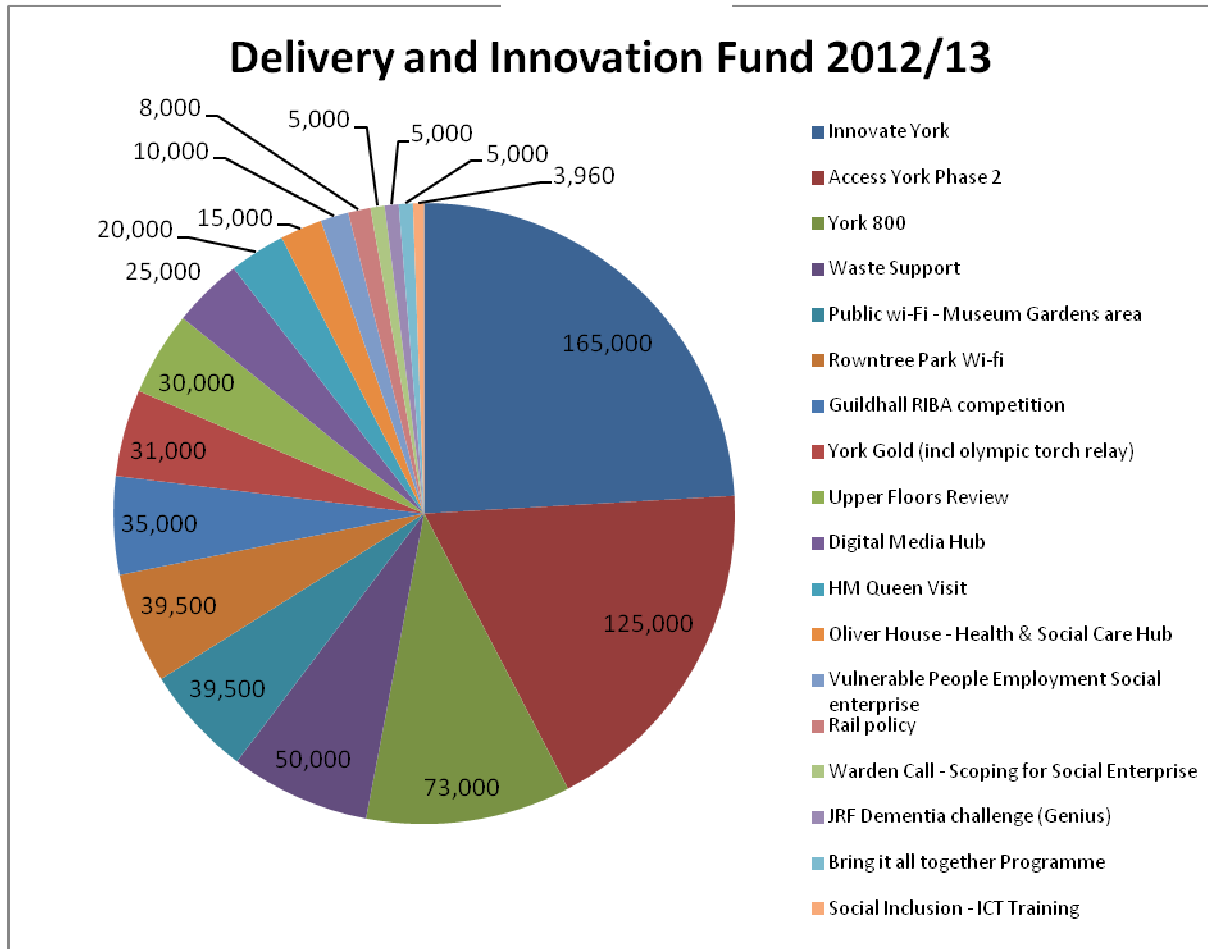
- City centre art gallery extension and refurbishment: £6m
- Major repairs programme to council homes: £8.7m
- Converting empty properties into liveable homes: £0.5m
- Improvements to York Theatre Royal: £1.95m
- Assistance to older and disabled people: £1.5m

### **Investing to save: the Delivery and Innovation Fund (DIF)**

107. Working on the principle of an 'invest to save' basis, the council set aside £2m to create a new Delivery and Innovation Fund to support specific improvement work and innovation and deliver council priorities and major projects. This was to help ensure that the council continued to improve services and meet the future needs of residents while increasing efficiency and value for money.

### **Where is the DIF being spent?**

108. In 2012/13 the council has spent £684,960 from the Delivery and Innovation Fund budget. The balance of £315,040 was carried forward to 2013/14 to create a budget of £1,315,040 of which £405,000 has already been allocated to projects.



109. Bids granted in 2012/13 included support for Access York Phase 2 (£125k), extension of Wi-Fi into the city's parks (£79k), support for improving waste management (£50k) and a number of schemes related to social enterprise and social inclusion.

### **Making the most of our assets**

110. Significant work is ongoing to get maximum value from council assets. The most significant piece for the council has been the move to West Offices and the rationalisation from 17 buildings to 2 (West Offices and Hazel court). Part of this work was the exit from the Guildhall. Plans for the Guildhall as the primary site for digital, media and arts are in development.

111. The sale of the Hungate site to Hiscox to create their new HQ is not only sound asset management; it will also create 500 jobs in the city. In development are the plans for Burnholme, which will close as a school in the summer, and will be redeveloped as a community hub.

112. There is also ongoing major project work on the EPH review and the Community Stadium.



## **Where are we making new and further investments?**

113. Future investment is to be made in the following areas:

- Rail policy
- Innovation York
- Access York Phase 2
- Landlord Accreditation Scheme
- Youth Support Services
- Green Deal

## **Financial management**

114. The council operates a system of managerial and financial control whereby the Chief Finance Officer has overall responsibility for the proper management of the finances of the council as a whole but the responsibility for the day-to-day financial control and administration in each Directorate is devolved to the Director. Each Director is required to maintain focus on spending, demand and efficiency/savings and an example of this is the No Purchase Order No Pay Initiative which was launched in February to ensure suppliers are paid within the council's payment timescales and in line with the Government's Prompt Payment Code.

115. Full Council has agreed the programme of savings, investments, fees and charges that will be delivered over the next two years, putting us on track to save £78m over the period to 2015. In order to deliver these savings effectively, internal budgeting and financial management processes have been strengthened through extensive customer consultation and feedback.

116. The council's net General Fund budget for 2012-13 was £122,235k and the provisional outturn position is an under spend of £84k, an improvement of £1.8m since Quarter 3. This is primarily as a result of continued stringent cost-control, and internal management reporting has tracked the impact of this positive action.

Directorate	Gross Exp'ture Budget	Gross Income Budget	2012/13 Net Budget	Quarter 3 variance	Draft Outturn
	£'000	£'000	£'000	£'000	£'000
Adults, Children & Education	135,665	(52,577)	83,088	+2,678	<b>+2,378</b>
City & Environmental Services	49,098	(23,788)	25,310	+894	<b>+998</b>
Communities & Neighbourhoods	50,654	(31,214)	19,440	+232	<b>-137</b>
Customer & Business Support Services	89,541	(86,032)	3,509	-200	<b>-285</b>
Office of the Chief Executive	3,527	(1,858)	1,669	-	<b>-3</b>
<b>DIRECTORATE BUDGETS</b>	<b>328,485</b>	<b>(195,469)</b>	<b>133,016</b>	<b>+3,604</b>	<b>+2,951</b>
<b>CENTRAL BUDGETS</b>	<b>21,492</b>	<b>(32,273)</b>	<b>-10,781</b>	<b>-1,883</b>	<b>-3,035</b>
<b>TOTAL BUDGET</b>	<b>349,977</b>	<b>(227,742)</b>	<b>122,235</b>	<b>+1,721</b>	<b>-84</b>

*Table 1 – Financial Overview*

117. An overview of this outturn, on a directorate by directorate basis, is outlined in Table 1 above and the key variances are summarised in the following paragraphs. The main movements from the Quarter 3 report are:

- a. City and Environmental – a movement of £104k due to continued reductions in income.
- b. Communities & Neighbourhoods – an improvement of £369k primarily due to identifying further mitigation strategies.
- c. Adults, Children & Education – an improvement of £300k.
- d. Corporate budgets – an improvement of £1,152k due to an improved Treasury Management position as a result of reduced borrowing costs, as well as lower pension strain costs.

118. As outlined in the quarterly monitoring reports, there is a continued increase in service demand in Adult Social Services due to increasing numbers of older people requiring more complex care over longer periods of time.

119. There is a continued shortfall in income from Commercial Waste, Parking Services and Building Control compounded by in year pressures arising from unachieved savings within Highways, Fleet and Waste.
120. Whilst the year-end position is positive, the council still faces considerable financial challenges in 2013-14 and beyond. The February Budget Council report approved £20m of savings over the next 2 years. Progress against delivering these, as well as dealing with the underlying issues experienced during 2012-13, will again require careful monitoring.
121. Beyond 2013-14, significant financial challenges will continue from the outcome of the June Spending Review, details of which had not been published at the time of writing this report. Further development of the Financial Strategy will ensure that the council prepares effectively for these challenges.
122. The following sections provide more information on the financial outturn of each directorate as outlined in Table 1 above.

### **Adults, Children & Education**

123. Adults, Children & Education has a draft overspend of £2,378k, made up of an overspend on Adult Social Services (£2,083k) and an overspend on Children & Young People's Services (£295k). This represents an overall improvement of £300k since quarter 3.

### **Adult Services**

124. In Adult Social Services, the population growth of older people is already placing a greater demand on council services and budgets, with increased numbers of people seeking support from social care services. The number of customers receiving personal budgets to support them also continues to rise –these aim to promote independence and give customers more choice and control over their daily lives.
125. The strategy to address these trends and their attendant pressures has been to develop interventions that address needs early and prevent escalation into more complex care needs.. Whilst the total number of people supported by social care packages is not increasing significantly, they tend to have more complex needs 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. Developments in medical science mean young people with complex needs are living for longer and moving from children's services to adult services, where they need intensive support to keep them safe and able to live a full life. Thirty-five young people have moved from children's to adult services in the last 2 years - a trend not foreseen even as little as 5 years ago.

126. There is also a shared ambition across local government and health agencies to see health care delivered closer to home. This is underscored 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 however means that more people will require social care support – an area of major concern as early discharge from hospital leads to people with complex care needs requiring very expensive care within their community.
127. The council has seen increasing numbers referred from the hospital for discharge support over the last 3 years:
  - Average of 125 a month in 2010-11
  - Average of 135 a month 2011-12
  - Average of 143 a month 2012-13
128. 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 issue and find solutions.
129. 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 weekly outsourcing of the service, 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 697 customers on the tiered contracts receiving an average of 8.4 hours per week. This results in an overspend of £2,947k.

130. Residential and Nursing Care - The number of admissions to care homes has remained fairly stable but, as predicted, the demographic pressures and 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% were approved in April and October. All these factors have resulted in an overspend of £433k.
131. Demographic pressures are also evident in Adult Transport with a forecast overspend of £205k and there has been a continued increase in the number of customers taking up Direct Payments (£408k) and respite placements (£185k). In addition, there has been an increased cost of repairs and maintenance (£297k) at our Elderly Persons Homes, and a shortfall in income (£276k).
132. Mitigating actions had been identified to offset these pressures however. Vacancies in small day services (£251k) and contracting and commissioning (£80k), an under spend on Warden Call (£135k) and delays in a Supported Living scheme resulted in an under spend (£157k). The mitigation strategies outlined in the in- year monitoring reports and strict budgetary control measures contributed a further £1,629k to the overall position.

## **Children Services**

133. The strategy in York has been to invest in preventative services and to support more early intervention in the belief that this will lead to a reduction in the overall population of young people in care over time. Provisional Looked After Children (LAC) numbers have reduced from 251 at the beginning of the year to 243. This is, an indication that early intervention work is starting to have an impact with a significant reduction in new entrants, and a third less legal applications, and especially impressive when viewed against estimates that projected numbers to rise to 290 by the end of the year. LAC numbers are targeted to reduce to below 200 by the end of 2013-14.

134. New services have been introduced which are having an impact on the number of cases being seen associated with drug and alcohol misuse and domestic violence and greater targeting of support and the expansion of services such as intensive family support teams specifically aimed at those on the edge of care is giving ground for further optimism. The new front door arrangements are supporting early interventions, coordinated across multiple agencies.
135. Despite the additional resources of £500k provided in this year's budget, the financial pressure on the budget for children's services has continued into 2012-13. This reflects various costs associated with the increase in the total number of looked after children which stood at 253 by the end of the third quarter.
136. Most notably, local foster placements have increased from 174 to 179 (£226k) and Independent Fostering Agency placements have increased from 13 to 16 (£207k). This has had a corresponding impact on support budgets, including staffing (£221k), leaving care costs (£96k), adoption and special guardianship orders (£72k), adoption agency fees (£56k) and contact centre costs (£141k).
137. The council continues to benefit from its 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.
138. Overall, the 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.
139. A higher than expected LACSEG Academy refund (£465k) helps offset the overspend.

### **City and Environmental Services**

140. There is an overspend of £998k, an increase of £104k from the Quarter 3 report. The main pressures across the Directorate were due to shortfalls in income across Parking Services (£258k or 4% of budget) and Planning Income (£298k) especially in the final quarter of the year. There were also a number of overspends across Highways, Waste and Fleet including savings transferred from other parts of the council which were unable to be allocated to

specific service areas (£258k). Additional winter maintenance costs (£284k), along with further unachieved savings within waste (£300k) and fleet (£159k) have contributed to the overall outturn position.

141. Agreed mitigation savings were delivered in transport planning (£568k), network management (£102k) and highway maintenance (£250k). The Directorate also used the Local Transport Plan capital budget to fund a £250k contribution to the Minster Piazza which provided a revenue saving.

### **Communities & Neighbourhoods**

142. There is an underspend of £137k, an improvement of £369k since the last report. Additional income was achieved in Bereavement Services (£153k), Licensing (£14k) and Registrars (£76k). Underspends were achieved across Housing Options and Homelessness (£206k) partly due to a better than expected position on voids, Sport and Active Leisure due to good sports facility performance and additional savings delivered through the Music Service restructure. These underspends covered the in-year unallocated savings across the Directorate (£575k) and actioned during the year.

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

143. There is an underspend of £284k which is a £84k improvement from the Quarter 3 report. The main areas of underspend relate to vacant posts in procurement and finance, along with a range of other minor underspends.

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

144. The Office of the Chief Executive directorate has reported an underspend of £3k due to a range of minor variations across the directorate.

### **Corporate Budgets**

145. These budgets include Treasury Management activity and other corporately held funds. Treasury Management has generated an £801k underspend due to reduced interest paid on borrowing, increased interest earned due to higher than anticipated cash

balances and favourable interest rates. Pension costs have been lower than anticipated resulting in an in year underspend of £483k. Due to the reduction of 2 Assistant Director posts being achieved earlier than budgeted, there is a saving of £85k through the organisation review. Yorwaste has been successful in receiving a refund of some Landfill Tax paid over a number of years, with the council receiving £666k. A contingency of £599k was not allocated to a particular service and is therefore also included in the corporate budget section along with other underspends of £201k on general support budgets and a YPO dividend income of £200k.

### **Dedicated Schools Grant**

146. In the DSG area there is an overspend of £632k against a budget of £106,642k, primarily due to the transfer of budgets to Academy schools. Due to the nature of the DSG, the overspend will be carried forward and reduce the following year's funding allocation.

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

147. The Housing Revenue Account opened with a general balance of £10,811k and the year-end position identifies an underspend of £1,250k resulting in an increase in the overall HRA balance of £2,279k. There are a number of underspends across the HRA within general management and sheltered housing. There were further underspends due to lower capital and debt charges and higher than assumed interest on cash balances.

### **Reserves**

148. The February 2013 Budget Report to Council stated that the minimum level for the General Fund reserve should be £6.4m (equating to 5% of the net budget) and as part of that report, approval was given to a 200k contribution that takes the reserve to this level.

149. In ensuring a prudent budget was approved, the February Budget report also made provision to reinstate the General Contingency with a contribution of £250k. Given that the General Fund reserve now sits above its minimum recommended level, it is proposed that the 2012-13 £84k underspend is transferred to the General Contingency to allow Council to meet significant issues that may



arise the in 2013-14 and beyond. This transfer would take the General Contingency to £534k.

150. The outturn and the allocation of the underspend into contingency, together with the inclusion of funding in the 2013-14 budget for the contingency fund and contribution to reserves, have increased the overall financial stability of the council. However, there remain significant risks going forward, as the public sector reductions require further savings to be delivered across the council. The February 2013 Budget Report set out plans for achieving £20m of savings in the next two years, and it will be essential that these are delivered, alongside managing known existing pressures set out in this report. The level of reserves is now just above minimum levels giving some essential headroom for managing emerging pressures.

### **Future Focus and Way Forward:**

151. The report to Cabinet Members on the 4<sup>th</sup> June 2013 set out the priority actions over the next two years. The key focal points are furthering economic growth and developing transport at a city regional, national and international level, the Health and Adults Social Care integration agenda, building stronger communities and protecting the most vulnerable and the environment.
152. Due to increasing pressures on council resources, there will be a need to ensure that the council's operational model is fit for purpose and able to meet future needs. This will entail a comprehensive review of how the council operates as a business, including looking to new models of delivery and further automation and consolidation of support functions so that more resource can be directed to business critical areas and front line operations.
153. More than ever, the council will need to be striving for value for money while maintaining the highest level of service possible with available resources. New and innovative ways of working will need to be investigated and introduced backed up by improved customer intelligence which will put customers' needs at the forefront. .
154. Throughout 2013/14 the Performance Management Framework will be refreshed and relevant measures including business efficiency and productivity indicators developed to ensure money is spent on the things that matter most to York residents, that they make a difference and achieve the council's priorities. To continue to deliver key services and transformation and prepare for the next Comprehensive Spending Review, the council will work to align its

medium term financial strategy even more closely with the council's priorities. The 5 Council Plan priority boards will be strengthened to ensure that the council has a clear understanding of what needs to be delivered, that it is resourced and delivery tracked. The business change and programme management capacity will also be strengthened in order to deliver its work programme.

155. Developments are underway during the next few months to introduce a new business planning cycle and a set of performance measures together with revised performance information and reporting.

### **Analysis**

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

### **Consultation**

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

### **Corporate Priorities**

158. The information and issues included in this report demonstrate progress on achieving the priorities set out in the Council Plan (2011-15).

### **Implications**

159. The implications are:

- Financial - the financial implications are dealt with in the body of the report.
- Human Resources - the impact of delivering savings is having considerable implications in terms of managing the HR issues. The council is seeking to manage the process of reducing staffing numbers as effectively as possible, through use of Voluntary Redundancy and working with the Trade Unions.
- Equalities - there are no specific equality implications to this report, however equalities issues are accounted for at all stages of the financial planning and reporting process.

## Risk Management

160. 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

161. Members are asked to note the year end under spend of £84k and that this is transferred to the General Contingency.

*Reason: To ensure significant financial issues can be appropriately dealt with.*

<b>Authors:</b>	<b>Chief Officer Responsible for the report:</b>		
Debbie Mitchell, Corporate Finance Manager, Ext 4161	Kersten England, Chief Executive		
Dave Atkinson, Business Intelligence Lead, Extn 3481	Ian Floyd, Director for Customer & Business Support Services		
Sandra Forbes, Business Intelligence Manager, Extn 2064			
	<b>Report Approved</b>	√	<b>Date</b> 5 July 2013
<b>Wards Affected: All</b>			
<b>For further information please contact the authors of the report</b>			

Annexes:

Annex A – Priority Scorecard: Create Jobs and Grow the Economy

Annex B – Priority Scorecard: Get York Moving

Annex C – Priority Scorecard: Build Strong Communities

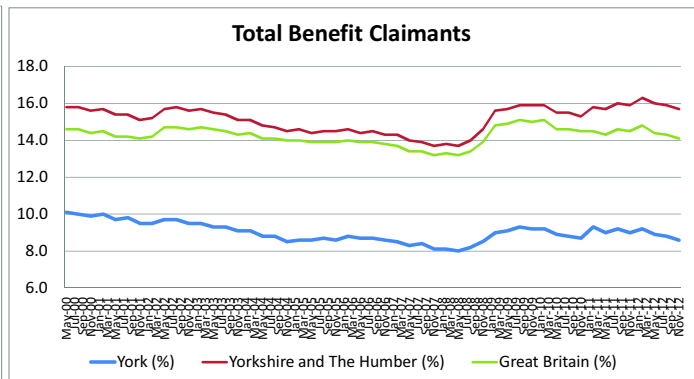
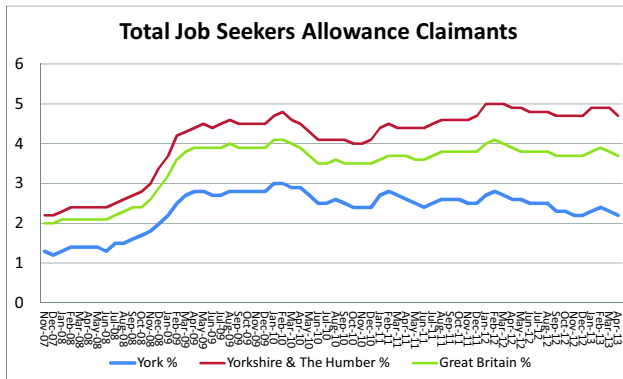
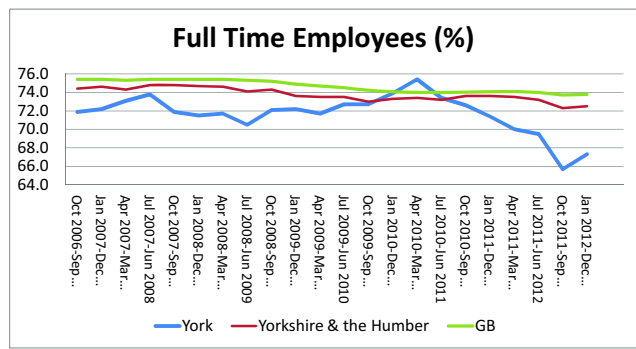
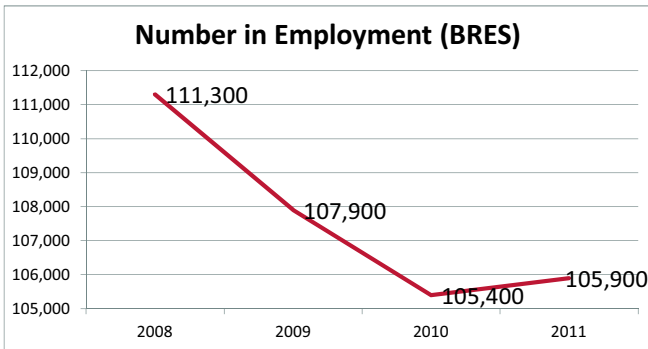
Annex D – Priority Scorecard: Protect Vulnerable People

Annex E – Priority Scorecard: Protecting the Environment

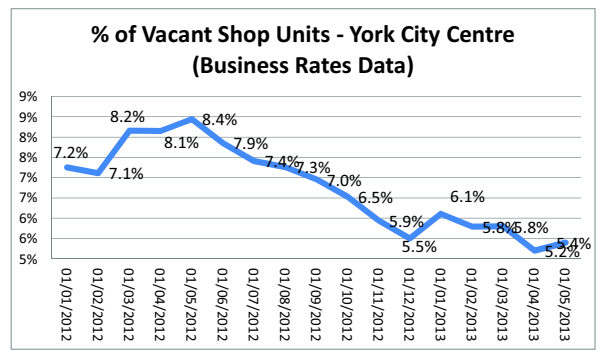
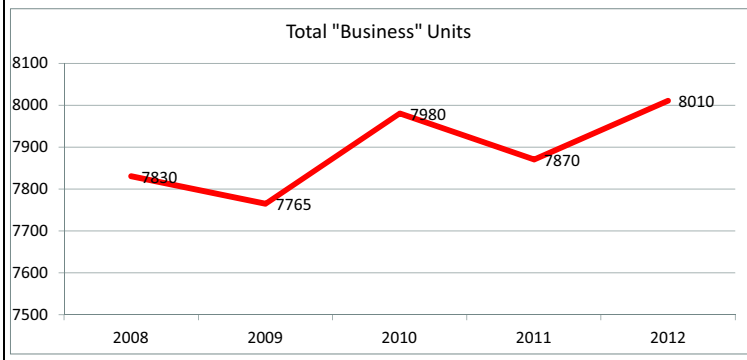
Annex F – Organisational Theme – Core Capabilities

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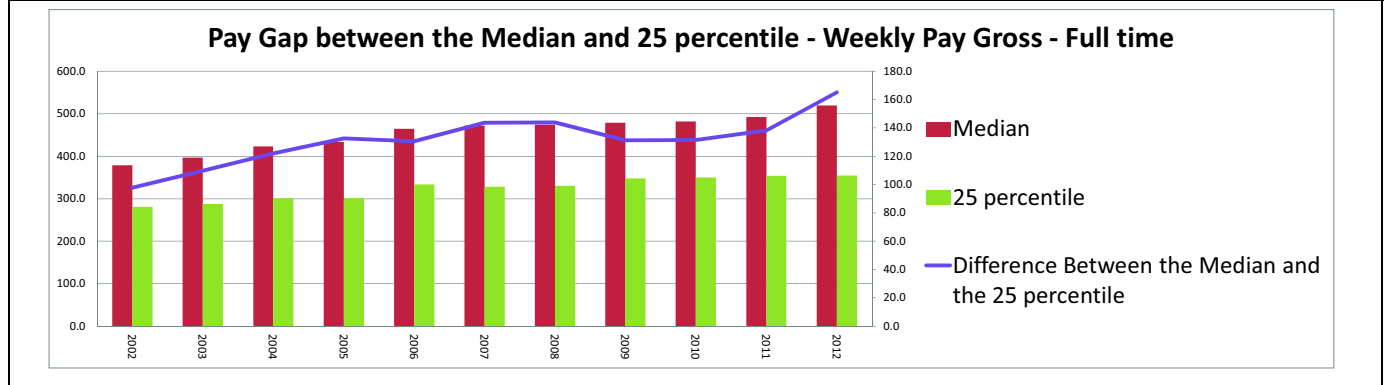
Headlines						
Achievements/Good Performance:			Areas in need of improvement/Issues to watch:			
<ul style="list-style-type: none"> <li>The Unemployment rate gap between York and Great Britain has increased through 2012. This is positive performance</li> <li>Job Seekers Allowance (JSA) claimant rate is decreasing from the same time last year and has decreased by a total of 574 since April 2012</li> <li>York has the joint fourth lowest youth JSA rate growth after Oxford, Cambridge and Aberdeen (Centre for Cities).</li> <li>The total number of Business Units is the highest on record at 8010 in 2012</li> <li>Business Start-ups (bank account data) in the year to March 2013 are slightly behind the total at the same point last year. Business Births have decreased, However, the Business Death rate has decreased to a larger extent and Business Survival rates are now above the regional and national rates.</li> <li>Average Weekly Earnings for full-time workers (Residents) has increased between 2011 and 2012, with York having the highest in the Region and performing above the national figure. Average weekly Earnings for full-time workers (Workplace) have increased and York is now the second highest in the Region, in 2011 York was fourth highest in the region.</li> <li>The number of employee jobs and those in employment in York has increased between 2010 and 2011</li> <li>The number of vacant City Centre shops is comparatively low.</li> <li>NEETS - the % of NEETS is improving (provisional figures to Nov 12)</li> </ul>			<ul style="list-style-type: none"> <li>GVA per head is on a downward trend (new data 2010 and 2011), deviating from the national and regional averages</li> <li>Footfall performance in York has weakened through 2012/13, and parking transactions and revenue are also down. This trend is mirrored in The Visitor Information Centre, the major York tourist attractions and Coach Parking data.</li> <li>Youth Unemployment and Long-term JSA Claimants (Although these have decreased from a year ago)</li> <li>Workless Households/Children in working Households</li> <li>Average Earnings are increasing, however, the pay gap between the lowest paid and the average is increasing, and the pay gap between males and females is increasing. Of some concern, correlating with the increase in Part-time Employment, is that part-time weekly earnings have decreased in 2012 from 2011.</li> <li>The proportion of full-time workers has decreased by 8.1 percentage points since 10/11, the region and GB reducing by 0.9 and 0.2 percentage points respectively, meaning that the part-time proportion has increased by the same percentage points. There is some evidence that Males are also taking on second jobs to account for the shift from full to part-time in their primary jobs. This could affect the poverty agenda</li> <li>Footfall: York's performance has declined. Footfall to April 2013, stands at -4.4% in the year to date. This is below other Historic Towns and Cities and all towns and cities which stands at -2.0% although has seen improvement in the last two months</li> </ul>			
Performance area					Latest	Trend
Economy						
	2008	2009	2010	2011		
Total In Employment (BRES)	111,300	107,900	105,400	105,900	Increase	
Total Employee Jobs (BRES)	106,900	102,700	102,300	102,500	Increase	
	Jan 09-Dec 09	Jan 10-Dec 10	Jan 11-Dec 11	Jan 12-Dec 12		
York's unemployment rate below the national	1.30%	1.30%	1.90%	2.20%	Increase	
% of Full-time employees	71.7%	75.4%	70.0%	65.7%	Decrease	
% of Part time employees	28.3%	24.5%	30.0%	34.1%	Increase	
	Apr-10	Apr-11	Apr-12	Apr-13		
JSA Claimants % of Working Age Population (16-64)	2.90%	2.60%	2.60%	2.20%	Decrease	
JSA Claimants: 18 to 24 % of Working Age Population	3.70%	3.40%	3.40%	2.60%	Decrease	
JSA Claimants: 16 to 64 Over one year % of Working Age Population	0.40%	0.40%	0.50%	0.50%	Static	
	Nov-09	Nov-10	Nov-11	Nov-12		
Total Benefit Claimants (Working Age 16-64)	12,510	12,030	11,930	11,400	Decrease	
Lone Parents (Working Age 16-64)	1,320	1,240	1,090	930	Decrease	
	N/A	Jan-Dec 2009	Jan-Dec 2010	Jan-Dec 2011		
Workless Households % of all Households(APS)		17.30%	16.80%	14.90%	Decrease	
Children under 16 in Workless Households (APS)		10.00%	9.60%	10.10%	Increase	
	2007	2008	2009	2010		
Proportion of Children in Child Poverty (HMRC)	13.70%	12.80%	13.30%	12.90%	Decrease	



Business					
	2009	2010	2011	2012	
Total Businesses (Local Units – ONS)	7,765	7,980	7,870	8,010	Increase
	2008	2009	2010	2011	
Business Births	735	570	665	655	Decrease
Business Deaths	550	630	635	615	Decrease
GVA per head (ONS)	21,212	20,253	20,242	20,103	Decrease
	Apr-10	Apr-11	Apr-12	May-13	
Number and % of vacant city centre shops (Business Rates)	54	55	55	36	Decrease
	7.84%	8.15%	8.15%	5.40%	
	March 2010	March 2011	March 2012	March 2013	
Business Start - ups (bank data)	470	573	535	481	Decrease



Pay & Skills					
	2009	2010	2011	2012	
Average earnings of residents - Gross Weekly Pay (% difference York & GB)	£479.10	£481.70	£492.30	£519.40	Increase
Earnings gap between the 25 percentile and the median (York)	-2.4%	-4.2%	-2.2%	2.2%	Increase
% of working age population qualified	£131.30	£131.50	£138.30	£165.10	Increase
	Jan 09-Dec 09	Jan 10-Dec 10	Jan 11-Dec 11	Jan 12-Dec 12	
No qualifications	8.00%	7.20%	6.80%	6.40%	Decrease
to at least L2 and above*	77.80%	77.70%	77.10%	79.80%	Increase
to at least L3 and above*	64.00%	64.90%	60.60%	65.60%	Increase
to at least L4 and above*	40.80%	40.00%	40.80%	41.30%	Increase
	2009	2010	2011	2012	
NEET: % of young people not in education, employment or training	4.30%	3.70%	5.60%	4.90%	Decrease



#### Actions and Priorities for 2013/2014

- Develop a more co-ordinated approach to business engagement and support
- Develop a co-ordinated Investment Plan for the city – identifying and matching investment priorities to funding/investment finance.
- Identify and secure investment in key city centre development sites e.g. York Central
- Develop and deliver a targeted Inward Investment Strategy – attracting more businesses to locate and invest in York.
- Deliver Internationalisation Strategy – raising the global profile of York to attract more outside investment and jobs into the city.
- Work with LEP partners to ensure York is able to take full advantage of major emerging funding opportunities associated with City Deal and the move towards a Single Growth Fund arrangement with Government

#### Projects

- Tour de France – Grand depart
- Super Connected City
- Maintaining the authorities educational attainment
- Local plan
- Get York Building

Latest Economic Indicators for York: These are stored in the BI Hub under:

<V:\Business Intelligence Hub\01 - The City\Economic Data\York Economic Strategy Statistics.xlsx>

Key Contact: Jonathan Walker(4428), Business and Economic Intelligence Officer

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**Headlines**

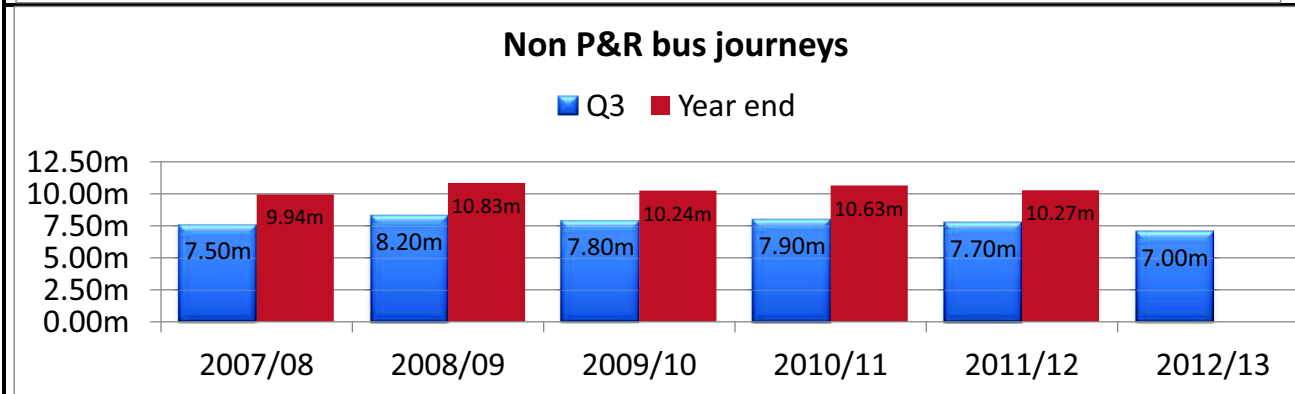
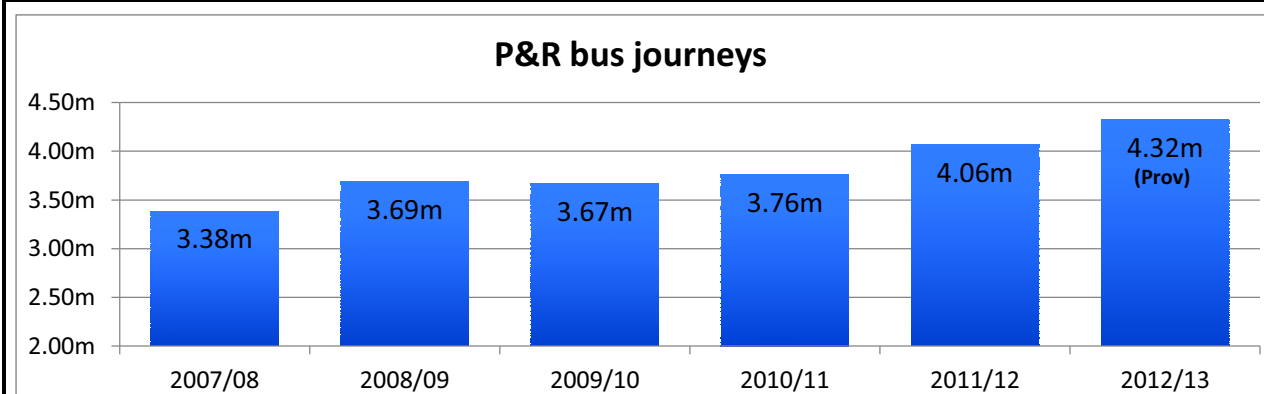
**Achievements/good performance**

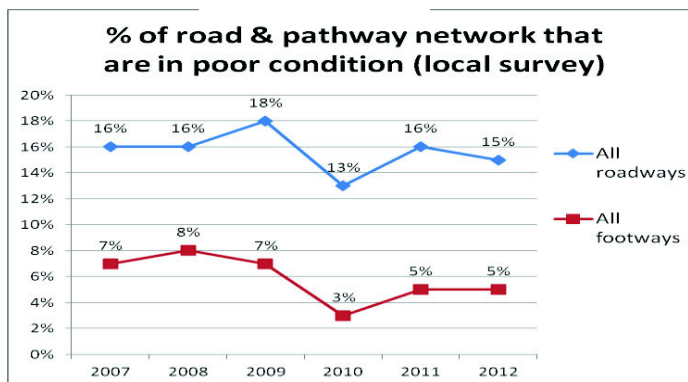
Tour de France York will host the second day of the Grand Départ in July 2014.  
Cycling York is the UK's 3rd cycling city with 25% of the adult population cycling regularly (behind Oxford 28% and Cambridge 47%.)  
Access York Construction has begun at the Poppleton Park and Ride site. Completion is due in Spring 2014.  
P&R bus journeys Provisional data indicates a 6% increase in number of journeys over 2011/12. The number of P&R passengers has increased by 1 million in 5 years.  
All York card Multi operator bus ticket launched.  
West Yorkshire Plus Transport Fund York has joined West Yorkshire authorities to maximise funding and investment.

**Areas in need of improvement/issues to watch**

Non P&R bus journeys Numbers continue to decline - down 9% year on year.  
Quality Bus Partnership It is unlikely that a contract will be devised and tendered by the initial completion date of March 2014 and is likely to be December 2014.  
Cycling Plans to develop an outer connecting cycle route in Haxby and Clifton Moor have been delayed. Also the link between the two Clifton Moor retail parks will be deferred into 2013/14.

	08/09	09/10	10/11	11/12	12/13	Trend
<b>Transport</b>						
Local bus passenger journeys originating in the authority area (excluding P&R)	10.82m (8.2m)	10.24m (7.8m)	10.63m (7.9m)	10.27m (7.7m)	7.0m (Apr-Dec)	<b>Decrease</b>
Bus journeys originating in the authority area (P&R only)	3.68m	3.66m	3.76m	4.06m	4.3m (Prov)	<b>Increase</b>
<b>Road Maintenance</b>						
% of road and pathway network that are grade 3 (poor condition) - roadways	16%	18%	13%	16%	15%	<b>Stable</b>
% of road and pathway network that are grade 3 (poor condition) - pathways	8%	7%	3%	5%	5%	<b>Stable</b>





## Work Themes

### Traffic

**Lendal Bridge priorities trial** A 6 month trial will commence in August limiting access to Lendal Bridge between 10:30am and 5:00pm daily.

**20mph zones** The pilot South Bank scheme started in September 2012, has strong support from local residents and businesses and is ongoing. The limits are signed-only and self-enforcing. Residents in the West of the city are being consulted on plans to introduce a 20mph speed limit. Roll out will then continue in the North and South East over the next 2 years.

**Footstreets** Footstreet hours have been extended on an 18 month trial to improve pedestrian access and safety and support retail trade in the city centre. Pedestrian-only access will increase by ten hours a week. New enforcement measures have been agreed to improve the management of the City Centre.

**CCTV** York Traffic Control Centre (YTCC) has been created to bring together proactive network management and CCTV control functions. The CCTV network has been extended to give better management of the highway network and resultant improvements in bus time reliability.

### Bus Travel

**Access York** Construction has begun at the Poppleton site and is scheduled for completion in May 2014. Bus priority measures have begun on the A59 and will be completed by summer 2013.

**i-Travel** Launched in September 2012, a range of innovative sustainable travel initiatives aimed at winning hearts and minds and supporting modal shift. Highlights include a business travel planning service, personalised travel planning, i-travel website and mobile travel apps. The i-Travel York programme aims to increase levels of cycling by 20% and walking by 10% by 2016 and bus use by 20% by 2015.

**3 downloadable bus apps launched** enabling live travel information to be accessible on mobile devices.

### Cycling and Walking

**Park and Pedal** The council launched the UK's first Park & Pedal scheme at the Designer Outlet Park & Ride site in April 2013. Commuters are encouraged to park for free and cycle into the city centre.

**Cycle network** A review of York's cycle network has been completed and a list of 'missing links' to improve the cycle network identified and prioritised. A new off-road cycle route along the Outer Ring Road is being progressed to complete an outer orbital route between Rawcliffe and the University.

### Rail

**HS2** York is set to benefit from the HS2 route which includes a York spur, with faster rail travel to London and key UK cities. Construction is due to start in 2017 and will open to passengers in 2026.

**ECML** York is working collaboratively with other local authorities along the East Coast Mainline to press the business case for further investment to improve ECML capacity, reliability and connectivity.

### Actions and Priorities for 2103/14

- New access priorities removing private cars from Lendal Bridge during the day being trialled from August 2013 as a key step towards further improving public realm and movement in the City Centre.
- Feasibility work to commence on York's £83m package of improvements in the West Yorkshire Plus Transport Fund – which includes outer ring road, park and ride and city centre public transport enhancements
- Pushing ahead with the business case for further rail improvements, including spearheading collaborative local authority work along the ECML, supporting the Harrogate Line case and looking to realise HS2 opportunities
- Managing the transport implications of the Local Plan's growth agenda, working with site promoters to bring forward sustainable transport solutions and infrastructure improvements

**Key contact - Rachel Burns, Performance & Innovation, OCE x1019**

Headlines	
Good performance or trends	Areas of concern or in need of improvement
2012/13 Year End	2012/13 Year End
<p><b>Improved Community Infrastructure:</b></p> <ul style="list-style-type: none"> <li>- The % of homes built on previously developed sites has increased.</li> <li>- The Local Plan Preferred Options Draft has been produced to address housing need in the city. Plans coming forward for 4000 new homes in the city. Oliver House being redeveloped with CVS as Autism / Social Care Hub.</li> <li>- Community groups encouraged to use schools after hours. Community use agreements in place in 7 schools.</li> </ul> <p><b>Communities where young people flourish:</b></p> <ul style="list-style-type: none"> <li>- The number of views on the YorOK website Shine page has increased (over 25,000).</li> </ul> <p><b>Safer Inclusive Communities:</b></p> <ul style="list-style-type: none"> <li>- Crime is continuing to reduce and is 12% lower than last year.</li> </ul>	<p><b>Improved community infrastructure:</b></p> <ul style="list-style-type: none"> <li>- The number of new affordable homes has just missed target due to delayed Hungate development.</li> </ul> <p><b>Healthy Sustainable Communities:</b></p> <ul style="list-style-type: none"> <li>- The number in temporary accommodation has risen in line with the significant increase in homelessness and numbers in temporary accommodation nationally.</li> <li>- Current tenant rent arrears and the percentage of tenants evicted due to arrears have been increasing, but this is expected due to challenges around welfare reform.</li> <li>- The number of visitors to libraries is 3% down on the same period last year.</li> </ul> <p><b>Communities where young people flourish</b></p> <ul style="list-style-type: none"> <li>- There has been a positive reduction in the difference in % points between pupils eligible for FSM and those who are not, achieving level 4 in English and Maths and those achieving %+A*-C (incl E&amp;M) at KS4, although both have missed target.</li> </ul>

### Improved community infrastructure

#### Summary progress related to this theme:

Building on our established partnerships with Registered Providers active in the district and including the Council's own high quality new build at Archer Close, the number of new affordable homes completed in tough conditions during 2012-13 in the City was 115, exceeding the previous in year forecast of 102 completions. The target of 126 has not been met due to the delayed Hungate development – no completions are now expected on this site in this financial year, however work continues to move this and other sites in the present challenging market conditions.

The council provided incentives to households to 'downsize' and free up larger affordable homes, and agreed a package of incentives to Get York Building to encourage new development. This year the council expects almost 100 new affordable homes to be completed and around 200 to start on site including up to 60 council homes.

Performance	09/10	10/11	11/12	12/13	Target	Trend
% of resident who feel satisfied with York as a place to live	87% (09/10 Talk About)			92%	Increase	Increase
% of resident who feel satisfied with their local area as a place to live	86% (09/10 Talk About)			91%	Increase	Increase
Net additional homes provided	507	514	321	295 (Apr-Sep) Year end fig N/A	635	
Number of new affordable homes delivered in York	130	282	151	115	126	Decrease
Number of non-decent council homes in York	236	0	27	36	0	Increase
% of new homes built on previously developed land	95.90%	86.90%	68.60%	73%	65%	Increase
Customer satisfaction that the quality of streets/public places is improving				63%	Increase	N/A
Customer satisfaction on how we work to improve green spaces				60%	Increase	N/A

### Community Cohesion / Engagement

Summary progress related to this theme:

A new approach to **Neighbourhood Working** has been developed and will come into effect June 2013. Work towards the development of this new model includes:

- Successful procurement of Your Consortium to administer voluntary sector funding
- Implementation of new arrangements for ward funding
- Introduction of Community Contracts • Implementation of informal Resident Forums
- Provision of a range of leadership training opportunities for members
- £1m lottery "big local" funding for Tang Hall
- Doubled the number of residents involved in the Estate Improvement Grant process
- **Tenant Scrutiny Panel** established to provide challenge through scrutiny of Housing's landlord services.

Performance	09/10	10/11	11/12	12/13	Target	Trend
% of residents that agree that York is a place where people from different backgrounds get on well together	79.4% (08/09 Place Survey)			73%	Increase from 2008/09 baseline	Decrease
% of residents who feel its important for them to feel part of their local community				70%	No target - context setting	N/A
% of residents that feel strongly that they belong to their local community	55.1% (08/09 Place Survey)			55%	Increase from 2008/09 baseline	Stable
Number of people participating in Ward Committee decision	3497	3085	1898	N/A	No Target	N/A
% of CYC residents stating it's important residents can influence decisions in their local area				75%	No target - context setting	N/A
% of CYC who agree residents can influence decisions	31.7% (08/09 Place Survey)			29%	Increase from 2008/09 baseline	Stable
Tenants' satisfaction with council as a landlord	89%	86%	88.5%	88%	92%	Stable
Tenants' satisfaction with Landlord listening to their views and acting upon them (wording prior to 11/12 was "satisfaction that their views are taken into account")	72%	67%	65.2%	N/A	73%	N/A

### Healthy Sustainable Communities

The **Health and Wellbeing Strategy** which sets out the priorities and actions for improving the population's health and wellbeing for the next three years has now been signed off. Attention is now being turned to the delivery of the strategy through the four strategic partnerships beneath the health and wellbeing board. One of these partnerships, the new Older People and People with Long Term Conditions Partnership, met for the first time on 25th April. We are also working on how we can make the strategy more accessible to the workforce and our stakeholders.

The **Active York Strategy** has now been signed off by the Active York board members at the April partnership meeting. The action plans outline the councils commitment to the strategy and a partnership delivery agreement will be signed by each of the board partners in due course. Funding of £252,705 from the National Lottery (Sport England's "Inclusive Sport Fund") has 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 and 2 new staff have been appointed. Further National Lottery funding (Sport England's "Sport Activation Fund") of just under quarter of a million pounds has also been secured by the team to resource staffing over the next three years to focus on delivering sport and physical activity opportunities for York residents.

The Alcohol Strategy and the Substance misuse strategy are in development, and public consultation on the Substance Misuse Strategy has been completed.

The number of homeless households living in temporary accommodation is stable at 99, but above last year's position and our ambitious target. The increase reflects 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 initiative is up and running with the primary accommodation providers (ArcLight, Peasholme and Howe Hill for YP) offering emergency beds to rough sleepers.

Rent arrears: Current tenant rent arrears and the % of tenants evicted due to arrears have been increasing, but this is expected due to challenges around welfare reform. Rent collection has been affected by staffing changes and work on the bedroom tax, and arrears levels were affected by the timing rent-free weeks.

Performance	09/10	10/11	11/12	12/13 Latest	Target	Trend
Number of homeless households in temporary accommodation	79	94	93	99	85	Increase
Number of homeless households with dependent children in temporary accommodation SNAPSHOT	39	51	53	47 (as at 30 March)	N/A	Decrease
Number of households for whom positive action has prevented homelessness	1076	631	993	746	696	Decrease
Number of 16-17 year olds accepted as homeless	31	40	20	2	20	Decrease
Number on housing waiting list - from July 11, the number on North Yorkshire Home Choice who are registered with CYC (active applicants)	3060	3308	3972 (definition changed)	4692	N/A	Increase
Current council tenant arrears as % of annual rent due	1.80%	1.63%	1.55%	1.62%	1.28%	Increase
% of rent collected (including current arrears brought forward)	97.41%	97.77%	98.00%	97.90%	99.05%	Stable
% of CYC residents who think they are healthy	78.7% (08/09 Place Survey)			87%	Increase from 2008/09 baseline	Increase
Visits to swimming and sport centres	783,482	798,536	796,491	799,948	No Target	Stable
Adult participation in sport (3 x 30 mins a week)	23%	23%	24.7%	N/A	25.5%	N/A
Visits to libraries	790,937	940,251	1,009,048	976,634	No Target	Decrease
Number of visitors to York Museums Trust attractions (wording prior to 11/12 was "Visits to galleries and museums")	464,495	641,160	659,918	564,122	No Target	Decrease
<b>Strong voluntary sector</b>						
<u>Summary progress related to this theme:</u>						
<p>The Director of Adults, Children &amp; Education, on behalf of the Council, signed up to the <b>York Charter for Volunteering</b> in June 2012. The Charter is a framework for assessing and developing high quality volunteering programmes in the city. There are eight principles in the Charter and the council has carried out a self-assessment scoping exercise to see how well the Council addresses the eight key principles. The findings were generally positive and the next step is for the authority is to sign up to the York Charter for Volunteering Self-Assessment Toolkit to recognise formally our progress and gain access to resources that support our volunteer managers and volunteers.</p> <p><b>The Voluntary Sector Strategy</b>, driven by CVS, has slipped to allow more time for consultation and voluntary sector involvement. The strategy is expected to be considered by Cabinet in July 2013.</p> <p><b>Volunteering Strategy:</b> In January 2011 Corporate Management Team approved a Council Volunteering Strategy. It outlined how the Council could improve its policies in order to manage volunteers more effectively and described the Council's aspiration to encourage staff to volunteer. The strategy will be refreshed in 2013/14.</p>						
Performance	09/10	10/11	11/12	12/13 Latest	Target	Trend
Proportion of York residents who give unpaid help at least once a month	23% (08/09 Place Survey)	N/A	N/A	26%	N/A	Increase

### Communities where young people flourish

Summary progress related to this theme:

**Taking Play Forward Policy:** has been refreshed for 2013-2016.

**Youth Sector Partnership:** Youth Support Services were awarded one of 12 Youth Innovation Zone (YIZ) grants to establish a new Youth Sector Partnership in the City.

**Shine:** The first Lord Mayor's Shine Awards was held to celebrate the contribution children and young people have made to the city. The number of views to the Yor Ok website Shine page has increased and this figure is expected to rise next year due to the launch of the YorZone website in March/April 2013 which targets children aged 11 years and over. This new website will carry most of the Shine section. The number of places available through Shine and the number of Shine activities appear to have decreased, however, there were no hard copies of the Shine newspaper during December and February and providers of activities were responsible for their own marketing through the website but did not monitor the number of places available and the number of activities, therefore the numbers reflect the position (Dec 2012/13 - Q3).

Performance	09/10	10/11	11/12	12/13 Latest	Target	Trend
Number of views to YorOk website Shine page	N/A	19,280	23,012	25,455	N/A	Increase
Number of places available through Shine	N/A	N/A	53616 (49,458 at Q3)	50340 (Q3)	N/A	Increase
Number of Shine activities	N/A	N/A	484 (383 at Q3)	398 (Q3)	N/A	Increase
Number of new cultural providers registered on the YorOK website		165	99 (62 at Q3)	66 (Q3)	100	Increase
Difference in % points between pupils eligible for free school meals (FSM) and those who are not, achieving Level 4 in E&M at KS2 (relates to prev academic year to financial year shown)	35.2%	22.0%	32.0%	27%	24%	Decrease
Difference in % points between pupils eligible for FSM and those who are not, achieving 5+A*-C (Inc E&M) at KS4 (relates to prev academic year to financial year shown)	34.2%	42.0%	33.0%	29%	25%	Decrease

For a full list of indicators related to narrowing the gap in achievement between children from all socio-economic backgrounds please see the Schools service scorecard and Child Poverty scorecard

### Safer Inclusive communities

Summary progress related to this theme:

**A Fairer York** the single equality scheme has been launched. A draft **Gypsy and Traveller Strategy** has been developed and is to be presented to Cabinet for approval June 2013

**Crime:** First **Annual Crime Summit** held in 2012, second one was held in April 2013. Total crime in York dropped by 12.1% compared to 2011-12.

York is currently retaining its own Community Safety Partnership (CSP) until the county structure is in place. The York Police and Crime Commissioner is currently waiting to see whether it will receive funding from the PCC.

**Hate Crime Strategy** has been refreshed along with the Community Safety Plan.

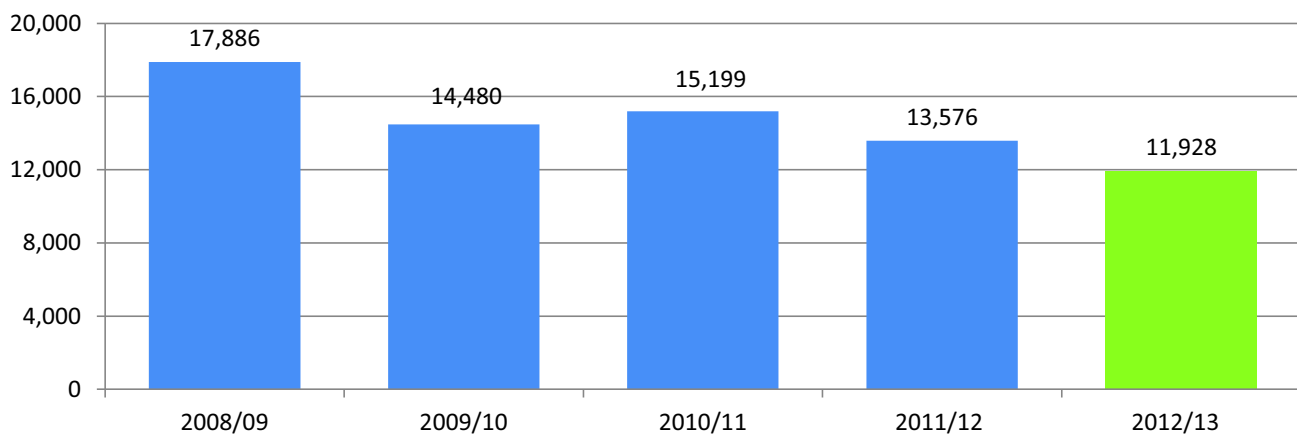
**Community Payback** - CYC managing Community Payback to make those responsible for vandalism repair damage. Monthly meeting of relevant agencies to coordinate work effectively.

**Anti Social Behaviour** - ASB meeting structures revised to bring all meetings in to one MAPS (Multi-agency Problem Solving) structure incorporating all partners. In 2012-13 there were 2169 fewer calls for service for ASB equating to a 17% reduction.

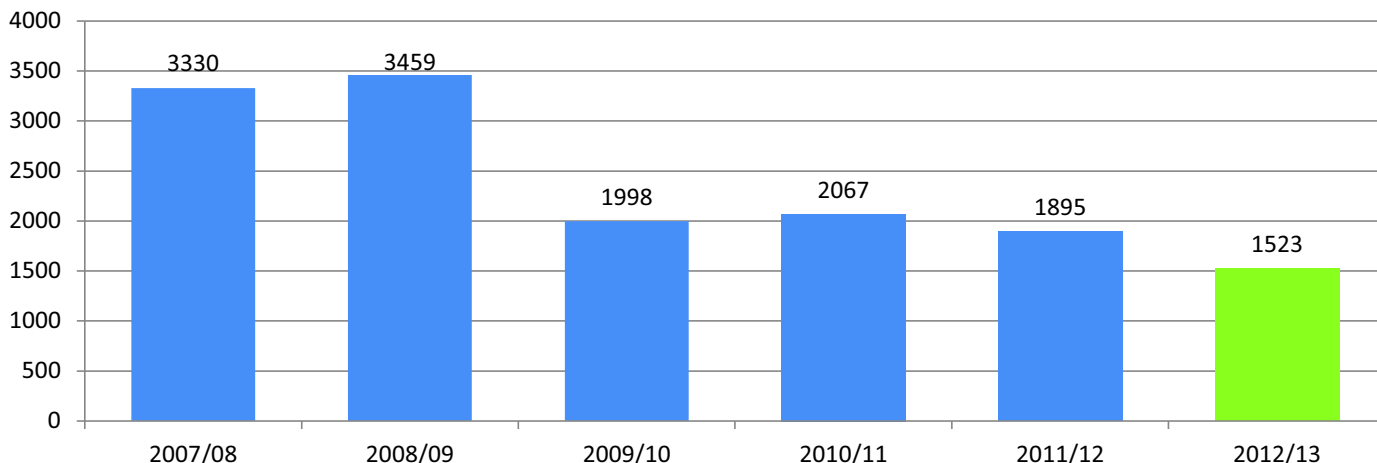
Performance	09/10	10/11	11/12	12/13 Latest	Target	Trend
Percentage of residents who agree York is a safe city in which to live	75%	N/A	N/A	74.4%	No Target	Stable
Percentage of residents who agree their local area is a safe place to live	75% (09/10 Talk About)	N/A	N/A	78.50%	No Target	Increase
% of CYC residents that think CYC/partners are doing well at reducing crime and anti social behaviour (This question was worded differently in the Place Survey)	29.2% (08/09 Place Survey)	N/A	N/A	56%	No target - context setting	Increase
% if CYC residents think CYC/partners are working well to make communities safer	N/A	N/A	N/A	54%	No target	N/A
			Forecast for whole year based on latest data			
All Crime (from IQUANTA)	14,480	15,199	13,576	11,928	13,937	Decrease
Criminal ASB recorded	13,012	12,927	12,550	10,381	12,524	Decrease
Environmental ASB recorded	3,291	3,227	3,574	3,511	3,168	Decrease
All violent crime	2,712	2,831	2,443	2,254	2,610	Decrease
Hate crime	169	152	106	95	169	Decrease
Community of Identity Plans completed					8	N/A
Average days taken to remove obscene graffiti	0.70	0.98	0.97	0.78	2 days	Decrease
Average days taken to remove non-obscene graffiti	0.74	1.94	1.04	1.19	4 days	Increase
Average number of days taken to repair a street lighting fault. (SLA = 2 days)	0.26	0.16	0.49	0.42	2 days	Decrease
Streetlamps not working as planned	1.06%	0.83%	0.89%	0.77%	1%	Decrease

For a full list of indicators related to safer communities please see the Community Safety service scorecard

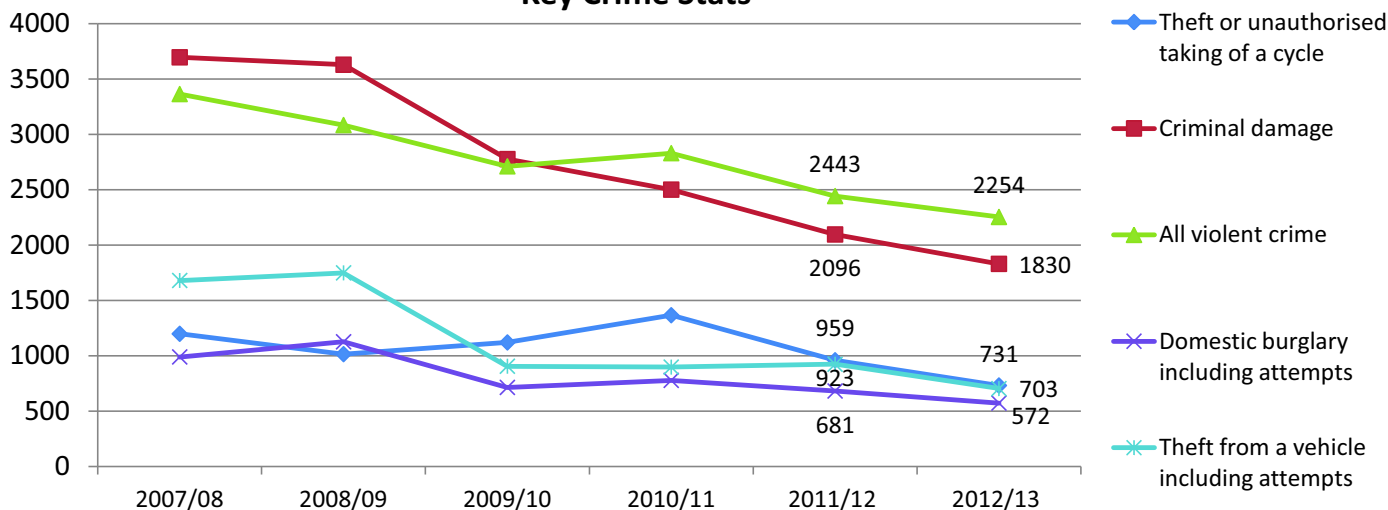
**Total crimes in York (from IQUANTA)**



### Serious acquisitive crime



### Key Crime Stats



### Key Areas of Focus

- Increase level of community leadership, engagement and involvement
- Communities will increasingly shape and deliver services
- A strong voluntary sector with more volunteering opportunities
- We will establish an appropriate infrastructure including housing, leisure, schools and businesses, supporting opportunities for capacity building, work and enterprise
- Through leisure facilities procurement, we will create a mix of modern leisure facilities that meet customer expectation and are commercially sustainable.
- Increase Housing provision and make best use of existing stock
- Empowering young people to get actively involved
- Support Young People to be Healthy and Active
- Committed to fairness and equality in everything we do
- Work in partnership to make the City feel safer
- Work to support a Safer Evening Economy
- Zero tolerance for those who seek to exploit our residents
- Tackle health inequality, increase life expectancy, live a life free of disability
- Maximise potential of a Health and Wellbeing Workforce across the Council, partners, business and voluntary sector
- Increase the network of community wellbeing opportunities
- Support harm prevention



## Headlines

### Achievements / good performance

- Provisional LAC numbers have reduced to 243.
- The gap between FSM and non-FSM pupils has narrowed at both KS2 and KS4 in 2012.
- Increase in % of 1st preferences secured for the Primary and Secondary schools.
- Intervention programme with vulnerable group of Y6 Traveller pupils has achieved measurable improvements in attendance and achievement.
- All of the seven EPHs were inspected in early 2013 by CQC with very positive outcomes.
- Overall child poverty has reduced by 0.4%/130 children.

### Areas in need of improvement / issues to watch

- Discharges from hospital continue to be a challenge, with a continuing increase in the number of referrals from the hospital.
- Re-offending rate of young offenders in York historically very high compared with statistical family and region.
- Results from the National Child Measurement Programme for childhood obesity in school year 2011/12 shows a rise in the % of obese Year 6 children recorded in York of 1.4% points to 16.1%.

### Facilities for people with dementia and other specialist needs

To review the Yorcraft supported employment service, and then implement the changes

- Steering Group established to oversee and promote York's aspiration to become a "Dementia Friendly" Community working with businesses, shops and services to support them to become more "dementia friendly" and accessible.
- Links with Haxby and Wigginton Neighbourhood Care Team and GP practice has led to facilitation and links with Dementia Forward project and voluntary sector to look at building community resilience and support for people with dementia.

To implement the programme of development of new facilities to replace our Elderly Persons Homes

Performance	2009/10	2010/11	2011/12	2012/13	2012/13	Trend
				Latest	Target	
York population aged 65 and over predicted to have dementia (POPPI)	2,677 (By 2014)	2,823 (By 2016)	3,004 (By 2018)	3,158 (By 2020)	N/A	Increase
York population aged 65 and over predicted to have limiting long term illness (POPPI)	16,647 (By 2014)	17,278 (By 2016)	17,914 (By 2018)	18,504 (By 2020)	N/A	Increase
People supported to live independently through social services (all ages)	3,980	4,328	4,281	4,655 Q2		Increase
Number of vulnerable people achieving independent living (%)				67.60% Q3	72.30%	Stable
Number of vulnerable people who are supported to maintain independent living (%)				98.50% Q3	98.60%	Stable
Carers receiving needs assessment or review and a specific carer's service, or advice and information	24.60%	25.54%	23.95%	22.16% Q4	25.00%	Decrease

• All of the seven EPHs (Grove, Haxby Hall, Morrell, Oakhaven, Willow, Windsor, & Woolnough) were inspected in early 2013 by CQC with very positive outcomes.

• Evaluation by York St John of the closure of the 2 EPHs now completed and in public domain – very positive feedback received.

• External legal advisers appointed to support CYC project team in developing the procurement approach and tender/contract documentation that will underpin the Council's search for a Partner to develop and operate the Lowfield Community Village for Older People and the Fordlands development on the Burnholme site.

**Community based support and promoting individual budgets**

Deliver the council's £1.2m capital investment in telecare over the next 5 years

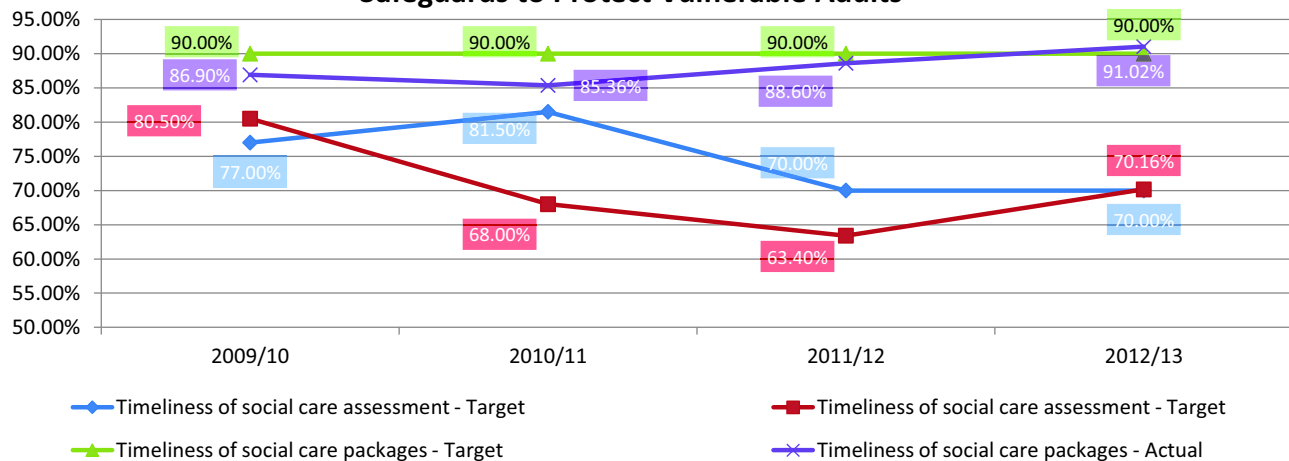
Performance	2009/10	2010/11	2011/12	2012/13	2012/13	Trend
				Latest	Target	
Total number of customers (Warden Call and telecare)	-	-	2,771	3131 Q4		Increase

- There are now 4 dedicated Telecare Technicians in place and they are providing assessment, advice and installation for all telecare customers. (Approx 1700 to date.)
- The number of Control Operators has been increased to help deal with the increased numbers of calls. The service is currently undergoing further review following a merger with the Community Equipment Loan Store.
- Won national funding to take forward social enterprise options for warden call and Community Equipment Loan Store.

A robust Resource Allocation System (RAS) which will increase confidence in use of budgets, reduce the need for spend panels and support an increase in the number of people with a personal budget.

Performance	2009/10	2010/11	2011/12	2012/13	2012/13	Trend
				Latest	Target	
Customers & Carers receiving Self Directed Support (Direct Payments and Individual Budgets) - eligible customers only	-	-	65.90%	73.11% Q4	70.00%	Increase
Timeliness of social care assessment	80.50%	68.00%	63.40%	70.16% Q4	70.00%	Increase
Timeliness of social care packages	86.90%	85.36%	88.60%	91.02% Q4	90.00%	Increase
Adults with learning disabilities in settled accommodation	57.10%	60.61%	73.08%	63.19% Q4	74.00%	Decrease
Adults with learning disabilities in employment	4.30%	7.88%	10.26%	38.58% Q4	10.00%	Increase

**Safeguards to Protect Vulnerable Adults**



- Positive outcomes for people living in York during a challenging year with continued high level of satisfaction on self reported experiences (79%).
- Satisfaction with social care support has reduced marginally, but a small increase in the numbers reporting control over their lives.
- We exceeded the target for the number of people offered a personal budget and improved the timeliness of the delivery of support packages.

## Admissions prevention / Avoiding Acute Care

Performance	2009/10	2010/11	2011/12	2012/13	2012/13	Trend
				Latest	Target	
Average weekly number of CYC Acute delayed discharges	7.98	10.13	8.69	10.67 Q4	7.98	Increase

- Increased numbers being supported to leave hospital safely still high. Total numbers for 2012-13 were 54% higher than in 2009-10, with no additional care management assessment capacity to date.
- Plans to utilise short stay residential vacancies in CYC now delivering benefits as we move people to a care home to await an agreed start date for home care
- Delays in discharges continue, but improvements in delays in Acute hospital reducing at year end.

Increase support for early intervention and prevention – web based information for residents.

Performance	2009/10	2010/11	2011/12	2012/13	2012/13	Trend
				Latest	Target	
Reablement - % of Completers	-	64.00%	78.40%	No Data Q2	90.00%	Increase
Reablement - % of Completers with discontinued packages	-	20.00%	21.60%	No Data Q2	50.00%	Increase

- Development of Connect2 Support information portal under way. Will use information from current My Life my Choice website, but with additional functionality to enable electronic purchase of support.
- Reablement service continues to work well.
- Training materials developed for the Reablement Training published and on sale by Pavilion and independent publisher May.

Commission jointly with health colleagues to deliver improvements in health and social care, public health and the local health and social care economy.

- Commissioning a range of other public health and health improvement services, including Sexual Health, Substance Misuse, Child Health for 5-19 year olds, Smoking Cessation and Healthy Weight services.
- Commissioning or providing certain mandatory services, including:
  - o Appropriate access to sexual health services
  - o Services to protect the health of the population
  - o The National Child Measurement Programme
  - o NHS Health Check assessment
- CYC and the Trust staff to work on a pilot to see where health and social care can join up to provide good quality care and support for people at the end of their life. To run alongside a new steering group for End of Life Care which includes representation from hospice, voluntary sector, health and social care.

**Supporting families who may be struggling**

Develop and Implement an Integrated Family Support Service for the City of York which will incorporate the Troubled Families initiative

Performance	2009/10	2010/11	2011/12	2012/13	2012/13	Trend
				Latest	Target	
Number of Families attending targeted Parenting Programmes	272	397	479	485 Q4	380	Increase
Numbers of newly identified Troubled Families engaging with support in year (3 year Target - 315)	-	-	-	112 Q4	120	Increase
Troubled Families who are eligible for Payment by Results on achieving the agreed outcomes set by government (3 year Target - 263)	-	-	-	99 Q4	99	Increase

- The three Integrated Family Service teams are now established and families including those meeting the Troubled Families criteria are now being picked up for intensive intervention by the service.
- The service is currently working with 50 families who meet the Troubled Families criteria and on target for reaching the predicted payment by results outcomes for the three year cycle of this programme.

Establish a LAC Support service to cover contact

Performance	2009/10	2010/11	2011/12	2012/13	2012/13	Trend
				Latest	Target	
Numbers of Looked After Children (per 10k shown in brackets) excluding short term breaks	223 (64)	237 (67)	251 (70)	243 (68) Q4		Decrease

- The LAC Support Service commenced operation on 3 December 2012 as planned under the supervision of a newly appointed practice manager.
- Work is underway to refurbish premises at Nursery Drive in York to accommodate this service from August 2013.
- Provisional LAC numbers have reduced to 243 from the beginning of the year when it was 251, this is an indication that early intervention work is starting to impact with a significant reduction in new entrants, and a third less legal applications, especially when previous trajectory estimates were showing numbers were in line to rise to 290 by the end of the year.

To review the delivery arrangements for children's residential care

Performance	2009/10	2010/11	2011/12	2012/13	2012/13	Trend
				Latest	Target	
% of children in care having 3 or more moves of placement	11.70%	13.20%	15.70%	13.89% Q4	10.00%	Decrease

- Review of delivery arrangements for children's residential care resulted in agreement being reached with members to seek new provider. Award of contract to new provider February 2013 and service to start April 2013.

Implement recommendations arising from the Safeguarding and Looked After Children inspection

- Revised working practice in preparing reports for Initial Child Protection Conferences implemented.
- Work on the replacement of the core assessment process and format has also been completed.

Maximise the impact of the newly established Integrated Youth Support service.

Performance	2009/10	2010/11	2011/12	2012/13	2012/13	Trend
				Latest	Target	
% of 16-18 year olds who are not in education, employment or training (NEET) (York residents only from 11/12)	-	-	5.60%	5.30% Q4	5.60%	Stable
Rate of proven re-offending by young offenders aged 10 to 17	1.17%	2.00%	2.20%	1.34% Q2	2.06%	Stable
Young people within the Youth Justice System receiving a conviction in court who are sentenced to custody aged 10-17	2.60%	2.50%	3.90%	6.80% Q4	3.00%	Increase
% of young offenders engagement in suitable education, employment or training aged 10-17	63.50%	61.00%	59.60%	57.30% Q4	61.00%	Decrease
First time entrants to the Youth Justice System aged 10-17 (per 100,000 10-17 year olds in York)	1567 (PNC figure)	853 (PNC figure)	776 (YOT figure)	334 Q4	763	Decrease

- At the close of 2012/13 overall NEETs are down on last year with a notable reduction in year 11 leavers who are NEET. It should be noted that from April 2013, the counting rules will be changing, but implications are as yet unknown.

- Re-offending rate of young offenders in York historically very high compared with statistical family and region. Cohort analysis shows fundamental changes in risk profile. York compare more favourably with national measures looking at larger 12-month rolling cohorts, this PI is inextricably linked to the low numbers becoming first time entrants into the Youth Justice System currently being recorded, i.e. low risk offenders are no longer in the cohort for measuring the re-offending rate.

Lead, Develop and Implement the CYC response to the Special Education Needs Green Paper including the introduction of a single assessment process, an increase in the use of personal budgets

- This work is on track for completion by Sep 2014.
- Continued good progress with arrangements to model and develop the CYC special educational needs funding arrangements as part of the Government's school funding reforms.
- Children and Family Bill published in February 2013 and indicative SEN Code of practice published in March 2013. SEN formula now drafted and shared with schools.

Plan and develop the new Children's and Young Person's Plan

Performance	2009/10	2010/11	2011/12	2012/13	2012/13	Trend
				Latest	Target	
Referrals to CSC services going on to initial assessment	73.80%	79.30%	74.60%	61.74% Q4	78.00%	Decrease
Child protection cases which are reviewed within timescales	93.50%	93.80%	89.10%	92.31% Q4	90.00%	Increase
Child protection plans lasting 2 years or more	6.40%	3.90%	1.70%	3.85% Q4	2.30%	Increase
% of Children become subject of CPP for 2 <sup>nd</sup> or subsequent time	25.20%	9.20%	18.40%	21.21% Q4	10.00%	Increase
% of care leavers in suitable accommodation	92.30%	100.00%	95.00%	100.00% Q4	100.00%	Increase
% of care leavers in employment, education or training	53.80%	50.00%	73.70%	70.59% Q4	80.00%	Decrease
Difference in % points between pupils eligible for FSM and those who are not, achieving Level 4 in E&M at KS2	35.20%	21.70%	32.00%	27.00% Q4	22.00%	Decrease
Difference in % points between pupils eligible for FSM and those who are not, achieving 5+A*-C (Inc E&M) at KS4	34.20%	41.80%	33.00%	28.90% Q4	25.00%	Decrease
% of children in care reaching Level 4 in English at KS2	55.60%	30.00%	67.00%	54.00% Q4	50.00%	Decrease
% of children in care reaching Level 4 in Maths at KS2	55.60%	30.00%	56.00%	69.00% Q4	60.00%	Increase
% of children in care achieving 5 A*-C GCSEs (or equivalent) at KS4 (incl English & Maths)	0.00%	5.60%	23.50%	7.00% Q4	44.00%	Decrease

- The gap between FSM and non-FSM pupils has narrowed at both KS2 and KS4 in 2012. KS2 L4+ in English and maths combined, the gap narrowed from 32% in 2011 to 27% in 2012, but recent data places York in the bottom quartile. KS4 5A\*-CEM gap narrowed from 3% in 2011 to 29% in 2012.
- Outcomes for LAC at KS2 were above those targets set for those children, but unfortunately only 1 of 15 eligible LAC achieved 5+ A\*-C (inc E&M) at KS4, but it should be noted that this year saw the highest ever attainment levels of LAC at KS4 5+ A\*-C at 50%.

Manage the phased closure of Burnholme School and secure successful transition for students

- All parents of year 8 and year 9 pupils have been informed of their child's new school when they leave Burnholme. Pupils finalising their subject choices for when they move school. Transport and school uniform assistance being finalised for September 2013 in line with transition plans.

To agree, with the York Education Partnership, a school places plan (2013-2018), to meet the rising demand for primary and secondary school places

Performance	2009/10	2010/11	2011/12	2012/13	2012/13	Trend
				Latest	Target	
% of 1st preferences secured for the Primary school admission round	-	-	90.40%	92.00% Q4	88.00%	Increase
% of 1st preferences secured for the Secondary school admission round	-	-	93.40%	96.00% Q4	95.00%	Increase

• Head teacher school cluster meetings continue to discuss solutions to demand on primary school places. These will continue across other clusters during the next few months. School Place Planning document agreed by YEP has been circulated which sets out the LA's plans for dealing with this challenge.

**Lead the child poverty agenda, ensuring achievement of strategic objectives**

Performance	2009/10	2010/11	2011/12	2012/13	2012/13	Trend
				Latest	Target	
% in Child Poverty (LAIT)	14.5% (2007)	13.5% (2008)	14.0% (2009)	13.5% (2010)		Stable

• Reducing Child Poverty confirmed as core CYPP priority.  
 • Local Needs assessment updated & strategy was refreshed in December 2012.  
 • Overall child poverty has reduced by 0.4%/130 children. Impacts disproportionately on single parent households and certain geographic areas in city – though small relative improvements in some of most deprived wards (Clifton, Westfield).

**Improved Health and Wellbeing arrangements**

See the publication of first Health and Wellbeing Strategy for the city with clear delivery arrangements

Performance	2009/10	2010/11	2011/12	2012/13	2012/13	Trend
				Latest	Target	
Overall Deprivation (National Rank based on average score)	Ranked 219 (14.51 '04')	Ranked 242 (13.4 '07')	Ranked 232 (12.93 '10')			Down 10 places
% of reception year children recorded as being obese	6.67%	5.50%	7.50%	8.53% Q4	5.50%	Increase
% of children in Year 6 recorded as being obese	16.69%	14.00%	14.70%	16.13% Q4	15.10%	Increase
Life Expectancy at Birth; Male and Female	79.3 M, 83.2 F (06-08)	79.6 M, 83.2 F (07-09)	79.8 M, 83.0 F (08-10)			Increase

• DPH will lead on establishment of health inequality sub group, accountable to HWB.  
 • Links with YorOK Board / agendas and CYPP clearly established.  
 • Planned activity in service / partnership plans to enable stronger contribution to nest JSNA process.

**Actions and Priorities for 2013/14:**

• Review the effectiveness of Integrated Family Support and the impact on our looked after figures through inclusion in a regional improvement funding research programme.  
 • Complete transformation of former Young People's Services to targeted provision – launch and implement Youth Support Services Strategy.  
 • Develop options for integrated health and social care teams.  
 • Build a new 90 bedded care village at Lowfields and 72 bedded care home at Burnholm.  
 • To work closely with CYC and external partners (NHS) to ensure continued delivery of Warden Call, Telecare and CELS services during a possible transition phase.

**Key Contact: Toby Brotherton (2022), Business Intelligence Officer**

### Headlines

#### Good performance or trends - 2012/13

- Residual household waste tonnage hits target
- Council beats Carbon targets
- Green Deal Model approved
- Public Realm Design Manual produced
- Collective energy scheme launched
- Green Audit complete
- Maintained 5 green flags to parks/open spaces
- National Flood Conference in York
- Low Emission Strategy agreed

#### Issues to watch - 2012-13

- Waste Strategy delayed due to PFI funding withdrawal
- Proportion of waste recycled slightly lower than 2011/12
- Cost of landfill set to be 11.4% higher this year than 2011/12

### Waste: Review waste strategy and develop zero waste theme throughout strategy

#### Summary progress related to this theme:

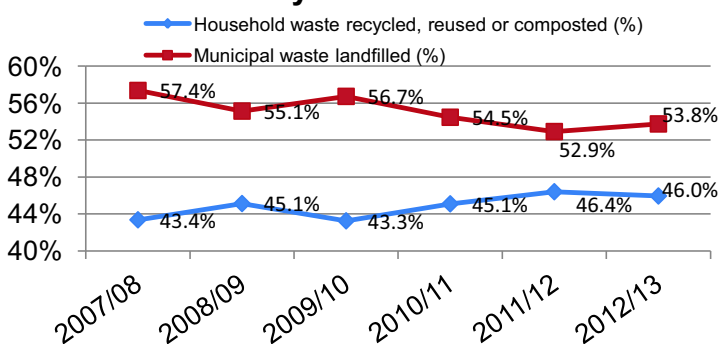
**Waste Strategy** - CYC are still actively pursuing the Allerton Park scheme without the Waste PFI credits being in place. Decision making however is on hold pending the outcome of a Judicial Review into the planning decision made by North Yorkshire County Council. It is likely to be November (at the earliest) before details of the technical aspects of the proposal and the financial implications to the Council can be considered by Cabinet. Given that this is an essential component to the Waste Strategy, it is not possible to take the strategy forward until there is further clarity on the Allerton Park scheme.

**Waste targets** - Provisional year end figures suggest that we have not met our challenging targets for improvement in both landfilled waste and recycling proportions. Although the tonnage of waste landfilled continues to decrease, the total waste collected is also decreasing, hence the % indicator is not meeting target. National data for 2011/12 shows York to be underperforming against regional or national averages for landfill and residual waste. 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). However for recycling York ranked 113th out of 356 local authorities in England for 2011/12 (2nd quartile). York ranks in the top quartile for unitary authorities (22nd of 91) - The best performing authorities tend to be district councils who have "collection only" responsibilities.

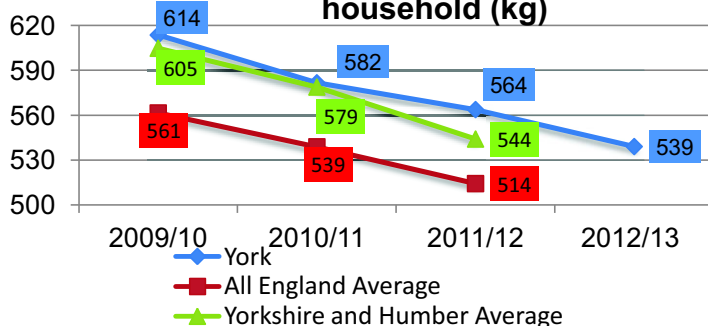
**Recycling** - Provisional figures for recycling rates for the year show a slight decline, due to a number of factors. These include adverse weather conditions in the summer affecting green waste volumes (there was a 6.5% reduction in the tonnage of waste composted). The approach is essentially to encourage household and community engagement, particularly in those areas with low recycling rates, through a small revenue and staff resource, and the ambitious programme of activities have been hampered by staffing issues as experienced members of the team have been absent due to long term sickness and maternity leave. Early national figures for 2012/13 (provisional Q1 data) suggest that levels of recycling are tending to plateau nationally.

Indicators	08/09	09/10	10/11	11/12	12/13	Target	Trend
<b>Waste management (Forecast for 12/13 based on 8 months data)</b>							
Residual household waste (kg per HH)	629g	614g	582kg	564kg	539kg	545kg	Decrease
Household waste recycled / composted	45.13%	43.26%	45.10%	46.41%	45.95%	47.61%	Decrease
Municipal waste landfilled	55.14%	56.73%	54.47%	52.92%	53.75%	51.56%	Increase
Total tonnes of municipal waste collected (household, commercial, prescribed)		106,290	102,460	101,070	97,000	N/A	Decrease

#### Waste recycled and landfilled



#### Residual household waste per household (kg)



Performance data	2008-09	2009-10	2010-11	2011-12	2012-13 Forecast	-/+ change	% Change
Tonnes of Landfilled waste - Combined (excluding liquid waste)	60,330	60,300	55,590	53,490	52,150	-1,340	-2.5%
Cost of landfill tax - Combined (excluding liquid waste)	£1,930,560	£2,412,000	£2,668,320	£2,995,440	£3,337,600	£342,160	11.4%

Landfill tax has increased by £8 per tonne annually with effect 1 April since 2007, and prior to that at £3 per tonne since 1999. Landfill tax was £7 per tonne in 1996 and at 1 April 2012 it is £64 per tonne.

The total landfill tax position has improved since Q2, however York is still set to be charged 11.4% more this year than in 2011-12.

**Climate Change - 'Deliver Climate Change Action Plan', 'Carbon Management Programme', 'Environmental Management System', 'Maximise the Green Deal' and 'Improve Flood Defences'**

**CO2 Reduction:** New figures for CO2 show the impact of the bad winter in 2010 across York with a similar impact across the rest of the country. Domestic, Industry and Commercial CO2 all went up in 2010 increasing overall CO2 by 6% with Industry going up 9.1% and domestic up 8.5%. Estimates (based on DECC estimate of 8% energy consumption reduction between 2010 and 2011) show a positive picture for 2011.

**Collective energy switching scheme:** launched in Feb-13 and 328 households likely to save £37K

**Carbon footprint:** A new council-wide Pool Car scheme launched and the Council reduced its carbon emissions by 28% since 2007 - 3% above target. CYC has delivered original Carbon Management Programme targets with options underway to evaluate new programme. Photovoltaic panels installed on over 400 council homes with a target of a further 380 homes. Air source heat pumps installed in 7 council homes funded by Renewable Heat Premium Payment grant.

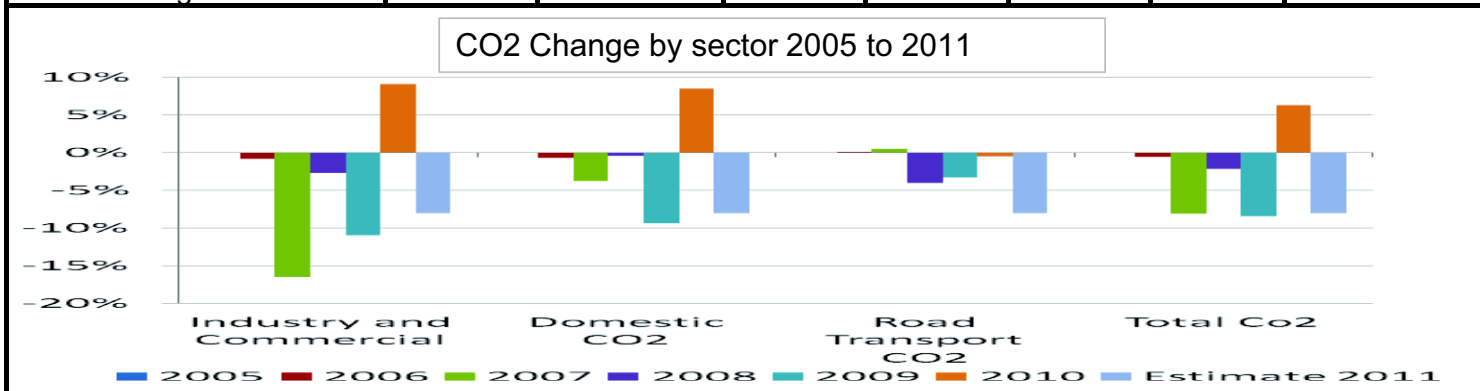
**Green Audit:** completed with projects identified to deliver up to 445tCO2 of savings. Work is underway looking at feasibility for these projects

**Green Deal -** From the end of January 2013, the government will be introducing its new flagship energy efficiency initiative, the Green Deal - No up front cost to the customer and repaid via energy bills. The Leeds City Region model was approved by Cabinet in April, and will result in 615 – 1,230 homes (1st three years) securing energy efficiency measures from spring 2014. CYC also seeking ECO funding given to help address addressing energy efficiency in the domestic sector.

**Investors in the Environment -** Council signed up to environmental accreditation scheme, implemented quickly, and aim to achieve a bronze accreditation during the 2013/14 financial year. To achieve bronze, the council needs to put in place an environmental policy and monitor usage of heating, electricity, water and waste. An action plan is to be developed to address identified impacts.

**Climate change & carbon footprint**

Performance data	2008-09	2009-10	2010-11	2011-12	2012-13 Forecast	Target	Trend
York's CO2 per head of population	6.2 (2007)	6.0 (2008)	5.4 (2009)	Not available	Not available		Decrease
Assessment of how the council is adapting to climate change	Level 0	Level 1	Level 1	Level 1	Level 1	Level 2	No change





**A Low Carbon Investment Pipeline** has been created for York. This will help set out York's potential for projects that now need further feasibility and to attract investment and / or funding to accelerate. This will also form part of a Leeds City Region (LCR) Low Carbon Investment Pipeline and link to the new LCR Investment Plan. There is another £10m total pot available to authorities for 3 year deployment programme of clusters of building scale.

**Heat Map:** Work to the equivalent value of £10,000 has been secured via the LCR to create a Heat Map for York. This will be used to help identify opportunities for the development of strategic low carbon heat networks across the city.

**Energy efficiency (as of October):** CERT funding has been extended until February 28th 2013. 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.

**DECC Funding:** The council has secured £123,000 government funding to trial installing insulation for solid walls on homes as part of its commitment to tackling fuel poverty and climate change. £447k to install heating systems and insulation in the homes of vulnerable residents, and just under £300,000 regionally to pilot six community energy collective switching schemes (including one pilot for York).

**Feed in Tariff:** Insulations of solar panels went from 300 in Q3 2011 to 795 in Q3 2012.

#### Natural Environment - Deliver Bio-Diversity Action Plan', 'Deliver a Tree Strategy' & 'Deliver Green Infrastructure'

**Land & conservation:** The percentage of conservation areas with an up to date character appraisal met the challenging target of 26% in 2011/12. No further appraisals were conducted this year with a budget saving taken in lieu so performance remains stable. The active management of local sites to improve bio-diversity increased to 46% in 2011/12, from 38% in 2010/11.

**Flooding:** Surface water management plan approved Dec 2012. Strategic Flood Risk Assessment being updated. 1st Annual flood conference held in York. 2012/13 flood defence budget adjustment increasing allocation to Leeman Rd and Clementhorpe by £356k.

**Green Spaces:** The improvements to green spaces are being recognised maintaining the award of 5 green flags to parks and open spaces for the past 3 years. These areas and others are being targeted via the introduction of a Smarter Charter and a annual spring clean. Treemendous continues to work closely with community groups with a 25k Big Tree Plant fund. York is also through to national finals for Britain in Bloom.

**Green infrastructure consultation** completed via local plan and green spaces plan developed.

#### Land & conservation

Performance data	2008-09	2009-10	2010-11	2011-12	2012-13	Target	Trend
Active management of local sites to improve bio-diversity in the York area	40%	32%	38%	46%	No data	45%	Increase
% of conservation areas with an up to date character appraisal	9%	14%	23%	26%	26%	26%	No change

#### Built Environment - 'Produce a public realm strategy' and 'Produce a heritage strategy'

**Sustainable Development:** 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.

**New Local Plan:** launched and out to consultation in June.

**Reinvigorate York:** £3.3 million approved for Reinvigorate York with plans in place for including approved design for Kings Square worth £490,000. A separate fund of £1.5 million has been allocated for Newgate Market. A competition for development of the Guildhall complex has been completed.

**Yorventure Bid:** has been successful in a bid that provides £11,000 to increase the £2,000 previously secured from the York Community Pride Fund for a nature area in Dringhouses and Woodthorpe Ward.

**Public Spaces:** As part of the Public Space Strategy, the Streets and Spaces manual has been revised and is now out to internal consultation before wider stakeholder consultation early in June 2013. A Public Realm Design Manual has been produced

**Phase 2 of York Explore** developed and currently in design stage with construction contract to be let in Sept 2013 to create a new, state of the art archive.

**Air Quality - Deliver the Low Emissions Strategy and Action Plan**

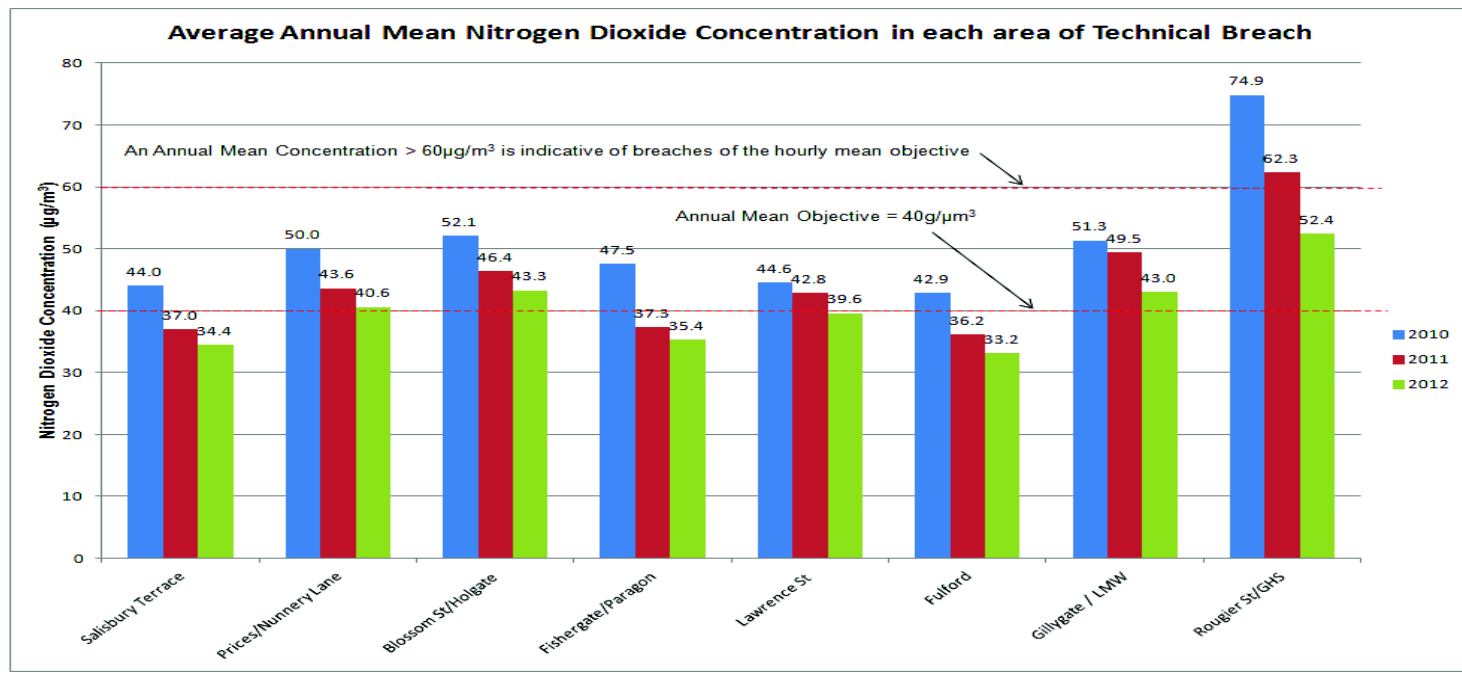
**Low Emission Strategy:** agreed by Cabinet October 2012. Low emission zone feasibility study and modelling completed.

Developing **Air Quality Action Plan**, the delivery mechanism for the Low Emission Strategy. Installed electric vehicle charging points around the city, an ECO Stars Scheme started with 11 (target 20) businesses signed up, electric/hybrid discount scheme for taxis and CYC's first electric car launched. York will have the first three phase AC charging Pay-As-You-Go network in the country.

**DEFRA Funding:** York's bid for funding to DEFRA has been successful, a grant awarded to those authorities who have demonstrated innovative plans to tackle air pollution. York has received £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.

**Recharging Points:** Five privately operated electric vehicle recharge points in hotels with 10 public electric vehicle recharging points in council car parks due in Summer 2013. These points will provide the first pay as you go recharging facilities in England for electric vehicles owned by residents and visitors to the city

**Car Club:** Provision low emission vehicles in city centre car clubs and use of these vehicles by CYC staff.



**Areas of focus for 2013/14**

**Waste** - Review Waste Strategy and incorporate "zero waste", develop communication programme to increase recycling.

**Climate Change** - Deliver Climate Change Action Plan - Maximise the Green Deal potential  
 - Evaluate New Carbon Management programme options - Improve Flood Defences  
 - Investigate large scale renewable energy options

**Natural Environment** - Deliver Green infrastructure Strategy, Green Spaces Manual and Bio Diversity Action Plan

**Build Environment** - Deliver Public Realm Strategy, the Reinvigorate York programme and complete Heritage Strategy

**Air Quality** - Deliver Low Emissions Strategy and develop Air Quality Action Plan

**Key Contact: Nigel Batey (2047), Business Intelligence Officer**

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- £21m savings achieved in 2011/12 (Mar 12).

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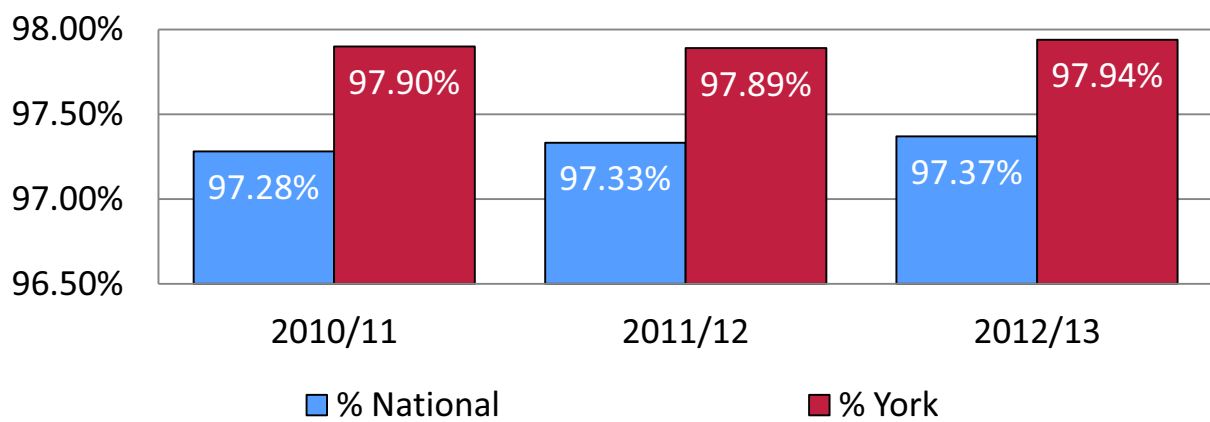
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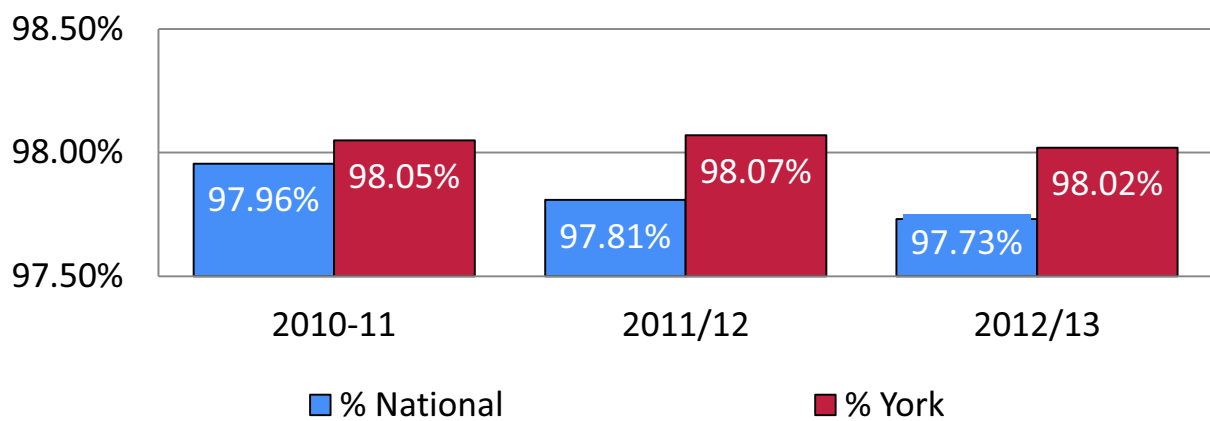
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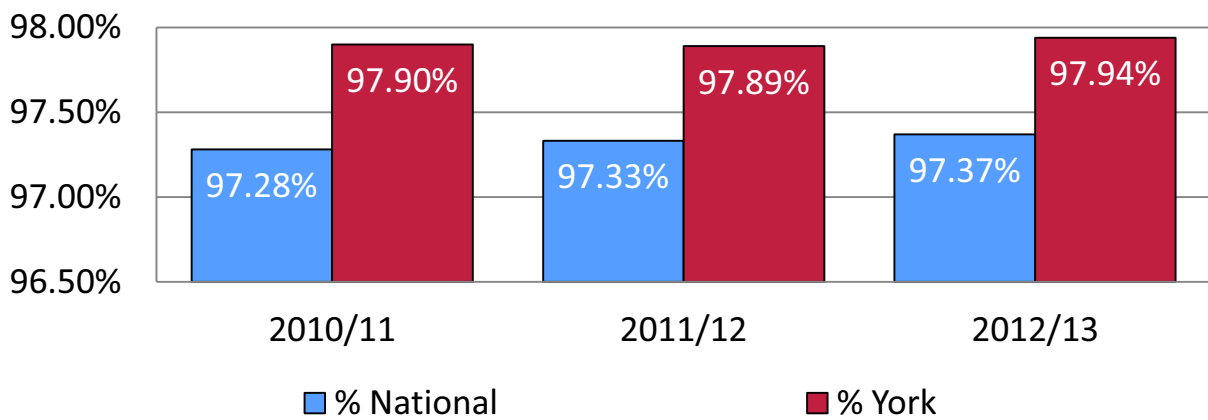
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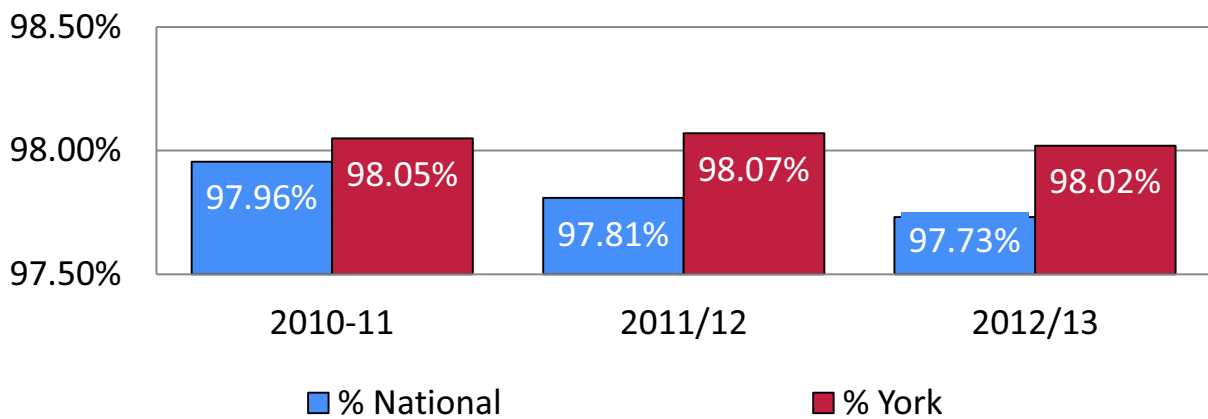
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Cabinet

16 July 2013

## Report of the Cabinet Member for Finance, Performance and Customer Services

### Treasury Management Annual Report & Review of Prudential Indicators 2012/13

#### Purpose of Report

1. The Council is required by regulations issued under the Local Government Act 2003 to produce an annual treasury management review of activities and the actual prudential and treasury indicators for 2012/13. This report meets the requirements of both the CIPFA Code of Practice on Treasury Management (the Code) and the CIPFA Prudential Code for Capital Finance in Local Authorities (the Prudential Code). Prudential Indicators are attached at Annex A.
2. The information detailed in this report ensures the Council's treasury management activities are affordable, sustainable and prudent as approved by Council on 23 February 2012 and that the Council's debt and investment position ensure adequate liquidity for revenue and capital activities, security for investments and manages risks within all treasury management areas.
3. The Council's treasury position for 2012/13 compared to 2011/12 is summarised in the table below:

	<b>31-Mar-13</b>	<b>Rate</b>	<b>31-Mar-12</b>	<b>Rate</b>
	<b>£m</b>	<b>%</b>	<b>£m</b>	<b>%</b>
<b>GF Total Debt</b>	<b>118.7</b>	<b>4.2%</b>	<b>121.3</b>	<b>4.2%</b>
HRA Debt	18.4	4.2%	18.8	4.2%
HRA Self Financing	121.5	3.2%	121.5	3.2%
<b>HRA Total Debt</b>	<b>139.9</b>	<b>3.4%</b>	<b>140.3</b>	<b>3.4%</b>
<b>Total debt</b>	<b>258.6</b>	<b>3.8%</b>	<b>261.6</b>	<b>3.8%</b>
<b>Capital Financing Requirement</b>	<b>321.9</b>		<b>293.2</b>	

<b>Over/ (under) borrowing</b>	<b>(63.3)</b>		<b>(31.6)</b>	
<b>Investments:</b>	<b>11.9</b>	<b>1.46%</b>	<b>26.2</b>	<b>1.45%</b>

*Table 1 – Summary of the treasury management portfolio*

## **Economic Background**

4. The performance of the council's treasury management function is an outcome of the long-term borrowing and short-term investment decisions affected by the economic conditions during the year.
5. The financial year 2012/13 continued the challenging investment environment of previous years, namely low investment returns and continuing heightened levels of counterparty risk. The original expectation for 2012-13 was that Bank Rate would start gently rising from quarter 4 2014. However, economic growth in the UK was disappointing during the year due to the UK austerity programme, weak customer confidence and spending, a lack of rebalancing of the UK economy to exporting and weak growth in our biggest export market - the European Union (EU).
6. The UK coalition Government maintained its tight fiscal policy stance against a background of warnings from two credit rating agencies that the UK could lose its AAA credit rating. Key to retaining the AAA rating will be a strong return to economic growth in order to reduce the national debt burden to a sustainable level, within a reasonable timeframe. Weak UK growth resulted in the Monetary Policy Committee increasing quantitative easing by £50bn in July to a total of £375bn. Bank Rate therefore ended the year unchanged at 0.5% while CPI inflation fell from 3% at the start of the year to end at 2.8 in March, will a fall back to below 2% pushed back to quarter 1 2016.
7. The EU sovereign debt crisis was an ongoing saga during the year with first Greece and then Cyprus experiencing crises which were met with bailouts after difficult and fraught negotiations.
8. Gilt yields, which affect the rate at which the Council can borrow, oscillated during the year as events in the ongoing Eurozone debt crisis ebbed and flowed, causing corresponding fluctuations in safe haven flows into and out of UK gilts. This, together with a further £50bn of quantitative easing in July and widely expected quantitative easing still to come combined to keep PWLB rates depressed for much of the year at historically low levels.



9. The Funding for Lending Scheme, announced in July, resulted in a flood of cheap credit being made available to banks and this has resulted in money market investment rates falling sharply in the second half of the year. However, perception of counterparty risk have improved after the ECB statement in July that it would do “whatever it takes” to support struggling Eurozone countries. This has resulted in some return of confidence to move away from only very short term investing.
10. 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.

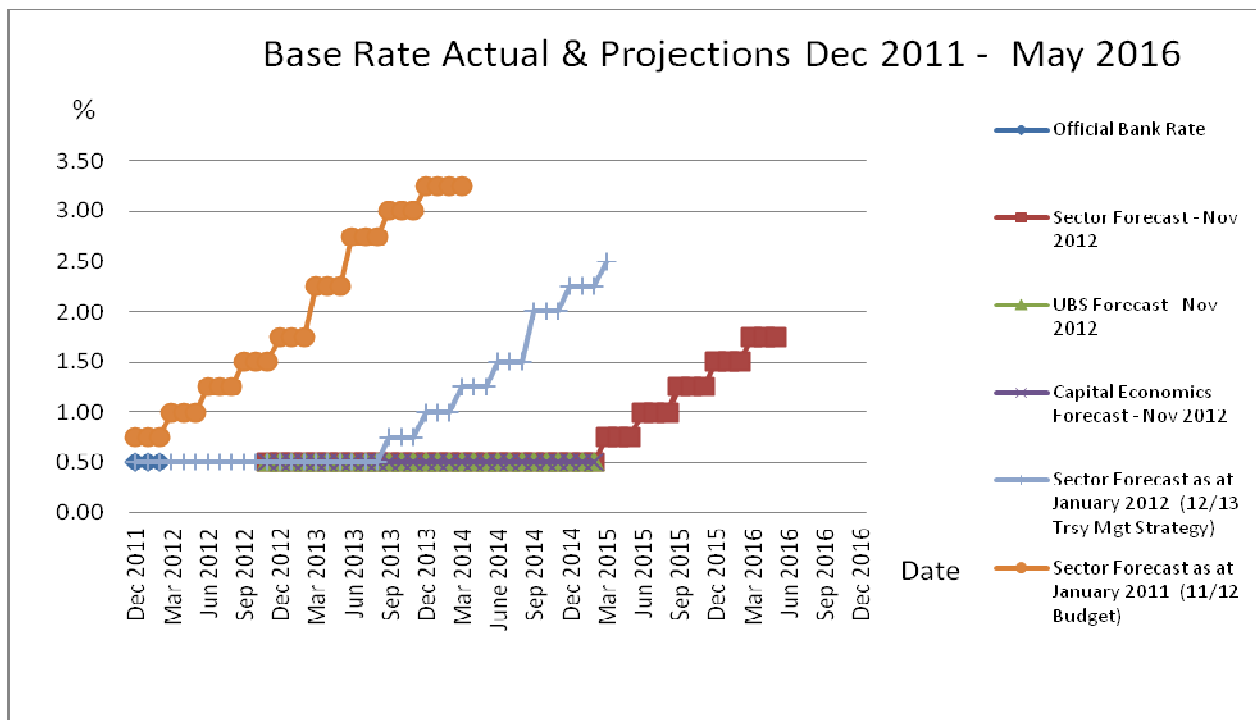


Figure 1 – Forecast Base Rates 2011- 2016

### Treasury Management Strategy

11. The Council’s borrowing strategy for 2012/13 was set at Council on 23 February 2012 and followed advice from Sector, the council’s treasury management advisors, to have a balanced approach and

lock into some long term borrowing in 2012/13 where interest rates were expected to be lower than in the coming years, whilst also considering reducing the Councils surplus funds due to investment rates giving relatively low returns compared to borrowing rates.

12. External borrowing would be taken throughout the financial year when interest rates seemed most favourable at a target interest rate of 5%. The maturity profile of the debt portfolio was taken into account, so the Council was not exposed to the concentration of debt being in any one year.
13. Also running down the investment portfolio and using the Council's surplus cash rather than taking further external borrowing was also deemed a favorable approach. Due to continued uncertainty in the aftermath of the 2008 financial crisis consideration was given to postponing borrowing to avoid the cost of holding higher levels of investments and to reduce counterparty risk.
14. The actual movement in gilt yields meant borrowing rates fell sharply during the year and continued at historically very low levels
15. Figure 2 shows the PWLB interest rates from 1 October 2010 to 31 March 2013 and includes the loans borrowed by the council. .

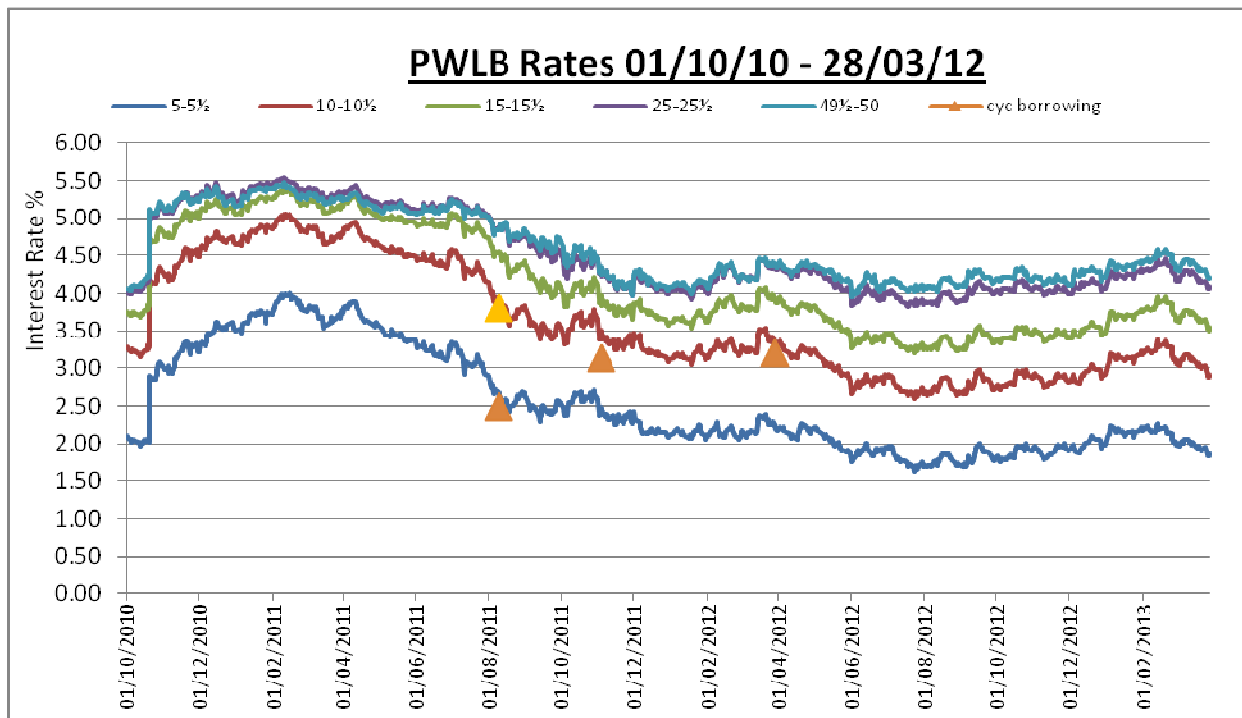


Figure 2 - PWLB rates and CYC borrowing levels

16. Figure 2, illustrates that over 2012/13, that PWLB rates have remained broadly flat over the period supporting the Councils decision to delay borrowing.

### **Borrowing Outturn 2012/13**

17. The Council undertakes capital expenditure on long-term assets as part of the Capital programme. The way that the capital programme is financed affects the treasury management activity of the Council, and ultimately borrowing. The prudential indicators which control the borrowing activity of the Council are contained in Annex A.
18. The purpose of the Council's underlying need to borrow is to finance capital expenditure and this is termed the Capital Financing Requirement (CFR).
19. The total CFR for the council at the end of 2012/13 was £321.9m and this was split between the General Fund at £181.5m and the HRA at £140.3m. In accordance with the flexibility allowed by the borrowing strategy, no external borrowing was taken to finance this requirement as surplus funds were used and the investment portfolio was reduced.
20. Total borrowing at the start of 2012/13 was £261.6m (General Fund £121.3m / HRA £140.3m) and at the end of 2012/13 was £258.6m (General Fund £118.7m / HRA £139.9m).
21. Table 2 shows the movement in borrowing during the year split between the General Fund and HRA. Details on the interest rates obtained on new borrowing, the average rate of the portfolio and the year of maturity are also shown.

<b>General Fund</b>					
<b>Loan Type</b>	<b>Date Raised</b>	<b>Date Matured</b>	<b>Amount</b>	<b>Interest Rate</b>	<b>Duration</b>
Matured	09/06/2005	05/05/2012	3,000,000	4.400%	7.00
			<b>3,000,000</b>		
<b>Loans net position 2012/13</b>			<b>7,000,000</b>		
<b>Opening loan balance 2012/13</b>			<b>140,065,956</b>		
<b>Closing loan balance 2012/13</b>			<b>137,065,956</b>		

**Table 2 - Movement in General Fund Borrowing 2012/13  
(including HRA split element – 13.4%)**

22. The Council did not restructure any of its borrowing portfolio during the year as no opportunities arose when taking into consideration the associated premium that would be generated.
23. The overall position of the borrowing activity has not caused any variation in the average interest rate that remains at 3.8%.

**Investment Outturn 2012/13**

24. Bank Rate remained at its historic low of 0.5% throughout the year; it has now remained unchanged for four years. Market expectations of the start of monetary tightening were pushed back during the year to early 2015 at the earliest. The Funding for Lending Scheme resulted in a sharp fall in deposit rates in the second half of the year.
25. The Council's investment policy is governed by CLG guidance, which was implemented in the annual investment strategy approved by the Council on 23 February 2012. This policy sets out the approach for choosing investment counterparties, and is based on credit ratings provided by the three main credit rating agencies (Fitch, Standard & Poors, Moody's) supplemented by additional market data (such as rating outlooks, credit default swaps, bank share prices etc.).
26. The investment activity during the year conformed to the approved strategy, and the Council had no liquidity difficulties.
27. The Council maintained an average investment balance of £40.2m compared to £63.8m in 2011/12. The surplus funds earned an average rate of return in 2011/12 of 1.46% compared to 1.45% in 2011/12. The movement downwards is due to the use of cash balances to fund capital investment activities in accordance with the Council's borrowing policy. The comparable performance indicator is the average 7-day LIBID rate, which was 0.39% in 2012/13 and the three month LIBID rate of 0.56%. All investments occurred in line with the investment strategy that the security of capital is of prime importance.
28. Figure 3 illustrates the investment interest rates available for 2012/13 including the rate of return on investments achieved. The Council's

rate of return is continually higher than all yields. The Council could not invest further in 1 year deposits due to the security of the Councils surplus fund being of prime importance.

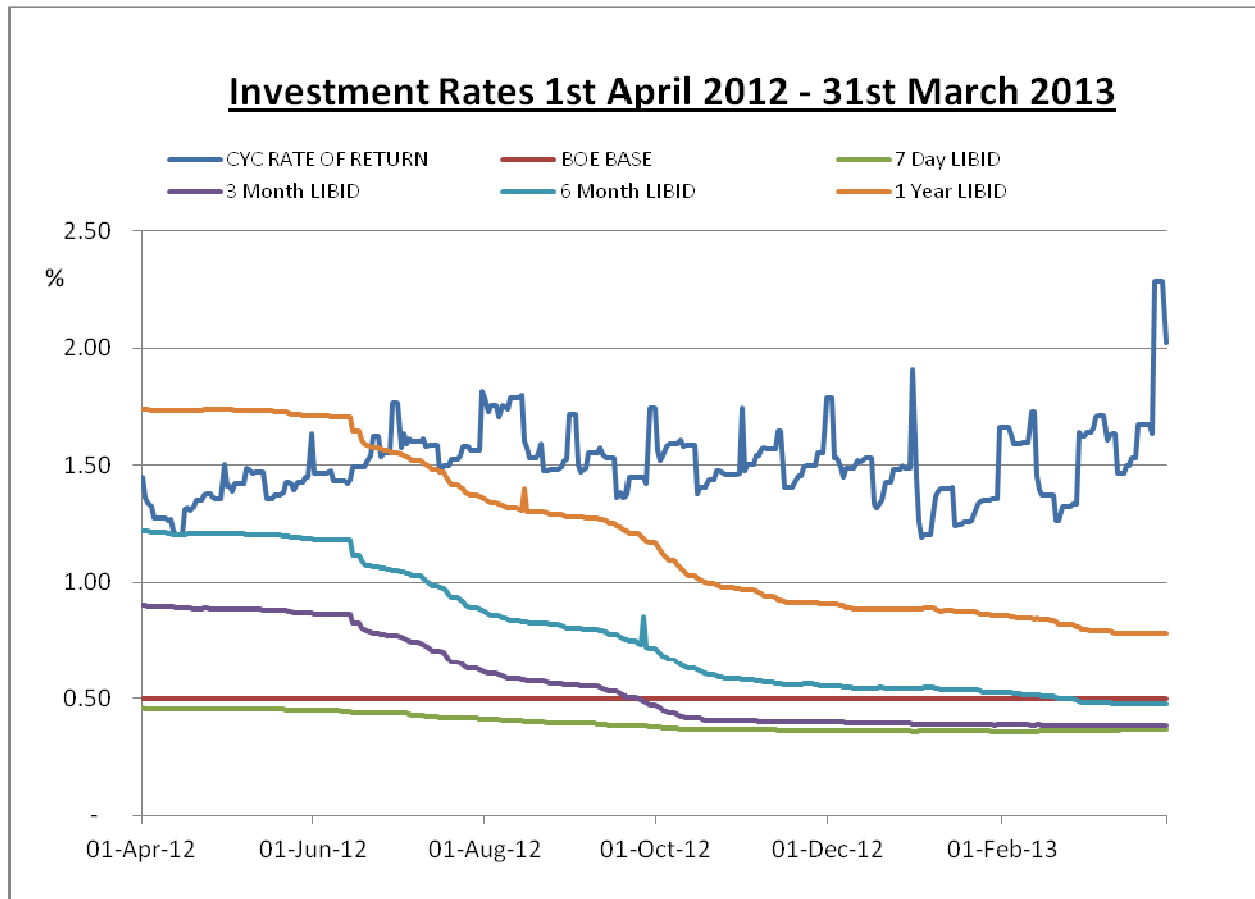


Figure 3 – Investment Rates vs. Rate of Return on CYC Investments

### Consultation

29. This report is for information purposes and reports on the performance of the treasury management function. Members through the budget process set the level of budget and expected performance of the Councils treasury management function.

### Options

30. In accordance with the Local Government Act 2003, it is a requirement under the CIPFA Prudential code and the CIPFA Treasury Management in Local Authorities that the Cabinet receives an annual treasury management review report of the previous year – 2011/12- by 30 September 2012. It is also a requirement that the

Council delegates the role of scrutiny of treasury management strategy and policies to a specified named body which in this Council is the Audit & Governance Committee. This annual treasury management report is scheduled at Audit & Governance Committee on 25th July 2012.

### **Corporate Priorities**

31. Treasury Management is 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. Effective treasury management is concerned with the management of the council's cash flows, it's banking, money market and capital transactions, the management of debt, the effective control of the risks associated with those activities, and the pursuit of optimum performance consistent with those risks.

### **Implications**

32.

- (a) **Financial** These are detailed in the body of the report
- (b) **Human Resources (HR)** There are no HR implications as a result of this report
- (c) **Equalities** There are no equalities implications as a result of this report
- (d) **Legal** Treasury Management activities have to conform to the Local Government Act 2003, which specifies that the Council is required to adopt the CIPFA Prudential Code and the CIPFA Treasury Management Code of Practice.
- (e) **Crime and Disorder** There are no crime and disorder implications as a result of this report.
- (f) **Information Technology (IT)** There are no IT implications as a result of this report
- (g) **Property** There are no property implications as a result of this report

## Risk Management

33. The treasury function is a high-risk area because of the level of large money transactions that take place. As a result of this there are strict procedures set out as part of the Treasury Management Practices statement. The scrutiny of this and other monitoring reports is carried out by Audit & Governance Committee as part of the council's system of internal control.

## Recommendations

34. The Cabinet, in accordance with the Local Government Act 2003 is asked to:
- (i) Note the 2012/13 performance of Treasury Management activity and
  - (ii) Note the movements in the Prudential Indicators in Annex A

*Reason: to ensure the continued performance of the Council's Treasury Management function can be monitored.*

## Contact Details

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Ross Brown Principal Accountant 01904 551207	<b>Report Approved</b>	x	<b>Date</b> 28/6/13
<b>Specialist Implications Officer(s)</b>			
<b>Wards Affected: All wards</b>			<b>All</b> x
<b>For further information please contact the author of the report</b>			

**Background Papers: None**

## Annexes

Annex A: Prudential Indicators 2012/13

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## Prudential Indicators 2012/13 Outturn

	Prudential Indicator		2011/12 actual	2012/13 Monitor 3	2012/13 actual
1	<p><b>Capital Expenditure</b> To allow the authority to plan for capital financing as a result of the capital programme and enable the monitoring of capital budgets.</p>	Non HRA HRA Total	£41.5m <u>£129.9m</u> £171.4m	£48.6m <u>£8.7m</u> £57.3m	£39.6m <u>£6.8m</u> £46.5m
2	<p><b>Ratio of financing costs to net revenue stream</b> An estimate of 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.</p>	Non HRA HRA	6.5% 2.0%	9.7% 2.1%	11.1% 1.7%
3a	<p><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.</p>	Increase in band D Council Tax per annum	£19.62	£18.29	£18.65
3b	<p><b>Incremental impact of capital investment decisions – Housing 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.</p>		£0	£0	£0
4	<p><b>Net borrowing should not exceed the CFR</b></p>				

## Annex A

	Prudential Indicator		2011/12 actual	2012/13 Monitor 3	2012/13 actual
	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.		£235.4m	£225.6m	£258.6m
5	<b>CFR as at 31<sup>st</sup> March</b> 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.	Non HRA HRA Total	£152.9m <u>£140.3m</u> £293.2m	£174.2m <u>£140.3m</u> £314.5m	£181.6m <u>£140.3m</u> £321.9m
6a	<b>Authorised Limit for External Debt</b> 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.	Borrowing Other long term liabilities Total	£337m <u>£10m</u> £347m	£337.9m <u>£20m</u> £357.9m	£337m <u>£10m</u> £347m
6b	<b>Operational Boundary for external debt</b> The operational boundary is a measure of the most likely, prudent, level of debt. It takes account of risk management and analysis to arrive at the maximum level of debt projected	Borrowing Other long term liabilities Total	£317m <u>£10m</u> £327m	£307.9m <u>£20m</u> £327.9m	£317m <u>£10m</u> £327m

## Annex A

	Prudential Indicator		2011/12 actual	2012/13 Monitor 3	2012/13 actual
	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.				
7	<b>Adoption of the CIPFA Code of Practice for Treasury Management in Public Services</b>		✓	✓	✓
8a	<b>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.		107%	109%	110%
8b	<b>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 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.		-7%	-9%	-10%
9	<b>Upper limit for total principal sums invested for over 364 days</b>		£0	£0	£0

## Annex A

	Prudential Indicator		2011/12 actual	2012/13 Monitor 3	2012/13 actual
	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	<p><b>Maturity structure of new fixed rate borrowing</b></p> <p>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.</p>		£261.6m	£258.6m	£261.4m
		under 12 months	1%	2%	3%
		1 to 2 years	0%	3%	2%
		2 to 5 years	5%	7%	7%
		5 to 10 years	15%	15%	14%
		10 years and above	79%	75%	74%

## Glossary of abbreviations

HRA – Housing Revenue Account

CFR – Capital Financing Requirement

## Analysis of Prudential Indicators

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 estimated at £57.3m for monitor 3 and had decreased to £46.5m at outturn. The Capital Programme Outturn report has further detail with regards to this movement.
2. **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 was 9.7% compared to the outturn of 11.1%, with the marginal increase due to increased finance costs. The Housing Revenue Account (HRA) version of the indicator is 1.7% compared to the monitor 3 level of 2.1%, the reduction is mainly due to a higher HRA balance which earned investment income than was originally estimated.
3. **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. The increase in Council tax (band D) per annum is £18.65 compared to £18.29 estimated at Monitor 3.

4. **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.
5. **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.
6. **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 that the Council has maintained gross borrowing within its authorised limit of £347m. 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.
7. **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 outturn the actual borrowing level was below the operational boundary.
8. **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.

9. **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 110% for fixed interest rate exposure and –10% for variable interest rate exposure.
  
10. **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.
  
11. **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. The borrowing portfolio maturity profile is within the limits set as represented in the table.

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**Cabinet**

**16 July 2013**

**Report of the Cabinet Member for Finance, Performance and Customer Services**

**CAPITAL PROGRAMME OUTTURN 2012/13 AND REVISIONS TO THE 2013/14 – 2017/18 PROGRAMME**

**Report Summary**

1. The purpose of this report is to set out the capital programme outturn position including any under or over spends, overall funding of the programme and an update as to the impact on future years of the programme.
2. The report shows an outturn of £46.476m compared to an approved budget of £57.281m, an overall variation of £10.805m. Of this £10.805m, £10.4457m has been re-profiled to future years.

**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 the 2012/13 Capital Programme Outturn**

4. The 2012/13 – 2016/17 capital programme was approved by Council on 23 February 2012. Since then amendments have taken place, as reported to Cabinet throughout the year, which have resulted in the current approved capital programme for 2012/13 of £57.281m, financed by £21.227m of external funding, and internal funding of £36.054m.

5. The 2012/13 capital outturn of £46.476m represents an overall variation against the Monitor 3 budget of -£10.805m. The variation is comprised of two components.
6. The first component is re-profiling of budget that is currently approved in the capital programme but requires moving to or from future years in line with a changing timetable of delivery for individual schemes. The second component is genuine under/over spends against the latest approved budget.
7. The net variation of -£10.805m in 2012/13 is made up as follows:
- Requests to re-profile budgets of a net -£10.457m of schemes from 2012/13 to future years,
  - Adjustments to schemes decreasing expenditure by a net -£0.348m.
8. Accordingly there are requests for budgets to be carried forward (re-profiled) in to future years of a net £10.805m with further details provided in the following departmental analysis paragraphs. Table 1 below shows the total variances for individual departments along with requests for re-profiling.

Directorate	Dep't	Approved Budget	Revisions to Approved Budget (re-profile)	Revised Budget	12/13 Outturn	Variance (under) / overspends - funding
		£m	£m	£m	£m	£m
		(1)	(2)	(3)	(4)	(5)
				(1) + (2)		(4) - (3)
ACE	Children, Education and Skills	5.844	(0.270)	5.574	<b>5.289</b>	(0.285)
ACE	Adult Social Services	0.906	(0.273)	0.633	<b>0.625</b>	(0.008)
CES	Strategic Planning & Transport	7.816	(2.690)	5.126	<b>5.477</b>	0.351
CES	Community Stadium	0.635	(0.288)	0.347	<b>0.347</b>	0.000
OCE	Economic Development	0.058	(0.058)	0.000	<b>0.000</b>	0.000

CANS	Housing & Comm Safety	10.550	(0.652)	9.898	<b>9.410</b>	(0.488)
CANS	Culture, Leisure & Public Realm	2.060	(0.591)	1.469	<b>1.508</b>	0.039
CES	Highways, Fleet & Waste	7.476	(0.256)	7.220	<b>7.243</b>	0.023
CBSS	Asset Mgt	2.618	(0.400)	2.218	<b>2.238</b>	0.020
CBSS	West Offices -Admin Accom	14.030	(1.112)	12.918	<b>12.918</b>	0.000
CBSS	IT Dvpt Plan	1.612	(0.233)	1.379	<b>1.379</b>	0.000
CBSS	Contingency	0.376	(0.376)	0.000	<b>0.000</b>	0.000
CBSS	Economic Infrastructure Fund*	3.300	(3.258)*	0.042	<b>0.042*</b>	0.000
	<b>Total</b>	<b>57.281</b>	<b>(10.457)</b>	<b>46.824</b>	<b>46.476</b>	<b>(0.348)</b>

**Table 1 – Summary of capital outturn by department**

\*note that the EIF spend referenced in this table is the prudential borrowing funded capital element only and excludes the revenue New Homes Bonus Funded element – see paragraphs below setting out overall EIF position for inclusion of revenue element

9. The majority of over and under spends are matched by corresponding changes in grant funding and have no impact on the overall funding available. The following paragraphs set out the main variances and the requirements for re-profiling. All the explanations are based on movement against the approved monitor 3 position.

**ACE - Children, Education and Skills (Budget £5.844m, Outturn £5.289m)**

10. The re-profiling request for £270k is the net position made up in the main of three scheme separate schemes. The first is DfE Maintenance programme that requires £674k of funding to be re-profiled to 13/14 including elevation works, gutter and flat roof repairs at Poppleton Road Primary, Tang Hall Primary windows and canopy and retention payments on schemes that finished in 2012/13 plus the remainder of the contingency set aside for urgent works (£150k).

11. The second is additional work funded from Basic Need grant at Yearsley Grove in 12/13 ahead of schedule requires funding of £135k to be brought forward from 13/14.
12. The third re-profiling request is in relation to Knavesmire Expansion Phase 2 that is progressing ahead of schedule, accordingly funding of £325k is required to be brought forward from 13/14.
13. In addition to the requests for re-profiling there are a number of schemes reporting in year variations. The net position is an under spend on schemes of £285k made up in the main of 2 schemes.
14. The first is a scheme within the Primary School Strategic Programme (Clifton with Rawcliffe primary) that due to the final payment for works being less than the scheduled £157k the DfES Devolved Capital Grant is no longer required for this scheme.
15. The second scheme is in relation to the Joseph Rowntree One School Pathfinder scheme that has come in under budget by £174k, the external grant funding available is no longer needed to finance this scheme.
16. In addition to the two under spends set out above a number of schemes spend small amounts over the profiled budget. These schemes include £48k for the Aiming High for Disabled Children funding by external grant along with a £18k increase in DfE Maintenance funding from external grant. There has been a small reduction in NDS Devolved Capital of £21k due to removal of external grant.

**ACE - Adult Social Services (Budget £0.906m, Outturn £0.625m)**

17. The EPH review requires a re-profile of £180k to 2013/14. This is as a result of changes to the overall EPH modernisation programme that slightly delayed the start of the procurement process. All other variations are below £100k.

**CANS – Culture, Leisure and Public Realm (Budget £2.060m, Outturn £1.508m)**

18. Two schemes require re-profiling at values of over £100k as follows:

- Millfield Lane Community Sports Centre requires £380k of funding to be re-profiled from 2012/13 to 2013/14 due to the scheme awaiting planning permission before the Council's contribution is made.
- The Closed Cycle Circuit - York Sports Village scheme requires £200k of funding to be re-profiled from 2012/13 to 2013/14. The scheme is complete and the facility fully operational with only the final account left to settle.

19. All other variations are below £100k and shown in the accompanying annex.

**CES – Highways, Fleet and Waste (Budget £7.476m, Outturn £7.243m)**

20. The Special Bridge Maintenance budget of £100k is requested to be re-profiled to 13/14. The delivery of this programme of works has been delayed as work has focused on the Highways Resurfacing and Reconstruction programme of works that is delivered by the same team.
21. £150k of the Highway Resurfacing & Reconstruction (Structural Maintenance) scheme is requested to be re-profiled to 2013/14, along with the LTP funding allocated to it. This is related to the A59 Boroughbridge Road resurfacing which was linked in with the Access York approval, which was granted in late March 2013. As well as this reprofile, an underspend of £187k on this scheme was programmed to offset a corresponding overspend of £162k on the replacement of unsound lighting columns.
22. All other variations are below £100k and shown in the accompanying annex.

**CANS - Housing & Community Safety (Budget £10.550m, Outturn £9.410m)**

23. A number of schemes require amendments at values of over £100k or that are noteworthy are as follows:
- Modernisation of Local Authority Homes – various small under spends across a number of schemes for communal areas, electrical works and fire protection upgrades.

- Assistance to Older & Disabled People – £83k requested to be re-profiled into 13/14 as there have been delays in the completion of some works due to contractor capacity
- Major Repairs Allowance schemes – a significant under spend of £527k due to savings negotiated on the Tenants choice contracts. A request is made to re profile £136k from 12/13 to 13/14 due to delay with completion of some properties due to the capacity of one of the tenants choice contractors
- Housing Grants & Associated Investment (Non HRA) – an increase in spend at outturn of £287k funded entirely by an increase external grants received mainly due to a successful bid for DECC funding late in the year for fuel poverty work and solid wall insulation.
- Air Quality Monitoring (Non HRA) – budget of £91k to be re-profiled into 13/14 from 12/13 due to time required to commission works.
- Crematorium (Non HRA) – it is requests that £134k be re-profiled into 13/14 for remaining contract payments. The under spend of £279k is due to tender submissions that were less than the pre tender estimates. This has been offset by additional costs incurred for extra contract period for building works due to delay in the installation of the cremator equipment and premium time working for the rescheduling of works outside of the working times of the crematorium as the works were considered too intrusive during services.
- Empty Homes (Non HRA) – a requested re-profiling of budget into 13/14 of £100k due the state of the schemes being undertaken requiring a 'standing start' approach, 3 cases are now currently in progress.

**CES – Strategic Planning and Transport (Budget £7.816m, Outturn £5.477m)**

24. The Better Bus Fund scheme required £185k to be re-profiled to 13/14 for 12/13 due to delays encountered in relation to the city centre interchange schemes and the District Centre bus stop schemes in 12/13. The Theatre Royal interchange has been delayed so it can combined with other work in the area and the Leeman Road scheme did not go ahead due to a lack of alternative drop-off points for coaches.
25. The Local Transport Plan schemes require funds of £390k to be re-profiled into 2013/14, primarily due to the requirement to spend the

Access York and LSTF grants, but also due the delayed progress on Fishergate Pedestrian scheme – now scheduled to be completed summer 2013.

26. The Access York scheme requires funds of £1.375m to be re-profiled to 13/14 due to the DfT delaying approval for the scheme bid until March 2013. The construction contract has been awarded and work started on site in May 2013. Other engineering work on bus priorities on the A59 and utilities is underway and will be completed by the summer.
27. The Flood Defences schemes requires £356k to be re-profiled for the scheme at Clementhorpe and the current cost for the study is expected to be £40k. Following consideration of the report, a decision will be made on whether or not to proceed with a flood defence scheme. The work being undertaken at Water End flood defence is progressing as scheduled and, subject to site conditions, is expected to be within budget.

**CES – Community Stadium (Budget £0.635m, Outturn £0.347m)**

28. The Community Stadium capital scheme has an outturn position of £347k against a budget of £635k. It is requested that £288k of funding been re-profiled into 2013/14.

**CBSS – West Offices Administrative Accommodation (Budget £14.030m, Outturn £12.918m)**

29. £1.112m of funds are required to be re-profiled to 2013/14 due to final payments to the developer to settle the account being in retention. The project is still expected to be within the overall budget of £43.804m. It is currently expected that the project as a whole will be under spent by approximately £50k and this will be confirmed through further monitoring reports.

**CBSS – Asset Management (Budget £2.618m, Outturn £2.218m)**

30. Due to a delay in the tender process the Security Gate / Reception scheme requires £107k to be re profiled to 2013/14. The project will be expected to be complete by the end of July 2013. The Hazel Court - Office of the Future Improvements scheme is being let as part of the same tender and is also expected to complete the end of July 2013, requiring £120k to be re-profiled to 2013/14.

**CBSS – IT Development Plan (Budget £1.612m, Outturn £1.379m)**

31. £233k of funding requires re-profiling to 2012/13 in relation to Electronic Data Management & Workflow, phase 2 of the Hr/Payroll Appraisal/Replacement implementation and the 12/13 Corporate Storage system.

**Capital Contingency (Budget £0.376m, Outturn £0.000m)**

32. No expenditure was incurred against the capital contingency budget so the budget will be re-profiled to 2013/14.

**Funding the 2012/13 Capital Programme**

33. The 2012/13 capital programme of £46.476m has been funded from £18.874m external funding and £27.602m of internal funding. The internal funding includes resources such as revenue contributions, Supported Capital Expenditure, capital receipts and reserves.
34. The overall funding position continues to be closely monitored to ensure the overall capital programme remains affordable and is sustainable over the 5 year approved duration.

**Economic Infrastructure Fund Update**

35. The Economic Infrastructure Fund (EIF) has an overall value £28.5m covering a 5 year period and is funded via a combination of the New Homes Bonus grant (revenue) and prudential borrowing (capital).
36. The EIF has schemes committed to a value of £16.663m (£17.663 including the Infrastructure Investment Fund as part of this suite of reports). The total expenditure incurred in 12/13 was £522k, of which £42k was capital, with schemes developing across a number of areas including Promoting York, Targeting Growth in Key Areas, Tour de France project and Re-invigorate York. The remaining £3.258m capital funding will be carried forward to 2013/14 and spent in line with the revised EIF programme as outlined in Annex B.

**Update on the 2013/14 – 2017/18 Capital Programme**

37. As a result of this report amendments have been made to future year's capital programmes as a result of both re-profiling schemes



from 2012/13 and requests for the use of new funding. Table 2 sets out the movements in the 2013/14 capital programme.

	Funding inc/(dec)	Expenditure inc/(dec)
	£m	£m
13/14 Budget per 12/13 monitor 3 inc Budget Process		<b>66.844</b>
Changes to 12/13 Mon 3 position:		
1) <u>Outturn Variations</u> that decrease the 13/14 programme		(0.154)
<u>Funded by:</u>		
External funding (decrease in grants available in 13/14)	(0.184)	
Internally funded (an increase in requested CYC funding in 13/14)	0.030	
2) <u>Re-profiling of budget from 12/13</u> increasing the 13/14 programme (part of the £10.457m in table 2)		<b>9.021</b>
<u>Funded by:</u>		
External funding (grants carried forward from 12/13 to 13/14)	5.212	
Internally funded (12/13 CYC funding carried forward to 13/14)	3.817	
Revised 13/14 Budget per 11/12 Outturn		<b>75.711</b>

**Table 2 – Amendments to 13/14 Capital Programme**

38. Further detail of the amendments contained within table 2 is set out in the following paragraphs.
39. Children, Education and Skills - Archbishop Holgate - It was reported to the Cabinet Member for Education, Children and Young Peoples Services on Tuesday 5<sup>th</sup> February 2013 that, as part of the planned closure of Burnholme Community College, and following extensive consultation, the Local Authority had agreed to support additional accommodation at Archbishop Holgate's school in order to ensure a permanent and sufficient supply of local secondary school places in future years. The school's catchment area now includes the area previously served by Burnholme Community College. The school has, following consultation, increased the admission limit to 216 pupils per year.

40. The school submitted a joint bid with the LA to the Education Funding Agency to seek capital funding towards the new teaching block. The EFA informed the school in early April 2013 that this bid had been successful. The scheme budget is approximately £2.14m with the EFA funding £1.8m and the Council contributing £340k from the 2013/14 Basic Need allocation. The £1.8m is not shown in the accompanying annex as the funding goes directly to the school.
41. Children, Education and Skills - Osbaldwick Primary School expansion. As a result of the merger of Osbaldwick Primary with Derwent Infant and Junior Schools from September 2013, there is a requirement for some capital works to be completed to support the new arrangements. A budget of £200k has been earmarked from the 2013/14 Basic Need allocation to support schemes refurbishing various parts of Derwent buildings, front of site landscaping and pathway, an additional bike shed, and an external Key Stage 1 play area. This work is scheduled to take place during the summer holidays, with a second phase during the autumn term comprising the refurbishment of an outbuilding at Derwent and demolition of a TCU at the Osbaldwick site.
42. CES – Strategic Planning and Transport. Following approval of the Access York bid by the Department for Transport in March 2013 the budget has been re-profiled to match the estimated construction costs over 2013/14 and 2014/15. Balfour Beatty was awarded the contract on 22 April and works started in May with an anticipated completion in May 2014. Vegetation clearance and utility diversion work and A59 bus priority measures are underway and are almost complete.
43. The restated capital programme for 2013/14 to 2017/18 split by portfolio is shown in table 3. The individual scheme level profiles can be seen in Annex 1.

		<b>2013/14 Budget</b>	<b>2014/15 Budget</b>	<b>2015/16 Budget</b>	<b>2016/17 Budget</b>	<b>2017/18 Budget</b>	<b>Total Budget</b>
		<b>£m</b>	<b>£m</b>	<b>£m</b>	<b>£m</b>	<b>£m</b>	<b>£m</b>
ACE	Children's Services	9.870	5.362	5.125	5.125	5.125	<b>30.607</b>
ACE	Adult Social Services	1.225	0.515	0.525	0.400	0.400	<b>3.065</b>
CANS	Culture, Leisure & Public Realm	3.294	0.906	0.000	0.000	0.000	<b>4.200</b>
CES	Highways, Waste & Fleet	4.660	3.637	3.397	2.934	2.639	<b>17.267</b>

CANS	Housing & Community Safety	17.647	9.644	9.969	9.932	9.646	<b>56.838</b>
CES	Strategic Planning & Transport	20.858	3.844	2.713	2.713	2.713	<b>32.841</b>
CES	Community Stadium	1.850	9.050	7.679	0.000	0.000	<b>18.579</b>
OCE	Economic Development	0.058	0.000	0.000	0.000	0.000	<b>0.058</b>
CBSS	Asset Management	3.223	0.400	0.320	0.100	0.100	<b>4.413</b>
CBSS	West Offices - Admin Accom	2.580	0.000	0.000	0.000	0.000	<b>2.580</b>
CBSS	IT Development Plan	0.983	0.750	0.750	0.750	0.750	<b>3.983</b>
CBSS	Misc(Contingency )	0.676	0.000	0.000	0.000	0.000	<b>0.676</b>
CBSS	Economic Infrastructure Fund	8.787	7.071	6.800	5.800	0.000	<b>28.454</b>
	<b>Total</b>	<b>75.711</b>	<b>41.179</b>	<b>37.278</b>	<b>27.754</b>	<b>21.373</b>	<b>203.295</b>

Table 3 – Restated Capital Programme 2013/14 to 2017/18

44. Table 4 shows the projected call on Council resources going forward.

	2013/14 £m	2014/15 £m	2015/16 £m	2016/17 £m	2017/18 £m	Total £m
<b>Gross Capital Programme</b>	<b>75.711</b>	<b>41.179</b>	<b>37.278</b>	<b>27.754</b>	<b>21.373</b>	<b>203.295</b>
Funded by:						
External Funding	41.075	24.817	24.537	17.556	15.492	123.477
Council Controlled Resources	34.644	16.361	12.741	10.198	5.881	79.825
<b>Total Funding</b>	<b>75.711</b>	<b>41.179</b>	<b>37.278</b>	<b>27.754</b>	<b>21.373</b>	<b>203.295</b>

Table 4 - 2013/14 –2017/18 Capital Programme Financing

45. The Council controlled figure is comprised of a number of resources that the Council has ultimate control over. These include Right to Buy receipts, revenue contributions, supported (government awarded) borrowing, prudential (Council funded) borrowing, reserves (including Venture Fund) and capital receipts.
46. Capital receipts, which form part of the Council controlled resources, should be considered at risk both of not being realised within set time

frames and having 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 over the full duration of the capital programme it remains balanced. Any issues with regard to financing will be reported as part of the standard reporting to Cabinet.

### **Council Plan**

47. 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.

### **Financial Implications**

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

### **Human Resources Implications**

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

### **Equalities Implications**

50. The capital programme seeks to address key equalities issues that affect the Council and the public. Schemes that address equalities include the Disabilities Support Grant, the Schools Access Initiative, the Community Equipment Loans Store (CELS) and the Disabilities Discrimination Act (DDA) Access Improvements.
51. All individual schemes will be subject to Equalities Impact Assessments

### **Legal Implications**

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

### **Crime and Disorder**

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

### **Information Technology**

54. There are no information technology implications as a result of this report.

### **Property**

55. The property implications of this paper are included in the main body of the report which covers the funding of the capital programme from capital receipts.

### **Risk Management**

56. The capital programme is regularly monitored as part of the corporate monitoring process. In addition to this the Capital Asset Board (CAB) meets regularly to plan monitor and review major capital schemes to ensure that all capital risks to the Council are minimised.

### **Recommendations**

57. The Cabinet is requested to:
- Note the 2012/13 capital outturn position of £46.476m and approve the requests for slippage totalling £10.457m from the 2012/13 programme to future years.
  - Note the outturn position of the EIF in 2012/13 and revisions to the profile of the £28.5m as set out in Annex B.
  - Recommend to Full Council the restated 2013/14 to 2017/18 programme of £203.295m as summarised in Table 3 and detailed in Annex A.
  - Approve the revised EIF profile set out at Annex B.

#### *Reason:*

- *To allow the continued effective financial management of the capital programme from 2013/14 to 2017/18.*

**Contact Details**

<b>Authors:</b>	<b>Cabinet Member &amp; Chief Officer Responsible for the report:</b>		
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Debbie Mitchell Corporate Finance Manager Ext 4161	Tracey Carter Assistant Director of Finance, Asset Management and Procurement		
	<b>Report Approved</b>	√	<b>Date</b> 3/07/13
<b>Wards Affected: All</b>			
<b>For further information please contact the authors of the report</b>			

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

**Annexes**

Annex A – Capital Programme by year 2012/13 – 2017/18

Annex B – Economic Infrastructure Fund 2012/13 – 2016/17

	2012/13	2012/13	2012/13	2012/13	2012/13	2013/14	2012/13	2012/13	2014/15	2012/13	2012/13	2015/16	2016/17	2017/18	Gross Capital	
	Outturn	Outturn	Revised	Outturn	Outturn	Revised	Outturn	Outturn	Revised	Outturn	Outturn	Revised	Revised	Revised	Programme	
	Adj	Reprofile	Budget	Adj	Reprofile	Budget	Adj	Reprofile	Budget	Adj	Reprofile	Budget	Budget	Budget	To be Funded	
	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	13/14 - 17/18	
															£000	
<b>ACE - Children's, Education and Skills</b>																
NDS Devolved Capital	-21		455			475			475			475	475	475		2,375
Targeted Capital Fund 14-19 Diploma	1		950			0			0			0	0	0		0
DfE Maintenance	18	-674	2,479		674	3,370			2,553			2,400	2,400	2,400		13,123
Schools Access Initiative		-2	0		2	2			0			0	0	0		2
Primary School Strategic Programme	-157		28			0			0			0	0	0		0
Joseph Rowntree One School Pathfinder	-174		44			0			0			0	0	0		0
Applefields School - Co Location		-28	25		28	28			0			0	0	0		28
Basic Need		135	335		-135	4,409			2,334			2,250	2,250	2,250		13,493
MUGA at Burnholme School		-5	83		5	5			0			0	0	0		5
Looked After Childrens Contact Centre		-21	17		21	231			0			0	0	0		231
Kavemire Expansion		325	825		-325	1,338			0			0	0	0		1,338
Aiming High for Disabled Children	48		48		12	12			0			0	0	0		12
<b>TOTAL GROSS EXPENDITURE</b>	<b>-285</b>	<b>-270</b>	<b>5,289</b>	<b>12</b>	<b>270</b>	<b>9,870</b>	<b>0</b>	<b>0</b>	<b>5,362</b>	<b>0</b>	<b>0</b>	<b>5,125</b>	<b>5,125</b>	<b>5,125</b>		<b>30,607</b>
<b>TOTAL EXTERNAL FUNDING</b>	<b>-252</b>	<b>-263</b>	<b>5,289</b>	<b>12</b>	<b>263</b>	<b>9,673</b>	<b>0</b>	<b>0</b>	<b>5,362</b>	<b>0</b>	<b>0</b>	<b>5,125</b>	<b>5,125</b>	<b>5,125</b>		<b>30,410</b>
<b>TOTAL INTERNAL FUNDING</b>	<b>-33</b>	<b>-7</b>	<b>0</b>	<b>0</b>	<b>7</b>	<b>197</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>197</b>
<b>ACE - Adult Services</b>																
Joint Equipment Store	-6		79			125			105			105	0	0		335
Disabled Support Grant	-3		137			150			160			170	150	150		780
Telecare Equipment	-43		207			250			250			250	250	250		1,250
Health and Safety Works at Social Services Establishments		-6	44		6	52			0			0	0	0		52
Adult Services Community Space		-87	13		87	87			0			0	0	0		87
EPH Infrastructure Works		-180	101		180	561			0			0	0	0		561
Adult Social Care IT	44		44			0			0			0	0	0		0
<b>TOTAL GROSS EXPENDITURE</b>	<b>-8</b>	<b>-273</b>	<b>625</b>	<b>0</b>	<b>273</b>	<b>1,225</b>	<b>0</b>	<b>0</b>	<b>515</b>	<b>0</b>	<b>0</b>	<b>525</b>	<b>400</b>	<b>400</b>		<b>3,065</b>
<b>TOTAL EXTERNAL FUNDING</b>	<b>0</b>	<b>-273</b>	<b>158</b>	<b>0</b>	<b>273</b>	<b>700</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>700</b>
<b>TOTAL INTERNAL FUNDING</b>	<b>-8</b>	<b>0</b>	<b>467</b>	<b>0</b>	<b>0</b>	<b>525</b>	<b>0</b>	<b>0</b>	<b>515</b>	<b>0</b>	<b>0</b>	<b>525</b>	<b>400</b>	<b>400</b>		<b>2,365</b>
<b>CANS - Culture, Leisure and Public Realm</b>																
York Pools Strategy -			157			0			0			0	0	0		0
Milfield Lane Comm Sports Centre		-380	0		380	380			0			0	0	0		380
Children's Play Lottery Bid			8			0			0			0	0	0		0
Library Self-Issue Equipment	-2		0			0			0			0	0	0		0
York Explore Phase 2	5	6	164		-6	1,487			506			0	0	0		1,993
Oaklands Sports Hall Floor Replacement			3			0			0			0	0	0		0
Barbican Auditorium		-17	69		17	17			0			0	0	0		17
Energise Gym Expansion	8		463		30	30			0			0	0	0		30
Yearsley Pool Energy Improvements	-29		267			0			0			0	0	0		0
Closed Cycle Circuit - York Sports Village		-200	0		200	200			0			0	0	0		200
City Art Gallery Refurb and Extension			0			250			250			0	0	0		500
Rowntree Park DDA			60			0			0			0	0	0		0
Rowntree Park Café Project	-4		146			0			0			0	0	0		0
Parks and Open Spaces Development	61		171			0			0			0	0	0		0
Little Knavesmire Pavillion			0			350			150			0	0	0		500
York Explore - Flooring			0			80			0			0	0	0		80
York Theatre Royal			0			500			0			0	0	0		500
<b>TOTAL GROSS EXPENDITURE</b>	<b>39</b>	<b>-591</b>	<b>1,508</b>	<b>30</b>	<b>591</b>	<b>3,294</b>	<b>0</b>	<b>0</b>	<b>906</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>		<b>4,200</b>
<b>TOTAL EXTERNAL FUNDING</b>	<b>66</b>	<b>-27</b>	<b>346</b>	<b>0</b>	<b>27</b>	<b>1,445</b>	<b>0</b>	<b>0</b>	<b>556</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>		<b>2,001</b>
<b>TOTAL INTERNAL FUNDING</b>	<b>-27</b>	<b>-564</b>	<b>1,162</b>	<b>30</b>	<b>564</b>	<b>1,849</b>	<b>0</b>	<b>0</b>	<b>350</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>		<b>2,199</b>
<b>CES - Highways, Fleet and Waste</b>																
Waste Infrastructure Capital Grant (WICG)			0			0			0			0	0	0		0
Highway Resurfacing & Reconstruction (Struct Maint)	-187	-150	2,303		150	2,874			2,607			2,797	2,334	2,239		12,851
Special Bridge Maintenance (Struct maint)		-100	0		100	400			200			200	200	200		1,200
Replacement of Unsound Lighting Columns	162		1,162			0			0			0	0	0		0
Carbon Reduction in Street Lighting	2		202			200			200			200	200	0		800
City Centre Damaged Bins Replacement		-6	66		6	6			0			0	0	0		6
Single Occupancy Recycling Containers			43			0			0			0	0	0		0
DCSF Wave 2 PlaybuilderFunding	2		14			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	2015/16	2016/17	2017/18	Gross Capital
	Outturn	Outturn	Revised	Outturn	Outturn	Revised	Outturn	Outturn	Revised	Outturn	Outturn	Revised	Revised	Revised	Programme
	Adj	Reprofile	Budget	Adj	Reprofile	Budget	Adj	Reprofile	Budget	Adj	Reprofile	Budget	Budget	Budget	To be Funded
	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	13/14 - 17/18
															£000
Flood Pump Resilience	-3		28			0			0			0	0	0	0
Fleet Vehicles	25		3,238			980			430			0	0	0	1,410
Highways Drainage Works	22		187			200			200			200	200	200	1,000
<b>TOTAL GROSS EXPENDITURE</b>	<b>23</b>	<b>-256</b>	<b>7,243</b>	<b>0</b>	<b>256</b>	<b>4,660</b>	<b>0</b>	<b>0</b>	<b>3,637</b>	<b>0</b>	<b>0</b>	<b>3,397</b>	<b>2,934</b>	<b>2,639</b>	<b>17,267</b>
<b>TOTAL EXTERNAL FUNDING</b>	<b>2</b>	<b>-150</b>	<b>2,264</b>	<b>0</b>	<b>150</b>	<b>2,224</b>	<b>0</b>	<b>0</b>	<b>1,857</b>	<b>0</b>	<b>0</b>	<b>2,047</b>	<b>1,584</b>	<b>1,489</b>	<b>9,201</b>
<b>TOTAL INTERNAL FUNDING</b>	<b>21</b>	<b>-106</b>	<b>4,979</b>	<b>0</b>	<b>106</b>	<b>2,436</b>	<b>0</b>	<b>0</b>	<b>1,780</b>	<b>0</b>	<b>0</b>	<b>1,350</b>	<b>1,350</b>	<b>1,150</b>	<b>8,066</b>
<b>CANS - Housing &amp; Community Safety</b>															
Modernisation of Local Authority Homes	-54		1,494			2,383			1,558			1,226	1,363	1,530	8,060
Assistance to Older & Disabled People		-83	237		83	483			400			400	400	400	2,083
MRA Schemes	-527	-136	3,379		136	4,368			4,287			4,680	5,674	4,755	23,764
Local Authority Homes		-66	1,022		66	6,066			0			0	0	0	6,066
Water Mains Upgrade			0			0			1,099			2,099	1,018	18	4,234
Building Insulation Programme	31		661			1,470			1,000			239	102	162	2,973
Housing Grants & Associated Investment (Gfund)	287		363			0			0			0	0	0	0
Disabled Facilities Grant (Gfund)	23		823			1,075			1,125			1,175	1,225	1,225	5,825
Air Quality Monitoring (Gfund)		-91	34	149	91	240			0			0	0	0	240
Crematorium (Gfund)	-279	-134	1,188		134	170			0			0	0	0	170
Travellers Site Improvements (Gfund)		-42	178		42	42			0			0	0	0	42
Loft Conversions			0			1,000			0			0	0	281	1,281
IT Infrastructure			0			150			75			50	50	50	375
Empty Homes (Gfund)		-100	0		100	200			100			100	100	0	500
Contaminated Land (Gfund)	22		22			0			0			0	0	0	0
Howe Hill Homeless Hostel (Gfund)	9		9			0			0			0	0	1,225	1,225
<b>TOTAL GROSS EXPENDITURE</b>	<b>-488</b>	<b>-652</b>	<b>9,410</b>	<b>149</b>	<b>652</b>	<b>17,647</b>	<b>0</b>	<b>0</b>	<b>9,644</b>	<b>0</b>	<b>0</b>	<b>9,969</b>	<b>9,932</b>	<b>9,646</b>	<b>56,838</b>
<b>TOTAL EXTERNAL FUNDING</b>	<b>1,369</b>	<b>-228</b>	<b>6,383</b>	<b>149</b>	<b>228</b>	<b>5,209</b>	<b>0</b>	<b>0</b>	<b>4,937</b>	<b>0</b>	<b>0</b>	<b>5,380</b>	<b>6,424</b>	<b>6,255</b>	<b>28,205</b>
<b>TOTAL INTERNAL FUNDING</b>	<b>-1,850</b>	<b>-431</b>	<b>3,027</b>	<b>0</b>	<b>431</b>	<b>12,445</b>	<b>0</b>	<b>0</b>	<b>4,707</b>	<b>0</b>	<b>0</b>	<b>4,589</b>	<b>3,508</b>	<b>3,391</b>	<b>28,640</b>
<b>CES - Strategic Planning &amp; Transport</b>															
Better Bus Area Fund		-185	260		185	1,505			0			0	0	0	1,505
Local Transport Plan (LTP)	12	-390	1,950	-260	390	3,007			2,432			2,623	2,623	2,623	13,308
York City Walls - Repairs & Renewals (City Walls)		-29	43		29	323			90			90	90	90	683
Access York		-1,375	1,875		1,877	15,267	-4	-502	1,322			0	0	0	16,589
Minster Piazza	250	-250	250		250	250			0			0	0	0	250
Leeman Road Flood Defences		-356	1,000		356	356			0			0	0	0	356
Alley Gating			0			50			0			0	0	0	50
CCTV Digital Infrastructure	89	-85	99	-85	85	0			0			0	0	0	0
-Internal Funding	0	-85	0	-85	85	0	0	0	0	0	0	0	0	0	0
Pay on Exit Car Parking Pilot		-20	0		20	100			0			0	0	0	100
<b>TOTAL GROSS EXPENDITURE</b>	<b>351</b>	<b>-2,690</b>	<b>5,477</b>	<b>-345</b>	<b>3,192</b>	<b>20,858</b>	<b>-4</b>	<b>-502</b>	<b>3,844</b>	<b>0</b>	<b>0</b>	<b>2,713</b>	<b>2,713</b>	<b>2,713</b>	<b>32,841</b>
<b>TOTAL EXTERNAL FUNDING</b>	<b>351</b>	<b>-1,648</b>	<b>4,434</b>	<b>-345</b>	<b>2,971</b>	<b>18,689</b>	<b>-4</b>	<b>-1,323</b>	<b>2,805</b>	<b>0</b>	<b>0</b>	<b>2,623</b>	<b>2,623</b>	<b>2,623</b>	<b>29,363</b>
<b>TOTAL INTERNAL FUNDING</b>	<b>0</b>	<b>-1,042</b>	<b>1,043</b>	<b>0</b>	<b>222</b>	<b>2,170</b>	<b>0</b>	<b>820</b>	<b>1,038</b>	<b>0</b>	<b>0</b>	<b>90</b>	<b>90</b>	<b>90</b>	<b>3,478</b>
<b>CES - Community Stadium</b>															
Community Stadium		-288	347		-1,379	1,850	7,500	1,550	9,050	7,562	117	7,679	0	0	18,579
<b>TOTAL GROSS EXPENDITURE</b>	<b>0</b>	<b>-288</b>	<b>347</b>	<b>0</b>	<b>-1,379</b>	<b>1,850</b>	<b>7,500</b>	<b>1,550</b>	<b>9,050</b>	<b>7,562</b>	<b>117</b>	<b>7,679</b>	<b>0</b>	<b>0</b>	<b>18,579</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>7,500</b>	<b>0</b>	<b>7,500</b>	<b>7,562</b>	<b>0</b>	<b>7,562</b>	<b>0</b>	<b>0</b>	<b>15,062</b>
<b>TOTAL INTERNAL FUNDING</b>	<b>0</b>	<b>-288</b>	<b>347</b>	<b>0</b>	<b>-1,379</b>	<b>1,850</b>	<b>0</b>	<b>1,550</b>	<b>1,550</b>	<b>0</b>	<b>117</b>	<b>117</b>	<b>0</b>	<b>0</b>	<b>3,517</b>
<b>OCE - Economic Development</b>															
Small Business Workshops		-58	0		58	58			0			0	0	0	58
<b>TOTAL GROSS EXPENDITURE</b>	<b>0</b>	<b>-58</b>	<b>0</b>	<b>0</b>	<b>58</b>	<b>58</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>58</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>0</b>	<b>0</b>
<b>TOTAL INTERNAL FUNDING</b>	<b>0</b>	<b>-58</b>	<b>0</b>	<b>0</b>	<b>58</b>	<b>58</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>58</b>
<b>CBSS - Asset Management</b>															
Works at Hungate Land Site		-3	62		3	3			0			0	0	0	3
EcoDepot Security Gate / Reception		-107	0		107	207			0			0	0	0	207
Health & Safety / DDA	2		6			0			0			0	0	0	0
Fire Safety Regulations - Adaptations			0			108			0			0	0	0	108
Removal of Asbestos			0			132			0			0	0	0	132



	2012/13 Outturn	2012/13 Outturn	2012/13 Revised	2012/13 Outturn	2012/13 Outturn	2013/14 Revised	2012/13 Outturn	2012/13 Outturn	2014/15 Revised	2012/13 Outturn	2012/13 Outturn	2015/16 Revised	2016/17 Revised	2017/18 Revised	Gross Capital Programme To be Funded
	Adj	Reprofile	Budget	Adj	Reprofile	Budget	Adj	Reprofile	Budget	Adj	Reprofile	Budget	Budget	Budget	13/14 - 17/18
	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000
Hungate / Peasholme Relocation			0			20			0			0	0	0	20
Riverbank Repairs - Scarborough to Clifton Bridge		-29	271		29	290			0			0	0	0	290
Riverbank Repairs – Blue Bridge Slipway		-7	55		7	51			0			0	0	0	51
Riverbank Repairs – Marygate			0			573			0			0	0	0	573
Photovoltaic Energy Programme		-21	139		21	146			100			100	0	0	346
Parliament Street Toilet Demolition		26	86		-26	7			0			0	0	0	7
29 Castlegate Repairs			0			33			0			0	0	0	33
Decent Home Standards Works		-27	42		27	27			0			0	0	0	27
Fishergate Postern		-18	2		18	53			0			0	0	0	53
Castle Mills Car Park	18		30			0			0			0	0	0	0
Holgate Park Land – York Central Land and Clearance		-13	1,153		13	397			0			0	0	0	397
Hazel Court - Office of the Future Improvements		-120	348		120	270			0			0	0	0	270
Strensall and Towthorpe			25			0			0			0	0	0	0
Asset Maintenance			0			100			100			100	100	100	500
Community Asset Transfer			0			175			0			0	0	0	175
River Bank repairs			0			200			200			120	0	0	520
Critical Repairs and Contingency		-81	19		81	431			0			0	0	0	431
<b>TOTAL GROSS EXPENDITURE</b>	<b>20</b>	<b>-400</b>	<b>2,238</b>	<b>0</b>	<b>400</b>	<b>3,223</b>	<b>0</b>	<b>0</b>	<b>400</b>	<b>0</b>	<b>0</b>	<b>320</b>	<b>100</b>	<b>100</b>	<b>4,143</b>
<b>TOTAL EXTERNAL FUNDING</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</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>TOTAL INTERNAL FUNDING</b>	<b>20</b>	<b>-400</b>	<b>2,238</b>	<b>0</b>	<b>400</b>	<b>3,188</b>	<b>0</b>	<b>0</b>	<b>400</b>	<b>0</b>	<b>0</b>	<b>320</b>	<b>100</b>	<b>100</b>	<b>4,108</b>
<b>CBSS - IT equipment</b>															
IT Equipment		-233	1,379		233	983			750			750	750	750	3,983
<b>TOTAL GROSS EXPENDITURE</b>	<b>0</b>	<b>-233</b>	<b>1,379</b>	<b>0</b>	<b>233</b>	<b>983</b>	<b>0</b>	<b>0</b>	<b>750</b>	<b>0</b>	<b>0</b>	<b>750</b>	<b>750</b>	<b>750</b>	<b>3,983</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>0</b>	<b>0</b>
<b>TOTAL INTERNAL FUNDING</b>	<b>0</b>	<b>-233</b>	<b>1,379</b>	<b>0</b>	<b>233</b>	<b>983</b>	<b>0</b>	<b>0</b>	<b>750</b>	<b>0</b>	<b>0</b>	<b>750</b>	<b>750</b>	<b>750</b>	<b>3,983</b>
<b>CBSS - West Offices (Admin Accomodation)</b>															
West Offices - Admin Accom		-1,112	12,918		1,112	2,580			0			0	0	0	2,580
<b>TOTAL GROSS EXPENDITURE</b>	<b>0</b>	<b>-1,112</b>	<b>12,918</b>	<b>0</b>	<b>1,112</b>	<b>2,580</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>2,580</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>0</b>	<b>0</b>
<b>TOTAL INTERNAL FUNDING</b>	<b>0</b>	<b>-1,112</b>	<b>12,918</b>	<b>0</b>	<b>1,112</b>	<b>2,580</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>2,580</b>
<b>Capital Contingency</b>															
Capital Contingency		-376	0		376	676			0			0	0	0	676
<b>TOTAL GROSS EXPENDITURE</b>	<b>0</b>	<b>-376</b>	<b>0</b>	<b>0</b>	<b>376</b>	<b>676</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>676</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>0</b>	<b>0</b>
<b>TOTAL INTERNAL FUNDING</b>	<b>0</b>	<b>-376</b>	<b>0</b>	<b>0</b>	<b>376</b>	<b>676</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>676</b>
<b>Economic Infrastructure Fund</b>															
Access York Phase 1		-133	0		280	3,050		-147	200			0	0	0	3,250
Better Bus Fund		700	0		282	1,052		418	418			0	0	0	1,470
Re-Invigorate York		-458	42		458	1,758			1,200			0	0	0	2,958
EIF central fund		-1,967	0		1,967	2,927			5,253			6,800	5,800	0	20,780
<b>TOTAL GROSS EXPENDITURE</b>	<b>0</b>	<b>-3,258</b>	<b>42</b>	<b>0</b>	<b>2,987</b>	<b>8,787</b>	<b>0</b>	<b>271</b>	<b>7,071</b>	<b>0</b>	<b>0</b>	<b>6,800</b>	<b>5,800</b>	<b>0</b>	<b>28,458</b>
<b>TOTAL EXTERNAL FUNDING</b>	<b>0</b>	<b>-1,300</b>	<b>0</b>	<b>0</b>	<b>1,300</b>	<b>3,100</b>	<b>0</b>	<b>0</b>	<b>1,800</b>	<b>0</b>	<b>0</b>	<b>1,800</b>	<b>1,800</b>	<b>0</b>	<b>8,500</b>
<b>TOTAL INTERNAL FUNDING</b>	<b>0</b>	<b>-1,958</b>	<b>42</b>	<b>0</b>	<b>1,687</b>	<b>5,687</b>	<b>0</b>	<b>271</b>	<b>5,271</b>	<b>0</b>	<b>0</b>	<b>5,000</b>	<b>4,000</b>	<b>0</b>	<b>19,958</b>
<b>Gross Expenditure by Department</b>															
ACE - Children's, Education and Skills	-285	-270	5,289	12	270	9,870	0	0	5,362	0	0	5,125	5,125	5,125	30,607
ACE - Adult Services	-8	-273	625	0	273	1,225	0	0	515	0	0	525	400	400	3,065
CANS - Culture, Leisure and Public Realm	39	-591	1,508	30	591	3,294	0	0	906	0	0	0	0	0	4,200
CES - Highways, Fleet and Waste	23	-256	7,243	0	256	4,660	0	0	3,637	0	0	3,397	2,934	2,639	17,267
CANS - Housing & Community Safety	-488	-652	9,410	149	652	17,647	0	0	9,644	0	0	9,969	9,932	9,646	56,838
CES - Strategic Planning & Transport	351	-2,690	5,477	-345	3,192	20,858	-4	-502	3,844	0	0	2,713	2,713	2,713	32,841
CES - Community Stadium	0	-288	347	0	-1,379	1,850	7,500	1,550	9,050	7,562	117	7,679	0	0	18,579
OCE - Economic Development	0	-58	0	0	58	58	0	0	0	0	0	0	0	0	58
CBSS - Asset Management	20	-400	2,238	0	400	3,223	0	0	400	0	0	320	100	100	4,143
CBSS - IT equipment	0	-233	1,379	0	233	983	0	0	750	0	0	750	750	750	3,983

	2012/13 Outturn Adj £000	2012/13 Outturn Reprofile £000	2012/13 Revised Budget £000	2012/13 Outturn Adj £000	2012/13 Outturn Reprofile £000	2013/14 Revised Budget £000	2012/13 Outturn Adj £000	2012/13 Outturn Reprofile £000	2014/15 Revised Budget £000	2012/13 Outturn Adj £000	2012/13 Outturn Reprofile £000	2015/16 Revised Budget £000	2016/17 Revised Budget £000	2017/18 Revised Budget £000	Gross Capital Programme To be Funded 13/14 - 17/18 £000
CBSS - West Offices (Admin Accomodation)	0	-1,112	12,918	0	1,112	2,580	0	0	0	0	0	0	0	0	2,580
Capital Contingency	0	-376	0	0	376	676	0	0	0	0	0	0	0	0	676
Economic Infrastructure Fund	0	-3,258	42	0	2,987	8,787	0	271	7,071	0	0	6,800	5,800	0	28,458
<b>Total by Department</b>	<b>-348</b>	<b>-10,457</b>	<b>46,476</b>	<b>-154</b>	<b>9,021</b>	<b>75,711</b>	<b>7,496</b>	<b>1,319</b>	<b>41,179</b>	<b>7,562</b>	<b>117</b>	<b>37,278</b>	<b>27,754</b>	<b>21,373</b>	<b>203,295</b>
<b>Total External Funds by Department</b>															
ACE - Children's, Education and Skills	-252	-263	5,289	12	263	9,673	0	0	5,362	0	0	5,125	5,125	5,125	30,410
ACE - Adult Services	0	-273	158	0	273	700	0	0	0	0	0	0	0	0	700
CANS - Culture, Leisure and Public Realm	66	-27	346	0	27	1,445	0	0	556	0	0	0	0	0	2,001
CES - Highways, Fleet and Waste	2	-150	2,264	0	150	2,224	0	0	1,857	0	0	2,047	1,584	1,489	9,201
CANS - Housing & Community Safety	1,369	-228	6,383	149	228	5,209	0	0	4,937	0	0	5,380	6,424	6,255	28,205
CES - Strategic Planning & Transport	351	-1,648	4,434	-345	2,971	18,689	-4	-1,323	2,805	0	0	2,623	2,623	2,623	29,363
CES - Community Stadium	0	0	0	0	0	0	7,500	0	7,500	7,562	0	7,562	0	0	15,062
CBSS - Asset Management	0	0	0	0	0	35	0	0	0	0	0	0	0	0	35
Economic Infrastructure Fund	0	-1,300	0	0	1,300	3,100	0	0	1,800	0	0	1,800	1,800	0	8,500
<b>Total External Funds by Department</b>	<b>1,536</b>	<b>-3,889</b>	<b>18,874</b>	<b>-184</b>	<b>5,212</b>	<b>41,075</b>	<b>7,496</b>	<b>-1,323</b>	<b>24,817</b>	<b>7,562</b>	<b>0</b>	<b>24,537</b>	<b>17,556</b>	<b>15,492</b>	<b>123,477</b>
<b>Total CYC Funding required by Department</b>															
ACE - Children's, Education and Skills	-33	-7	0	0	7	197	0	0	0	0	0	0	0	0	197
ACE - Adult Services	-8	0	467	0	0	525	0	0	515	0	0	525	400	400	2,365
CANS - Culture, Leisure and Public Realm	-27	-564	1,162	30	564	1,849	0	0	350	0	0	0	0	0	2,199
CES - Highways, Fleet and Waste	21	-106	4,979	0	106	2,436	0	0	1,780	0	0	1,350	1,350	1,150	8,066
CANS - Housing & Community Safety	-1,850	-431	3,027	0	431	12,445	0	0	4,707	0	0	4,589	3,508	3,391	28,640
CES - Strategic Planning & Transport	0	-1,042	1,043	0	222	2,170	0	820	1,038	0	0	90	90	90	3,478
CES - Community Stadium	0	-288	347	0	-1,379	1,850	0	1,550	1,550	0	117	117	0	0	3,517
OCE - Economic Development	0	-58	0	0	58	58	0	0	0	0	0	0	0	0	58
CBSS - Asset Management	20	-400	2,238	0	400	3,188	0	0	400	0	0	320	100	100	4,108
CBSS - IT equipment	0	-233	1,379	0	233	983	0	0	750	0	0	750	750	750	3,983
CBSS - West Offices (Admin Accomodation)	0	-1,112	12,918	0	1,112	2,580	0	0	0	0	0	0	0	0	2,580
Capital Contingency	0	-376	0	0	376	676	0	0	0	0	0	0	0	0	676
Economic Infrastructure Fund	0	-1,958	42	0	1,687	5,687	0	271	5,271	0	0	5,000	4,000	0	19,958
<b>Total CYC Funding required</b>	<b>-1,877</b>	<b>-6,575</b>	<b>27,602</b>	<b>30</b>	<b>3,817</b>	<b>34,644</b>	<b>0</b>	<b>2,641</b>	<b>16,361</b>	<b>0</b>	<b>117</b>	<b>12,741</b>	<b>10,198</b>	<b>5,881</b>	<b>79,825</b>
<b>TOTAL GROSS EXPENDITURE</b>	<b>-348</b>	<b>-10,457</b>	<b>46,476</b>	<b>-154</b>	<b>9,021</b>	<b>75,711</b>	<b>7,496</b>	<b>1,319</b>	<b>41,179</b>	<b>7,562</b>	<b>117</b>	<b>37,278</b>	<b>27,754</b>	<b>21,373</b>	<b>203,295</b>
<b>TOTAL EXTERNAL FUNDING</b>	<b>1,536</b>	<b>-3,889</b>	<b>18,874</b>	<b>-184</b>	<b>5,212</b>	<b>41,075</b>	<b>7,496</b>	<b>-1,323</b>	<b>24,817</b>	<b>7,562</b>	<b>0</b>	<b>24,537</b>	<b>17,556</b>	<b>15,492</b>	<b>123,477</b>
<b>TOTAL INTERNAL FUNDING</b>	<b>-1,877</b>	<b>-6,575</b>	<b>27,602</b>	<b>30</b>	<b>3,817</b>	<b>34,644</b>	<b>0</b>	<b>2,641</b>	<b>16,361</b>	<b>0</b>	<b>117</b>	<b>12,741</b>	<b>10,198</b>	<b>5,881</b>	<b>79,825</b>

	12/13 £000	12/13 £000	12/13 £000	13/14 £000	13/14 £000	13/14 £000	14/15 £000	14/15 £000	14/15 £000	15/16 £000	15/16 £000	15/16 £000	16/17 £000	16/17 £000	16/17 £000	Total £000
	Budget	Outturn	Variance	Original Budget	Revised Budget	Variance	Original Budget	Revised Budget	Variance	Original Budget	Revised Budget	Variance	Original Budget	Revised Budget	Variance	
<b>TABLE 1 - Summary EIF - Approvals/Recommendations</b>																
<b>Total Available</b>	<b>3,300</b>	<b>3,300</b>	<b>0</b>	<b>5,800</b>	<b>5,800</b>	<b>0</b>	<b>6,800</b>	<b>6,800</b>	<b>0</b>	<b>6,800</b>	<b>6,800</b>	<b>0</b>	<b>5,800</b>	<b>5,800</b>	<b>0</b>	<b>28,500</b>
Total Allocations	1,973.5	521.5	-1,452	10,465	10,046	-419	4,702	6,487	1,785	386	386	0	136	222	86	17,663
Allocations Approved	1,973.5	521.5	-1,452	6,343	6,591	248	2,133	3,918	1,785	136	136	0	136	222	86	10,722
Allocations Pending	0	0	0	4,122	3,455	-667	2,569	2,569	0	250	250	0	0	0	0	6,941
<b>Balance Remaining</b>	<b>1,327</b>	<b>2,779</b>	<b>1,452</b>	<b>-4,665</b>	<b>-4,246</b>	<b>419</b>	<b>2,098</b>	<b>313</b>	<b>-1,785</b>	<b>6,414</b>	<b>6,414</b>	<b>0</b>	<b>5,664</b>	<b>5,578</b>	<b>-86</b>	<b>10,838</b>

<b>TABLE 2 - EIF element summary by project</b>																	
<b>Approved</b>																	
- Park & Ride																	3,250
- Better Bus Fund																	1,470
- Reinvalidate York - All																	3,500
- Newgate Market Refurbishment																	1,614
- Targeting Growth in Key Sectors																	80
- Tour de France - Campaign																	550
- Growth Analysis																	30
- Officer delivery team																	430
- Financial Inclusion Policy and Action Plan																	300
- Promoting York																	250
- MIPIM 2013																	25
- Xmas Stimulus Package																	35
- Arts Barge Project																	100
- Living Wage																	338
- Transport Package																	550
- LCR Revolving Investment Fund																	1,672
- Economic Inclusion Programme																	200
- Super Connected Cities																	869
<b>Total Approved</b>	<b>1,974</b>	<b>522</b>	<b>-1,452</b>	<b>10,215</b>	<b>9,796</b>	<b>-419</b>	<b>2,802</b>	<b>4,587</b>	<b>1,785</b>	<b>136</b>	<b>136</b>	<b>0</b>	<b>136</b>	<b>222</b>	<b>86</b>	<b>15,262.5</b>	
<b>Subject to Business Case/ Cabinet Approval</b>																	
- Digital and Media Arts Hub																	1,400
- Infrastructure Investment Plan																	1,000
<b>Total STBC/for Apprval</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>250</b>	<b>250</b>	<b>0</b>	<b>1,900</b>	<b>1,900</b>	<b>0</b>	<b>250</b>	<b>250</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>2,400.0</b>	
Approved (All)	<b>1,973.5</b>	<b>521.5</b>	<b>-1,452.0</b>	<b>10,465</b>	<b>10,046</b>	<b>-419</b>	<b>4,702</b>	<b>6,487</b>	<b>1,785</b>	<b>386</b>	<b>386</b>	<b>0</b>	<b>136</b>	<b>222</b>	<b>86</b>	<b>17,662.5</b>	

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**Cabinet****16 July 2013****Report of the Cabinet Member for Finance, Performance and Customer Services****Financial Strategy Refresh****Purpose of report**

1. This report provides an update to the Financial Strategy and an outline plan for the 2014/15 and 2015/16 budget process.

**Introduction**

2. The challenges facing all public sector organisations are very significant and these difficult financial times are certain to continue in coming years as the Government seeks to deliver upon its aspiration of reducing the public sector share of total GDP. At the time of writing, the details of the June spending review had only just been announced and it is clear that the funding position of local government will continue to present challenges. A 10% reduction in overall CLG funding was announced, which will likely result in a loss of £5m to £6m for York, which is broadly in line with what we expected and has been included in the tables throughout this report, however the full impact will not be known until the final settlement is announced in December of this year.
3. The Government has also announced that it will continue to provide support for councils to freeze council tax for a further 2 years at a rate equivalent to 1% and the referendum rules for councils that wish to increase council tax remain unchanged. A further new development is the announcement of a single pooled budget for health and social care services to facilitate closer working and deliver joined up services for older and disabled people. However, a great deal of uncertainty surrounds this aspect of the Spending Review announcement, not least as to whether it is actually additional funding and the potential impact on existing funding streams.
4. York has responded well to the challenges to date with strong financial management practices, strong financial planning, successful delivery of

efficiencies and a firm economic base when compared with many other local authorities.

5. However, to continue to deal with the challenges effectively will require the Council to consider further major decisions in terms of the provision of all Council Services. The scale of the challenge should not be underestimated, particularly given the scale of spending reductions made in recent years.

### Key Priorities

6. It is imperative that the financial strategy supports the Council's priority objectives, as outlined in the Council Plan. In particular it should be the enabler to ensure the economic prosperity of the city and the provision of an effective and fair society which has sound public services. Key priority themes to drive the financial planning process forward are set out below:
  - Creating and growing a successful Economy for York.
  - Protecting Vulnerable Groups.
  - Ensuring that York residents receive effective provision of vital public services such as Housing and Transport.
  - Resilient Communities
7. The effects of a poorly performing economy and reliance upon government funding are seen very clearly across the country at present, where the impacts of public spending cuts are felt most severely in those areas most dependent on central government funding. The strong economic base in York means the Council has, relatively, less reliance upon central government grants, a stronger Council Tax base and lower financial pressures in respect of benefits and other interventions associated with areas of greater deprivation.
8. Delivering the Council priorities at a time of significant financial challenges, will require long term approaches to ensuring a sustainable local funding base, driving out efficiency and changing how services are delivered. It will however also require significant reductions in many areas of service delivery to ensure sufficient resources can be directed towards the key priority areas.

### Funding Issues

9. The Council's key funding sources are Government grant (general and specific), Council tax, fees and charges, and potential in the future to grow business rates. There are many issues that will affect these areas, and these are considered briefly below:

- i) Local Business Rates – the change in business rates, introduced in April 2013, means that the Council retains around 25% of any additional business rates growth. There are a number of potential increases in coming years in respect of business rates, for example, the further development at Monks Cross. However, this is balanced against potential revaluations (the cost of which would fall on the Council) and also the closure of some high street stores in the last 12–18 months. The position regarding any growth in business rates will be considered in full as part of the Council’s budget process, noting that any increased income can only be released in to the General Fund in 2014/15 as it is operated through the Collection Fund. The Council has joined the Leeds City Region business rates pool in order to maximise opportunities to maximise economic growth over a larger geographic area and this results in a further 25% of any growth being retained in the region rather than being paid to central government. We don’t yet have any indication as to the potential scale of this growth and any resulting investment.
- ii) Council Tax currently accounts for £69.7m of the Council’s net budget. It is unavoidable that the overall contribution from Council Tax in coming years will impact on the overall level of reductions that will be required in Council services. In recent years the Government has sought to keep Council Tax levels frozen. The implication of this would be a declining council tax base that does not keep pace with inflation, which would inevitably mean more severe public spending reductions. York’s Council tax is still amongst the lowest of all unitary councils and is approximately 9% below the average for unitary councils (equivalent to some £7m). The medium term plan currently assumes (for Planning purposes only) increases in council tax of 1% over the next two years. This will be considered as part of the budget process.
- iii) Fees and Charges are levied on a range of services provided by the Council, and we receive significant income from our Assets. Exploiting new opportunities for generating income and providing high quality services which the customer is willing to pay for will be important in the future. This may require a more commercial approach to some of the Council’s fee charging services. It may also require capital investment to ensure facilities offer the highest standards and a fundamental review and an ongoing focus/prioritisation of the assets the Council holds.

## Investment and Cost Pressures

10. Alongside consideration of resources and investment in its priorities, the Council needs to continue to focus upon achieving efficiency, innovation, exploring new ways of working and delivering key projects. The Delivery and Innovation Fund, established in the 2012-13 budget, provides resources to assist with new ways of working. In order to support the delivery of these efficiencies, the Council is continuing to invest in new technology. A key priority for coming years will be to maximise the efficiency of our whole Asset portfolio.
11. In addition, and as outlined earlier, a successful economy can result in significant financial benefits, both direct and indirect, to the Council. The Council created the Economic Infrastructure Fund to ensure major investment in economic projects. As part of the financial strategy, further consideration may need to be given in terms of ensuring the investment needed to retain and improve the economic prosperity of the City is provided. Related to this, the Council will need to consider any issues associated with the Leeds City Region, and in particular the West Yorkshire Transport Fund and the requirement for budget growth in this area.
12. Whilst the impact of public spending reductions is significant, the Council also faces growing demand for many services. In particular, the demographic trends in relation to adult care have and will continue to create significant financial pressure. It will be important to seek to constrain these growth pressures, otherwise the implications on other areas of service provision will be extreme.

## An Effective Strategy

13. The importance of managing the different issues and challenges set out above cannot be overstated. This represents a huge challenge for the Council, especially as it comes on the back of major reductions in spending in recent years. However, it is a challenge that the Council has demonstrated an ability to deliver. We have delivered on £21m of efficiencies in 2011/12 and a further £11m in 2012/13. There is a clear Council plan in place and the Council's financial management is recognised as being highly effective. In addition, the framework of ensuring an effective organisation is in place, through the way in which we procure services, our ways of working, our investment in staff, and the investment in technology. There remain many areas where we can continue to develop and improve but this existing framework provides the platform for the Council to meet the ongoing challenges.



14. A successful strategy will ensure that:
- there is investment in the economic infrastructure to create sustainable long term economic growth,
  - there is continued innovation and efficiency in how services are delivered,
  - there is investment in the facilities it runs ensuring the highest standards for customers,
  - the budget is prudent and makes proper provision for contingencies,
  - there is a high degree of self reliance upon its own income sources – ensuring the highest level of local choice and decision making,
  - there is an effective provision of public services ensuring a high quality of life and protecting vulnerable people, creating a city people choose to live and work in, and in turn providing the sources of funds to achieve this.

### Medium Term Strategy

15. A two year budget covering the period 2013-14 (approved) and 2014-15 (agreed in principle) was approved by Council in February 2013. Table 1 highlighting the key aspects is shown below:

	2013/14	2014/15
<u>Expenditure</u>	£m	£m
Pay & Pensions	1.20	1.65
T. Management & Capital	0.72	1.30
Waste	0.75	0.75
Contingency & Reserves	0.40	0.73
Adult Social Care	2.50	2.50
Other Pressures	0.73	0.26
<b>Total Expenditure</b>	<b>6.30</b>	<b>7.19</b>
<u>Funding</u>		
Net funding changes	2.47	3.89
<b>Savings Identified</b>	<b>-8.77</b>	<b>-11.08</b>
<b>Budget Gap</b>	<b>0.00</b>	<b>0.00</b>

Table 1: February 2013 Approved Budget

16. The total amount of savings agreed in principle for 2014-15 was £11.08m and Table 3 shows the breakdown of the savings by directorate:

	2014/15
<u>Directorate</u>	£m
Adults, Children & Education	4.01
City & Environmental	2.34
Communities & Neighbourhoods	2.19
Customer & Business Support Services	1.62
Office of the Chief Executive	0.17
Corporate	0.75
<b>Total</b>	<b>11.08</b>

Table 3: 2014/15 Savings by Directorate

17. As in previous years, a review of these savings will be undertaken and where Directorates identify potential shortfalls in the delivery of savings, they will be expected to identify compensating savings. This review will be submitted to the Director of Customer and Business Support Services and updated on a regular basis as part of the budget process.
18. The two year plan for 2014/15 and 2015/16 is shown below. It is likely that the grant funding position will need to be reviewed following Government announcements in terms of both the scale of funding for local government, and means of distribution.

	2014/15	2015/16
	£m	£m
Expenditure Increases	7.13	3.39
Savings Approved	-11.08	0.00
Net funding changes	3.81	4.62
<b>Net Position</b>	<b>-0.14</b>	<b>8.01</b>
<b>Additional Savings Required</b>	<b>0.00</b>	<b>8.01</b>

Table 4: Summary position

### Longer term issues

19. Looking beyond 2015/16 is extremely difficult, given that there are no available Government spending plans beyond this year. However, there is a significant likelihood that there will continue to be a “gap” between the expenditure pressures facing the Council and the overall level of funding (i.e. council tax, government grants and business rates). As such, there are likely to be further savings needed in future. If the current scale of reductions in government funding continue, then savings in the region of around £8m would be required, though these would very much be dependant upon the Council’s ability to constrain costs in Adult Social Care.

## **2014/15 and 2015/16 Budget Planning Process**

20. The Council's budget process has successfully managed the significant financial challenges, and delivered significant investment into Council priorities such as Economic Development and Protecting Vulnerable People. As further financial challenges face the Council, it will be even more important that we are absolutely focused upon a priority based budget process. Work is in hand to develop this further, and to meet the real challenge of identifying non priority services (where greatest reductions will need to be found), to ensure continued investment for priorities. This is not an easy challenge, but is one that must be fully addressed if the Council is to meet the financial challenges it faces in the future. In addition, there will need to be a number of significant efficiency programmes, challenging the way services are delivered and ensuring the Council continues to innovate and drive out efficiency improvement in all areas.
21. Overall the budget process is considered to be working well and delivering a very sound budget. The setting of a two-year budget was seen as positive and this will continue. The following sections set out a summary of the process for the year coming year.

### July 2013

22. A review of the 2014-15 savings will be undertaken and options for alternative savings identified where required. The outcome of this exercise will be reported to CMT and Members by early August and will feed into the first budget meetings.
23. Targets for meeting the 2015-16 savings requirement will be further reviewed and consideration given to potential efficiency opportunities and priority based budgeting. Proposals will be formulated over the summer.

### October/November 2013

24. There will be a series of budget review meetings with Cabinet members during October and November 2013. These will consider 2014-15 savings, 2015-16 savings and any requirements for growth.

### December 2013

25. Final proposals will be compiled, leading to the presentation of a 2 year budget to Council in February.

26. It should be noted that there will be continued engagement with Trade Unions via Directorate JCC's and the Corporate JCC and that the consultation and equalities processes are being refreshed.

### **Analysis**

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

### **Consultation**

28. None specific to this report, however, the overall process will involve consultation with a variety of groups and organisations.

### **Corporate Priorities**

29. The information and issues included in this report demonstrate progress on achieving the priorities set out in the Council Plan (2011-15).

### **Implications**

30. The implications are:
- Financial - the financial implications are dealt with in the body of the report.
  - Human Resources - the impact of delivering savings is having considerable implications in terms of managing the HR issues. The Council is seeking to manage the process of reducing staffing number as effectively as possible, through use of Voluntary Redundancy and working with the Trade Unions.
  - Equalities - there are no specific equality implications to this report, however equalities issues are accounted for at all stages of the financial planning and reporting process. Equality Impact Assessments will be completed for individual budget proposals and summary information will be available for the budget review meetings with Cabinet members during October and November. The individual EIAs will then be used to complete an overall assessment of the cumulative impact of the budget on all the communities of interest.

### **Risk Management**

31. 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

32. Members are asked to:

- a. Agree to the refreshed Financial Strategy and the outline budget planning process for 2014-15 and 2015-16;

*Reason: To ensure the Council meets future financial challenges and produces a sound, prudent budget for 2014-15 and 2015-16.*

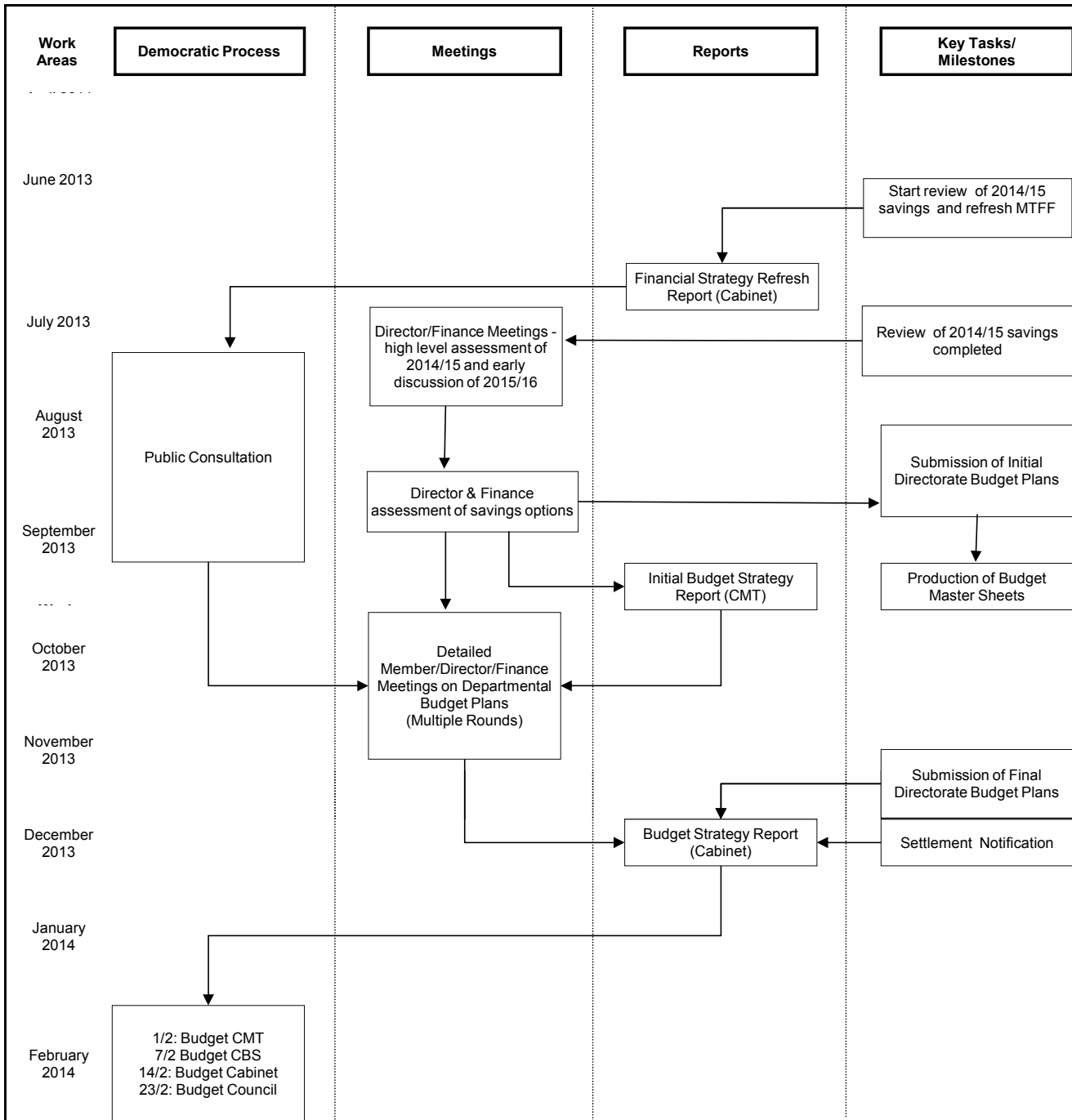
<b>Authors:</b>	<b>Chief Officer Responsible for the report:</b>		
Ian Floyd, Director for Customer & Business Support Services, Ext 1100	Ian Floyd, Director for Customer & Business Support Services		
Debbie Mitchell, Corporate Finance Manager, Ext 4161 Andrew Crookham, Principal Accountant, Ext 2912	<b>Report Approved</b>	x	<b>Date</b>
			1/7/13
<b>Wards Affected:</b> All			
<b>For further information please contact the authors of the report</b>			

Annexes:

Annex A Outline Plan

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2014/16 Budget Process - Outline Timetable



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**Cabinet****16 July 2013**

## **Report of the Cabinet Member for Finance, Performance and Customer Services**

### **Leeds City Region – Revolving Investment Fund**

#### **Summary**

- 1 This report seeks approval from the Cabinet to enter into a limited partnership with partner local authorities to establish a Leeds City Region Revolving Investment Fund (RIF), and give authority to invest £1.632m, as the City of York Council agreed contribution to the setup of the Fund. It follows on from the report to May Cabinet which agreed in principle the contribution to the LCR RIF, subject to further detail which is included in this report. The report covers the following;
  - The strategic context for the RIF
  - The First Phase Launch
  - How the Fund will operate
  - The requirements of Founder Member Authorities
  - Capital Investment from City of York Council

#### **Background**

- 2 The Leeds City Region (“LCR”) is working to deliver a single Investment Strategy and Investment Plan that sets out its strategic priorities and how it can support the generation of economic growth within LCR. An Investment Framework to support the delivery of the Investment Plan is also being developed which utilises a number of funding sources and supports a more strategic approach to investment across the LCR. It is intended that the Investment Framework will act as ‘a single door’ where projects can apply for funding and, depending on the nature and terms of the opportunity can be allocated for consideration within the RIF or other funding source within the Investment Framework. Those projects that as both delivering economic growth returns and are commercial in nature can be considered for investment by the RIF.

- 3 In July 2012 the City Region agreed its 'City Deal' with government to help boost jobs, increase productivity and create the conditions for economic growth in the City Region. A key component of the City Deal is the creation of a RIF to help facilitate economic growth by supporting commercially viable projects that due to the current difficult conditions in the financial markets, cannot secure appropriate finance to proceed. By investing in commercial development or expansion projects, that would otherwise be stalled because conventional sources of finance are insufficient or unavailable, both direct and indirect jobs can be created, and a catalyst to support the regional economy achieved.
- 4 A high level market needs review undertaken by PwC identified a number of areas where there is a range of supporting evidence that suggests future economic growth in the region could be hampered by a lack of access to finance. In the study the key investment sectors which had a stronger evidence base in relation to the lack of 'access to finance' as an issue were Construction (a broad range of investment potential falling within large scale commercial infrastructure), Housing (including private rented) and Low Carbon (mainly renewable energy).
- 5 The long term objective is to grow the fund as envisaged in the City Deal through a mixture of both public and private investment. Initially it is envisaged that the RIF will be capitalised at Phase 1 with seed funding provided by Founder Member Authorities. The table below sets out the capital contribution to be made by each authority that has expressed an interest in becoming a Founder Member of the Fund:

Authority	Value (£'m)
Leeds	6.440
Bradford	4.133
Kirklees	3.304
Wakefield	2.625
York	1.632
Calderdale	1.632
Harrogate	0.320
Less Project Development Costs	(0.450)
<b>Total</b>	<b>19.636</b>

- 6 To implement the RIF a two stage implementation plan has been developed with a Phase 1 launch with initially £10m of the above Local Authority seed funding planned for July 2013. Phase 2 targeted for later in the year, to encompass further sources of public and private investment. This approach will allow the Fund to concentrate on areas of high need, apply lessons learned to the second phase, create an investment track record and allow for further information gathering to inform the Phase 2 development. This report concentrates on the Phase 1 Launch of the fund.

### **Main issues**

- 7 Heads of terms are attached at **Appendix 1** to this report. The principles outlined in the Heads of Terms as to governance, the decision making process and the role of Leeds as administrator of the fund (the “Principles”), are agreed between the parties. The precise legal structure of the Fund (in particular whether a Limited Partnership is the most appropriate structure), is still to be finalised between all the parties, however this will not materially impact on these agreed principles. The Investment Strategy for the RIF is detailed as part of the Heads of Terms document at **Appendix 1** of this report. The Strategy positions the Fund in relation to purpose and approach and sets out the criteria which must be met by any investment by the Fund. The Investment Strategy has been considered by all the participating authorities to ensure it meets their needs.
- 8 The Phase 1 launch will seek to promote the fund to projects within the LCR that will grow the economy, in relation to job creation and increased GVA, with Expressions of Interest sought from projects that are seeking investments over £1m.
- 9 At this stage it is intended to target asset based construction and housing projects requiring short term or mezzanine based loans. These loans will be provided on a commercial basis lending at state aid compliant rates, with a maximum target return period of 5 years. A leverage ratio of public to private funding of at least 25/75 will be required. For example, a £5m public sector investment will require a further £15m of private monies as a minimum.
- 10 Returns generated by investments will be reinvested in the fund to enable it to grow and support economic growth going forward. Provision will be made in the Legal Agreement to accommodate

the payment of a dividend if the partner authorities are in unanimous agreement.

- 11 It is envisaged that if a Call for Projects is made later in the month, the likely timeframe for first investments would be late 2013, however, the process will be sufficiently flexible to accommodate projects that are ready to access funding sooner.
- 12 The findings of the Phase 1 launch in terms of demand for investment, aligned to further work to understand the needs of the market, will inform the Phase 2 plan. As this will involve private investment it will be necessary to refine processes further including the appointment of an independent fund management arrangement.

### **How the Fund Will Operate**

- 13 As noted above the precise legal structure has not been finalised, however this will not materially impact on the Principles agreed in the Heads of Terms and as detailed below. The Heads of Terms reflect the recommendation of the Legal Advisors for the project to structure the RIF as a Limited Partnership (LP), under the Limited Partnership Act 1907, which will provide the formal vehicle to provide loan finance to qualifying projects. The LP structure will comprise each authority or “Founder Member” being a Limited Partner, together with a General Partner, which will be a private limited company and controlled wholly by Leeds City Council, to manage and administer the Fund.
- 14 Projects will be assessed at the feasibility stage for economic and commercial viability by the LCR. A summary assessment will be presented to an LCR Joint Committee with representation from each Founder Member, with a clear recommendation as to whether the project fits with the Investment Strategy and demonstrates sufficient potential to be able to access the funding.
- 15 An interim appraisal process has been developed which provides the structure for the strategic and economic assessment of projects in line with the aims and objectives of the RIF (the “Feasibility Stage”). The assessment will identify the economic impact that the project will have in the short and long term in relation to direct and indirect jobs created and gross value added (GVA), in the region as a whole and at individual authority level. This information will be considered alongside the initial

assessment that the project is commercially viable, financially sound and demonstrates that it is deliverable.

- 16 If the project is approved for investment in principle then detailed due diligence will be undertaken and commercial terms negotiated. It is envisaged that as the principle of investment in the project will have been approved at a prior stage, and in order to operate in a more commercial way, the decision to invest will be made by Leeds City Council's Director of Resources, following consultation with the nominated officer representing each Founder Member. It is recommended that the nominated officer in York is the Council's s.151 Officer.
- 17 Leeds City Council (in its administration capacity), supported by LCR officers and expert external advisors (legal, financial and technical), will be responsible for undertaking due diligence on behalf of the Founder Members. It is intended that the costs of the due diligence will (to the extent possible) be re-charged to applicants for investment. The objective of the due diligence process is to understand and assess the risks of any investments made and to mitigate these risks and safeguard the lenders interests as far as possible.
- 18 Whilst the economic impact can be taken into account at the Feasibility Stage, the terms sought and final investment decision must be taken on an objective commercial basis. If the RIF is not perceived either by potential investors or borrowers to be operating on this basis it could potentially have an adverse impact on the perception and effectiveness of the fund.
- 19 As stated in paragraphs 14 and 15, the Feasibility Stage appraisal process is able to identify for each project the proportionate economic benefit that it is estimated could be generated in each of the geographical areas of the Founder Members. Investment monies will be drawn down from the Founder Members proportionate to their overall investment as funds are released.
- 20 In order to achieve the target Phase 1 launch of the Fund by the end of June, full approval to utilise this money to make investments will be required. The proposed Founder Members will need to enter into legal agreements prior to establishing the fund to commit the funding when required, and to formalise the governance arrangements around the investment and monitoring

process including when decisions can be taken. External legal advisers have been engaged to develop the agreements in accordance with the principles set out in the Heads of Terms attached at **Appendix 1** of this report; however delegated authority will be required to enter into these agreements in advance of the Phase 1 launch.

- 21 While the success of the Fund will be dependent on ensuring that the process for providing loans (while being diligent) is prompt, efficient and familiar to borrowers and other investors, it is intended that there will be wider LCR involvement at a) the Feasibility Stage (see paragraphs 14 and 15), and b) in an overview capacity, assessing the effectiveness of the Fund and making recommendations to the Founder Members as to how the Fund should evolve. It is envisaged that such involvement would in the first instance be by way of a specially established group of relevant elected authority representatives, however it is considered that in due course there would be scope for this role to link in with the proposed Combined Authority (referred to in Agenda Item 25) potentially via a joint committee which would provide the broader regional framework and appropriate linkages to support and facilitate this role.

### **Council policies and City Priorities**

- 22 The Revolving Investment Fund will contribute through collaborative resourcing and investment at LCR level to support Creating Jobs and Growing the Economy.

### **Implications**

#### **Financial Implications**

- 23 Financial - The councils contribution to the fund was agreed in principle at Cabinet meeting (7<sup>th</sup> June) from the Economic Infrastructure Fund. The latest balance of the EIF is shown on the Capital Outturn report elsewhere on the agenda.
- 24 Human Resources - There are no human resources implications arising from this report.
- 25 Equalities - There are no equalities implications arising from this report.

- 26 Legal –Officers from legal services have been working with their colleagues from the other Councils in the City Region and external advisers to develop sound governance arrangements for the partnership which also ensure that no state aid issues will arise. Those arrangements are still being finalised. It is therefore proposed that the Director of Customer and Business Support Services be authorised to take any further action necessary to establish the Fund.
- 27 Crime and disorder - There are no crime and disorder implications arising from this report.
- 28 Information Technology - There are no information technology implications arising from this report.
- 29 Property - There are no property implications arising from this report.
- 30 Other - There are no other implications arising from this report.

### **Risk Management**

- 31 As with any project of this scale, there are a number of issues and risks to be managed in moving towards launch and formal legal agreement. The main risks at this point relate to gaining agreement to the governance arrangements and legal agreements between the Founder Members. Consultation and briefings have been undertaken to ensure Founder Members are comfortable with the commercial implications of the different components which will require approval and signature when required. These are reflected in the Heads of Terms attached at Appendix 1.

### **Recommendations**

- 32 The Cabinet is requested to:
- Give authority to invest the £1.632m in the RIF, funding from the Economic Infrastructure Fund
  - Cabinet delegates authority to the Director of Customers and Business Support Services to take necessary actions required around the legal arrangements to allow Phase 1 to be launched.

Reason : To support the Council Plan priorities of creating jobs, growing the economy and investing in the city's economic future.

<b>Authors:</b>	<b>Chief Officer Responsible for the report:</b>		
Katie Stewart , Head of Economic Development Ext 4418  Patrick Looker, Finance Manager, Ext 1633	Cabinet Leader Cabinet Member for Finance, Performance and Customer Services  Ian Floyd Director for Customer & Business Support Services		
	<b>Report Approved</b>	√	<b>Date</b> 4 July 2013
<b>Wards Affected:</b> <i>All</i>			
<b>For further information please contact the authors of the report</b>			

**Appendices**

Appendix 1: Heads of Terms and Investment Strategy

Background Papers

None



**[Leeds City Region: RIF Heads of Terms]**

[• ] 2013

Dear Sirs

**Limited Partnership Agreement in relation to participation in the Leeds City Region Revolving Investment Fund ("RIF")**

Following our recent discussions, we write to set out the principal terms upon which we are prepared to establish a limited partnership ("LP") as the vehicle for the RIF.

These terms together with such others as we agree between us, will be incorporated into a legally binding agreement. This letter is not intended to be legally binding except as set out in clause 16 below.

**1 PARTIES**

- 1.1 The parties to the LP agreement shall be Leeds City Council, the Council of the Borough of Kirklees, the Council of the City of Wakefield, City of York Council, City of Bradford Metropolitan District Council, the Council of the Borough of Harrogate and [the Borough Council of Calderdale] (the "**Founder Members**").
- 1.2 The Founder Members agree that the relevant powers for establishment of the RIF and any subsequent administering of loans as being sections 12 and 15 of the Local Government Act 2003, section 1(1) of the Localism Act 2011, section 111 of the Local Government Act 1972 and/or (dependent upon the specific circumstances of a loan that may be sought) section 3 of the Local Authorities (Land) Act 1963.

**2 PURPOSE**

The purpose of the LP shall be to establish the vehicle to control the RIF. The RIF is to be used to support commercially viable projects by way of loan finance, which due to difficult current financial market conditions, cannot secure sufficient and appropriate finance to proceed. The RIF will provide support in accordance with the investment strategy attached to this letter at Appendix 1 (the "**Investment Strategy**"). Any such support will be made on commercial terms and in compliance with State Aid rules.

**3 NAME AND PRINCIPAL PLACE OF BUSINESS**

The LP shall be carried on under the name of [TBC] and the principal place of business shall be [TBC].

**4 COMMENCEMENT AND TERMINATION**

- 4.1 The RIF will be launched on 28 June 2013.
- 4.2 The LP agreement and the RIF will continue until all parties unanimously agree that it should terminate.
- 4.3 Following the initial launch of the RIF on 28 June 2013, the RIF will subsequently be reviewed and the parties shall consider whether the RIF should become public and

private sector funded and managed by an independent fund manager with greater breadth of financing options and investment areas. However no commitment will be made by any of the Founder Members in relation to the outcome of such review at the time of initial launch of the RIF.

## 5 CAPITAL CONTRIBUTIONS AND PROVISION OF FUNDS

- 5.1 The parties agree that the RIF will:
- 5.2 Provide short term debt finance (including mezzanine, but excluding equity);
- 5.3 Focus on asset based construction projects (including housing); and
- 5.4 Invest only in projects within the geographical areas of the Founder Members (unless in exceptional circumstances the loan provides benefits to the Leeds City Region).
- 5.5 The Founder Members will commit the following sums (the "**Initial Commitment**") :

City of Leeds Council	£6.440m
City of Bradford Metropolitan District Council	£4.133m
The Council of the Borough of Kirklees	£3.304m
The Council of the City of Wakefield	£2.625m
City of York Council	£1.632m
Borough Council of Calderdale	£1.632m
The Council of the Borough of Harrogate	£0.320m

- 5.6 The Initial Commitment for each Founder Member will be by virtue of a capital contribution and/or a loan. The split between capital contribution and loan is to be agreed.
- 5.7 Funds shall be drawn down by notice by the General Partner. Save for an initial draw down of [£xxx] in order to provide working capital for the General Partner (such amount to be made up of draw downs from Founder Members in proportion to their Initial Commitments and which shall be paid to the General Partner within 28 days of the RIF being formed), funds shall not be drawn down until an investment is approved pursuant to paragraph 7.2, or unless otherwise unanimously agreed by the Founder Members.
- 5.8 The Founder Members shall agree a form of model to be applied to any application for short term debt that will ascribe a proportionate benefit to each of the geographic areas of the Founder Members (the "**Model**").
- 5.9 Draw down by the General Partner from each Founder Member in respect of a particular approved investment will be proportionate to the benefit that is attributed to each Founder Member by the Model provided that if the Initial Commitment of a Founder Member has been fully utilised, the remaining Founder Members shall nevertheless proportionally fund the full amount of the relevant loan in accordance with the Model up to the amount of their Initial Commitment notwithstanding.

- 5.10 Following a receipt of a notice from the General Partner that an investment has been approved in accordance with paragraph 7.2, the relevant Founder Members shall promptly, and in any event within [x] days, pay to the General Partner the amount stated in such notice.

## 6 REVIEW

- 6.1 The Founder Members **may** review the objectives and performance of the RIF once the RIF has provided short term debt finance of £10m in aggregate. Should such a review be undertaken, the Founder Members may by unanimous decision decide that no further debt finance shall be provided and in which instance there will be no further right for the General Partner to draw down the remaining Initial Commitments and the relevant Founder Members will be relieved of their obligations to make such Initial Commitments available.
- 6.2 The Founder Members **shall** review the objectives and performance of the RIF at 3 yearly intervals or when the Initial Commitment has been fully invested (if earlier).
- 6.3 If the Founder Members determine that the RIF is no longer required they can by unanimous consent decide to terminate the RIF and distribute its assets as and when realised to the Founder Members in proportion to their drawn down Initial Commitments.

## 7 GENERAL PARTNER

- 7.1 The General Partner shall have the authority on behalf of the LP and the RIF to do the following, subject at all times to the General Partner complying with the Investment Strategy:
- (a) Open accounts with banks for and in the name of the LP;
  - (b) To procure, enter into, make and perform such contracts, agreements and other undertakings on behalf of the LP (including sub-contracting its fund management functions) that are deemed necessary to assist with the RIF meeting its purpose;
  - (c) Execute legal documentation on behalf of the RIF (subject to approval at paragraph 7.3)
  - (d) To commence or defend litigation that pertains to the LP;
  - (e) To maintain the LP's records and books;
  - (f) To carry out valuations of the LP assets;
  - (g) Conduct due diligence prior to any investment;
  - (h) Negotiate, agree and enter into heads of terms for specific loans and accompanying security documentation;
  - (i) Appoint external advisors as appropriate in relation to the above authorisations; and
  - (j) Such other things as the LP may unanimously agree from time to time.

- 7.2 The General Partner must not complete any investment on behalf of the RIF without the approval of Leeds City Council's Director of Resources, following consultation with each of the members of the General Partner investment advisory committee. Such consultation may be either with individual members or collectively, and may occur by telephone or electronic communication. The investment advisory committee shall consist of one nominee from each of the Founder Members, whose terms of reference will be to review the compliance of the relevant investment with the Investment Strategy.

## **8 TERMINATION OF GENERAL PARTNER APPOINTMENT**

The General Partner may only be replaced by unanimous decision of the Founder Members (excluding any Founder Member who controls the General Partner) or where the General Partner materially breaches the terms and scope of its authority as set out in the LP agreement.

## **9 REPORTING REQUIREMENTS OF GENERAL PARTNER**

- 9.1 The General Partner shall report to the Founder Members on a quarterly basis or as otherwise unanimously agreed between them:
- 9.2 The report shall include details of the following:
- (a) loan applications received (including details of the amounts applied for, identity of the applicants, sector and geographic location);
  - (b) details of loans undergoing consideration (including a status update).
  - (c) details of loans made since the last report;
  - (d) details of any non-performing loans;
  - (e) balance of the RIF available for investment.

## **10 COSTS OF AND SECONDMENT TO GENERAL PARTNER**

- 10.1 The General Partner shall be responsible for drawing sufficient resource (including by way of secondment) from the Leeds City Region to establish a team to administer the RIF and implement the qualifying loans on behalf of the General Partner.
- 10.2 The costs of the General Partner, and (subject to remaining within and being incurred in accordance with the agreed budget) the costs incurred by the Project Delivery Team prior to establishment of the RIF shall be met by the RIF.
- 10.3 The RIF shall be operated with the intention of seeking to recover its operating costs from loan applicants through the charging of fees and/or recovery of third party costs incurred in relation to the provision of services by the RIF, while recognising that any under-recovery will be for the account of the RIF.

## **11 LIMITED PARTNERS**

From the commencement of the LP the Founder Members will be Limited Partners with no day to day management or responsibility in relation to the LP. However, the Limited Partners may unanimously agree changes to the authority of the General

Partner.

## **12 QUALIFYING INVESTMENTS**

All applications for investment from third parties received by the Leeds City Region (or the RIF directly) shall be considered by the Leeds City Region in conjunction with the Leeds City Region investment framework, which shall determine whether such applications should be referred to the RIF or another source of funding available from the Leeds City Region or declined. The terms of reference for such review have yet to be finally determined but will include political review prior to any referral to the RIF.

## **13 CHANGE OF LIMITED PARTNER**

No change shall be made to the Limited Partners and the amount of their Initial Commitment and no person shall be added as an additional limited partner without the unanimous approval of all of the Founder Members.

## **14 FURTHER INVESTMENT**

- 14.1 For the avoidance of doubt there is no obligation on the Founder Members to contribute more than their Initial Commitment set out at paragraph 4.2 above.
- 14.2 In the event that some but not all of the Founder Members wish to increase their commitments the terms of the LP agreement may be amended by unanimous consent of all of the Founder Members or such Founder Members may establish a further investment fund which would mirror the RIF.

## **15 DISTRIBUTIONS OF INCOME AND CAPITAL**

- 15.1 The intention is that all interest and capital paid into the RIF is recycled for new qualifying investments, unless otherwise approved by unanimous consent of the Founder Members.
- 15.2 Any interest or capital approved to be distributed to the Founder Members by the RIF shall be on a pro-rata basis, based on each Founder Member's drawn down Initial Commitment to the LP.

## **16 LEGAL EFFECT**

- 16.1 Paragraphs 1 to 15 inclusive of this letter are an expression of the current intentions of the parties and are not intended to be legally binding or otherwise to give rise to any enforceable rights or obligations.
- 16.2 Paragraphs 17 to 20 inclusive of this letter are legally binding and will become enforceable by the parties upon countersignature of this letter.

## **17 THIRD PARTIES**

No person who is not a party to this agreement shall have any right to enforce it pursuant to the Contracts (Rights of Third Parties) Act 1999.

## **18 COSTS**

Subject to clause 10.2, Leeds City Council shall pay all professional and other costs relating to the negotiation, preparation, execution and implementation of the RIF, the

LP and all contractual documentation arising pursuant to this agreement. Each of the Limited Partners shall be responsible for their own individual costs incurred.

**19 COUNTERPARTS**

This agreement may be executed in any number of counterparts, but shall not take effect until each party has executed at least one counterpart. Each counterpart shall constitute an original but all the counterparts together shall constitute a single agreement.

**20 GOVERNING LAW**

This letter shall be governed by and construed in accordance with English law.

Please confirm your agreement to the above terms and conditions by signing, dating and returning to us the attached copy of this letter.

Yours faithfully,

.....  
for and on behalf of Leeds City Council

We agree with the heads of terms set out above and we undertake to comply with the legally binding terms and conditions contained in this letter.

.....  
for and on behalf of City of Bradford Metropolitan District Council

.....  
Date

.....  
for and on behalf of The Council of the Borough of Kirklees

.....  
Date

.....  
for and on behalf of The Council of the City of Wakefield

.....  
Date

.....  
for and on behalf of City of York Council

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Date

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for and on behalf of The Council of the Borough of Harrogate

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Date

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for and on behalf of The Borough Council of Calderdale

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**Cabinet**

**16<sup>th</sup> July 2013**

**Combined Authority Scheme and Review**

**Executive Summary**

1. Following the decision by 7<sup>th</sup> May Cabinet to approve the findings of a governance review for transport and economic development-related activity, and to pursue membership for City of York Council of the West Yorkshire Combined Authority, this report seeks to confirm the next steps in CYC becoming a non-constituent member and in due course, full member of the West Yorkshire Combined Authority.
2. This report recommends that Cabinet:
  - Note and support the findings of the West Yorkshire Review, in **Annex A**, including that a Combined Authority for the area of West Yorkshire, and ultimately including the city of York, would be likely to improve:
    - the exercise of statutory functions relating to economic development, regeneration and transport in the area;
    - the effectiveness and efficiency of transport in the area; and
    - the economic conditions in the area.
  - Consider and support the proposed Scheme for establishing a West Yorkshire Combined Authority, pursuant to section 109(2) of the Local Democracy, Economic Development and Construction Act (LDEDCA) 2009.
  - Confirm consent for the City of York Council to becoming a non-constituent member of the West Yorkshire Combined Authority, pending assurances from West Yorkshire authorities on the commitment to decision-making powers to be given once admitted.

- Authorise the Chief Executive, in consultation with the Leader and with the other West Yorkshire Authorities to undertake such steps as are necessary to facilitate the submission of the Scheme and CYC's non-constituent membership of the resulting Combined Authority.
- Agree to pursue full membership for City of York Council, and to consider the full details of this full membership as and when it becomes possible for the Council to join as a full member.

## **Background**

3. As identified in the May Cabinet report on emerging opportunities for York from the Leeds City Region City Deal, the LCR boundaries capture the geography at which most economic links naturally occur across city region authorities – and as such, is a natural level at which to organize decision-making powers with regard to transport and economic development-related activities. This economic rationale has led to CYC becoming a member of the Leeds City Region Partnership over ten years ago, and subsequently the Leeds City Region Local Enterprise Partnership (LEP) more recently.
4. As part of the LCR LEP's recent progress, the Leeds City Region (LCR) City Deal was concluded in July 2012, and includes the offer of significant devolved powers and funding to member authorities, including City of York Council.
5. A key condition set by Government in its offer of the City Deal's devolved powers and funding is robust governance structures, and in particular, the creation of a Combined Authority. Because of legislative constraints governing the creation of Combined Authorities, it will be West Yorkshire Local Authorities covering Calderdale, Bradford, Kirklees, Leeds and Wakefield that put in place a Combined Authority for their area by spring 2014.
6. Unfortunately, the Local Democracy, Economic Development and Construction Act (LDEDCA) 2009 currently prevents authorities with non-contiguous boundaries forming a Combined Authority. As such, City of York Council cannot legally become a full constituent member of the Combined Authority for West Yorkshire under current legislative constraints.

7. However, the review of governance for economic development and transport agendas for city of York approved by Cabinet in May identified the economic rationale for the CYC becoming a member of the Combined Authority for West Yorkshire as and when it is legally possible, and in the interim, to pursue non-constituent membership – which will allow a degree of decision-making powers associated with full membership.

#### *Creating a Combined Authority for West Yorkshire*

8. In order to secure Government approval for a Combined Authority, the West Yorkshire Local Authorities, including the West Yorkshire Integrated Transport Authority (ITA), are required to undertake a statutory Review of strategic economic and transport functions to ensure these are sufficiently visible, stable and accountable at the West Yorkshire level and also to consider whether a Combined Authority for West Yorkshire would be the most appropriate governance model moving forward. This Review is to ensure that these arrangements are fit for the purpose in delivering the ambition of the City Deal, and tests the proposition that a Combined Authority (CA) is the best governance option against the Statutory test under Part 6 of the LDEDCA being likely to improve:
  - the exercise of statutory functions relating to transport, economic development and regeneration;
  - the effectiveness and efficiency of transport; and
  - the economic conditions of the area.
9. The City of York Council has undertaken its own review, which was approved by Cabinet in May 2013. Following careful consideration of the economic geography of the city of York, the May Cabinet report identified the rationale for supporting greater connectivity and market integration between York and Leeds City Region economies as part of a natural functioning economic market area (FEMA). As a result of this review, City of York Council Cabinet agreed that the Council should agree to join the CA as a non-constituent member as soon as possible, and in due course, pending the resolution of legislative barriers which currently prevent the Council from becoming a full member, to join as a full member.
10. The West Yorkshire local authorities are now in the process of considering a similar review for their area, which is attached at

**Annex A** for information and noting. As with the City of York Council's review, the Review covers how strategic transport and economic investment functions are currently managed in West Yorkshire and assesses whether having better decision making arrangements could lead to an improvement in the delivery of these statutory functions and therefore stimulate economic growth. The Review covers the following:

- the evidence that WY (and the wider City Region) economy are not performing to their full potential;
  - the opportunities and commitments related to securing devolved powers and funding through the City Deal which could address these issues;
  - an overview of the current WY and wider City Region governance arrangements;
  - an appraisal of the options for improving WY governance against the relevant statutory test and their comparative ability to deliver the City Deal; and
  - conclusions.
11. The West Yorkshire Review concludes that although it is a functioning economic market area in its own right, the economy of West Yorkshire (and the wider City Region), is not doing as well as it should when compared to others, particularly nationally and internationally. It also concludes that for West Yorkshire to do better, its Local Authorities should work more closely together on economic investment and transport.
12. As with the City of York Council's review, the West Yorkshire Review considers the alternative options of: retaining the status quo; improving existing arrangements incrementally; creating an Economic Prosperity Board; and establishing a Combined Authority.
13. It finds that only a Combined Authority would provide a visible, stable and streamlined body corporate to which Government can be confident in devolving powers and funding, such as via the City Deal, which would otherwise be controlled by Whitehall. It would for example be ideally placed to act as the accountable body for:
- a 10 year £182m allocation of post 2014 devolved major transport scheme funding agreed in the City Deal (Local Transport Body);

- the accountable body for a City Region single capital pot of £400m for Economic Investment, including pooled retained Business Rates, which because they are not statutory bodies, neither the Leaders Board nor the LEP could take on this role;
  - the Government's proposed Single Local Growth Fund and
  - in the longer term, to be accountable for an agreed share of the fiscal uplift created by locally driven economic growth ('earn back').
14. The Review concludes that going forward the status quo option would not enable LCR to draw down significant powers and funding on offer via the City Deal and that the best option would be to create a Combined Authority:
15. The West Yorkshire review also considers the implications of the creation of the Combined Authority for the existing West Yorkshire Integrated Transport Authority, which will be dissolved so that the CA becomes the Local Transport Authority (LTA). It sets out that the functions of the Passenger Transport Executive for West Yorkshire will need to continue to be delivered, and proposes that the PTE is transferred to the Combined Authority, with the Combined Authority then delivering its functions.
16. As such, the Combined Authority Scheme proposes that the functions, rights, assets and liabilities of the PTE (including its staff) are transferred into the Combined Authority and the PTE is dissolved.

#### *Scheme for a Combined Authority*

17. In order to create the Combined Authority for West Yorkshire in line with the LCR City Deal Implementation Plan, it will require a proposal (legally called a "Scheme") to be written and given to the Secretary of State for approval.
18. The Scheme (shown at **Annex B**) includes the area of the Combined Authority, its proposed membership, voting, its proposed transport and economic development functions (to be exercised by the Combined Authority or with the constituent District authorities), the way in which it will be funded, and any practical arrangements, including staffing, property transfer, and supporting structures. This would have to be submitted to Government by July 2013 and if the Secretary of State agreed, he

would then propose in an Order the new arrangement to Parliament for approval. If Parliament agreed, a Combined Authority could be created in April 2014.

19. The Combined Authority would have power to act on its own for economic investment and transport as this would allow many of the benefits of the City Deal to be gained. It would enable the control over powers and funding which would otherwise be managed from Whitehall. There is also the possibility that the Combined Authority could take on other responsibilities in the future if its member Councils decide that this would be a good idea. These, together with any Economic and Transport functions are specified in the "Scheme". All other functions not mentioned would remain the direct responsibility of individual District authorities.
20. The Combined Authority would not be a directly elected body. It is proposed that District authority Leaders directly represent their individual councils on the Combined Authority, in the best long term interest of the local economy, and also to include political representatives from opposition groups to ensure there is stability over time.
21. The Scheme also includes proposals for putting in place the following supporting structures:
  - A Transport Joint Committee which would support the Combined Authority by providing advice on strategic issues such as decisions on the WY Plus Transport Fund and to make decisions on operational transport matters. It is proposed that initially the existing politically balanced membership of the ITA is retained to fulfil this role and ensure continuity. It is further proposed that a Joint Independent Remuneration 'Task and Finish' Panel is commissioned by the Combined Authority to ensure that allowances payable to members of the Joint Committee are in line with best practice and in relation to the level of responsibility.
  - That a Joint Scrutiny Committee is put in place to hold the Combined Authority to account and for this to be chaired by an opposition member.
  - That additional supporting structures be developed to address for example the operation of the Economic Investment Fund.

22. The Scheme confirms that a Combined Authority should be created under Section 103 of the LDEDC Act 2009, and for the time being given legislative constraints, that it should just cover the five West Yorkshire District authorities. However, the review for West Yorkshire authorities identifies the desirability of including York in the Combined Authority, and there is proactive work ongoing to engage with Ministers and Government officials in relevant Departments to identify solutions to the legislative issue and will continue alongside the negotiation of the Combined Authority Scheme.
23. In fact, West Yorkshire and York Leaders have written to the Minister for Cities to confirm their ambition to include York in the Combined Authority area. In the meantime, a proposal is being considered by West Yorkshire authorities for City of York Council to be invited to become a partner (non-constituent) member, as should a representative from the LEP in order to ensure strong links to the wider City Region area and business.
24. As a non-constituent member, the City of York Council will initially be a non-voting member (a requirement of S85 (4) of the LTA 2008) but can individually be given a vote on some or all issues voted upon, subject to agreement of the constituent members (in accordance with s85 (5) of the LTA 2008).
25. It is set out in the scheme that as a non-constituent member, the City of York Council shall appoint one of its members to be a member of the CA, with the stated intention in the Scheme being that this is the Leader of the Council.
26. The detail of the decision-making powers to be delegated to the City of York Council as a non-constituent member will be agreed with West Yorkshire authorities with the aim that the Council has decision-making powers over those issues that are relevant to and will have an impact on the city of York – ultimately including but not limited to decisions on investment of the West Yorkshire Plus York Transport Fund and the Economic Investment Fund.
27. The recommendation in this report is thus to confirm consent to non-constituent membership, pending assurance from proposed constituent members as to the decisions on which CYC as a non-constituent member will be giving voting rights.

*Next steps*

28. The table below identifies the proposed next steps.

<b>Decision/milestone</b>	<b>Estimated Timescale</b>
Councils of West Yorkshire Authorities (including the ITA) to: <ul style="list-style-type: none"> <li>• consider the Review and CA Scheme; and</li> <li>• authorise submission of the Scheme to the Secretary of State</li> </ul> And for City of York Council and the LEP to consider partner membership of the CA.	By July 2013
Based on the submitted scheme, DCLG: prepare and consult on a draft Order for the creation of a West Yorkshire Combined Authority; and then prepare a final draft Order.	By October 2013
Executive Boards and Councils of West Yorkshire Authorities (including ITA) consider the final draft Order.	By November 2013
The Secretary of State lays a statutory Order before Parliament	By December 2013
Draft Order approved by both Houses of Parliament and becomes law	By March 2014
ITA and PTE Dissolved and West Yorkshire Combined Authority established.	1st April 2014

*The review and scheme documents*

29. The City of York review document was approved by Cabinet in May; the West Yorkshire review document is attached to this report as **Annex A**.



30. The draft Scheme for the creation of the Combined Authority for West Yorkshire is attached as **Annex B**.

## **Council Plan**

31. The proposals will support the delivery of Council Plan Priorities to Create Jobs Grow the Economy and to Get York Moving in particular, by enabling the city to more effectively take decisions relating to transport and economic infrastructure.

## **Implications**

### Financial

32. Although the legislation does not suggest Combined Authorities are primarily aimed at producing efficiency, it is recognised that they need to operate in an environment of reducing public sector budgets. That is the financial reality in which a West Yorkshire Combined Authority would be established. Although these efficiencies will not be immediately achieved by the City of York Council being a non-constituent member, the city stands to benefit in the longer term from the further efficiencies that will be delivered by better co-ordinating existing authorities and associated bodies and organisations.

### Human Resources

33. There are no human resources implications arising from this report.

### Equalities

34. There are no equalities implications arising from this report.

### Legal

35. Section 103, LDEDCA authorises the Secretary of State for Communities and Local Government and the Secretary of State for Transport, jointly, by order, to establish as a body corporate a combined authority for an area that meets the specified conditions.
36. If the 5 West Yorkshire district councils resolve to publish the Scheme and consent to be included in a Combined Authority, the

next stage will be for the Secretary of State to consider the Scheme and consult on this with a view to preparing a statutory order to create a Combined Authority. The relevant steps in the process and anticipated timetable are set out previously in this report.

37. Once constituted, the Combined Authority will have all the powers and duties of an integrated transport authority and passenger transport executive. In addition, the Combined Authority will have the benefit of well-being powers which are specifically reserved to Combined Authorities by the LDEDCA together with a range of incidental powers. These are equivalent to the former powers of well-being provided to local authorities which have now been replaced with the General Power of Competence by the Localism Act 2011. These will provide broad powers to address economic development issues.
38. The Combined Authority shall also have the benefit of any function of the Secretary of State delegated to it by the Order of the Secretary of State pursuant to Section 86 Local Transport Act 2008 and Section 104(1)(b), LDEDCA. Such functions shall be exercised subject to any condition imposed by the Order.
39. There are no additional specific powers contained within the Scheme other than those mentioned above and no functions have been ceded by the district councils to the Combined Authority. The Scheme does however provide for the Councils to delegate additional functions at a later date if they so choose.
40. With regard to the constitutional arrangements for the Combined Authority, the councils are required to set out in the Scheme the rules determining membership of the new body and the voting powers (see Annex B paragraphs 7-18). The Scheme also includes proposals for a joint overview and scrutiny committee. It will be necessary as part of the next steps in the process to prepare the necessary constitutional documentation which will not form part of the statutory Order but which in due course will need to be agreed by the 5 districts and which will govern the new governance arrangements. It is proposed to bring a further report back to consider these in due course.

Crime and disorder

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

Information Technology

42. There are no information technology implications arising from this report.

Property

43. There are no property implications arising from this report

Other

44. There are no other implications arising from this report.

**Risk Management**

45. The devolution in relation to powers and funding on transport contained in the LCR City Deal are contingent upon the establishment of a Combined Authority. Failure to establish a Combined Authority may therefore constitute a risk to the economic recovery of the City Region. In the case of the city of York Council, as well, the failure of the Council to become a member of the Combined Authority will jeopardize the city's ability to capitalize on this devolution.
46. The process for establishing a Combined Authority is not fully under this Council's control and its establishment by April 2014 in line with the City Deal implementation Plan is subject to approval by the other West Yorkshire Authorities, including the ITA, and also by both Houses of Parliament. Further, the invitation for CYC to become a non-constituent member is contingent on the decision of constituent authorities. However, these risks are mitigated by comprehensive discussion across CYC and West Yorkshire authorities, and engagement with Government at an early stage.

47. The recommendations contained in and the proposed Scheme are consistent with the Council's commitment to accountability and decision making at the local level.

### **Recommendations**

48. Members are recommended to:

- Note and support the findings of the West Yorkshire Review, in **Annex A**, including that a Combined Authority for the area of West Yorkshire, and ultimately including the city of York, would be likely to improve:
  - the exercise of statutory functions relating to economic development, regeneration and transport in the area;
  - the effectiveness and efficiency of transport in the area; and
  - the economic conditions in the area.
- Consider and support the proposed Scheme for establishing a West Yorkshire Combined Authority, pursuant to section 109(2) of the Local Democracy, Economic Development and Construction Act (LDEDCA) 2009.
- Confirm consent for the City of York Council to becoming a non-constituent member of the West Yorkshire Combined Authority, pending assurance from proposed constituent members as to the decisions on which CYC as a non-constituent member will be given voting rights.
- Authorise the Chief Executive, in consultation with the Leader and with the other West Yorkshire Authorities to undertake such steps as are necessary to facilitate the submission of the Scheme and CYC's non-constituent membership of the resulting Combined Authority.
- Agree to pursue full membership for City of York Council, and to consider the full details of this full membership as and when it becomes possible for the Council to join as a full member.

Reason: To secure greater influence over and opportunity for investment in infrastructure in the city of York.

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**Wards affected: All**

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## **Annex A: Local Democracy Economic Development and Construction Act 2009 and Local Transport Act 2008 - West Yorkshire Authorities Statutory Review**

### **Executive Summary**

1 The economic situation is challenging and is likely to remain so for some time to come. Leeds City Region, its LEP and the constituent local authorities, has been and will continue to be an engine for growth in the North. But not all parts of the City Region have benefited from that prosperity. Despite our successes we are still a net spender of UK tax revenues, and there is not enough local control over the policies which affect our economy.

2 Our City Deal, agreed with Government in July 2012, is the key to change that – based on a ‘coalition of the willing’ model to become more self-reliant and unlock our economic potential, ensuring we become a net contributor to the UK tax base by delivering our shared ambitions for growth, jobs and lasting prosperity. To do this we need to drive productivity growth by investing in infrastructure, skills and business trade and investment. Different economic times require different interventions: the partner councils, working with the Local Enterprise Partnership, are best placed to take the tough decisions about where to focus these interventions, drive delivery and be accountable for the results. The Leeds City Region Partnership has therefore developed a long term vision to build “a world-leading dynamic and sustainable low carbon economy that balances economic growth with a high quality of life for everyone”.

3 The City Deal offers devolved powers and greater freedom over funding provided it can show that the way it is all managed is fit for purpose. Government has therefore invited the West Yorkshire councils of Leeds, Bradford, Wakefield, Calderdale and Kirklees to consider whether collaborating more formally in what is called a “Combined Authority” might be a better way of improving delivery and of stimulating local economic growth across the City Region, and exercising greater local control.

4 If a Combined Authority were to be created, it would require a proposal (legally called a “scheme”) to be written and given to the Secretary of State for approval. A scheme has to include the area of the Combined Authority, its proposed membership, voting, its proposed functions (to be exercised by the Combined Authority or with the constituent District authorities), the way in which it will be funded and any practical arrangements, including staffing, property transfer, and supporting structures. This would have to be done by July 2013 and if the Secretary of State agreed, following any consultation he may wish to undertake, he would then propose the new arrangement to Parliament for approval. If Parliament agreed, a Combined Authority could be created in April 2014.

5 Government have said that if the West Yorkshire local authorities wish to do this the Government will give them more money and more power to do what they think is right in their area, both through the City Deal and potentially also the Single

Local Growth Fund which was announced in the 2013 Budget. But first it is a legal requirement that there must be a review of the existing arrangements to make sure that the case for change is a good one. Local authorities will also consult with partners before moving forward with any change.

6 The leaders of the five West Yorkshire councils, together with the Chair of the Integrated Transport Authority, have asked their Chief Executives to conduct this statutory review. The Review must cover how transport, economic development and regeneration are managed now. The main priority is whether having better arrangements could improve the delivery of statutory transport and economic functions and therefore stimulate economic growth. The leaders believe that economic development should be handled by most appropriate geographic and administrative level possible. They have also agreed that the City of York council must do their own review running side by side with the one in West Yorkshire. The council leaders and the Chair of the Integrated Transport Authority have also asked their officers to prepare for a consultation on the idea of a Combined Authority.

7 The idea of authorities working together on some activities is not new. In West Yorkshire for example, there is already joint working on the West Yorkshire local plan for transport (LTP). Archives and Archaeology and Emergency Services are further examples of this joint working. In the Combined Authority proposal, the review has looked at statutory economic development and transport functions as defined by the legislation covering the establishment of a Combined Authority. The review concludes that West Yorkshire is not doing as well economically as it should when compared to others, particularly nationally and internationally. It also concludes that for West Yorkshire to do better the five councils plus York should work together on economic investment and transport and that the best way to do this would be to create a Combined Authority covering these activities.

8 Putting some economic investment and transport functions together in a Combined Authority would bring responsibility for funding pots such as the proposed £1bn West Yorkshire Plus Transport Fund. Government have said in the City Deal that such a development would lead to a ten year deal for funding major transport schemes, with local freedom to decide priorities without further reference to Whitehall. Such an arrangement could also be accountable for the bringing together of a series of economic investment funding streams across the City Region into a Single Pot worth £400m, as part of the Single Local Growth Fund process. A Combined Authority would also help to clarify the respective roles and improve the relationship between the councils and the Local Enterprise Partnership (LEP).

9 During April the individual WY District Authorities and the ITA agreed that the proposals to establish a Combined Authority should be consulted upon. This demonstrated there was strong, broadly based support for reform and it provided an opportunity for the public, business and other key stakeholders to share their views.

10 It is proposed that the “scheme” (see paragraph 4 above) confirms that a Combined Authority should for now just cover the five West Yorkshire District authorities. The Combined Authority would not be a directly elected body. The leaders wish to directly represent their individual councils on the Combined Authority, and the leaders believe it would be in the best long term interest of the local



economy to include other political representatives from opposition groups to ensure there is stability over time.

11 Including York in the Combined Authority area raises some technical issues which it might be possible to resolve by a legislative change at a later date. In the meantime, it is proposed York should be invited to become a partner member, as should a representative from the LEP, with door being left open for other partner members over time.

12 The current thinking is that the Combined Authority would have power to act on its own for economic investment and transport as this would allow many of the benefits of the City Deal to be gained by enabling the control over powers and funding which would otherwise be managed from Whitehall, such as Major Transport Scheme Funding and the Single Local Growth Fund. There is also the possibility that the Combined Authority could take on other responsibilities in the future if its member Councils decide that this would be a good idea. These, together with any Economic and Transport functions would be specified in the "Scheme". All other functions not mentioned would remain the direct responsibility of individual District authorities.

13 For those areas of activity which the Combined Authority would have power to act on directly it could become the employer of the people delivering those activities should that be determined subsequently as the best delivery mechanism. In addition, the Scheme considers the required additional committees arrangements to oversee and hold to account the delivery of its key activities.

## 1. Introduction

### *Context*

- 1.1 The economic climate remains challenging. Recovery has been slow and hesitant and particular sectors remain at well below capacity (e.g. construction). And whilst the Leeds City Region (LCR) has been relatively successful in making the transition from a predominantly industrial to a more diverse economy there remain challenges, including in the West Yorkshire area of the City Region in terms of labour market participation, skills and levels of economic activity. Without co-ordinated and well-targeted locally determined investment, these issues will remain unaddressed.

### *Vision*

- 1.2 The Leeds City Region Partnership has therefore put in place long-term vision to build **'a world-leading dynamic and sustainable low carbon economy that balances economic growth with a high quality of life for everyone.'**
- 1.3 In 2011 the LCR Partnership launched an economic Plan, outlining its priorities and strategy to help achieve this vision. There are three key targets:
- to accelerate output growth to an average 2.6% per year to 2030
  - to create 60,000 new jobs by 2016
  - to achieve a substantial reduction in City Region carbon emissions

### *City Deal*

- 1.4 The LCR City Deal, agreed with Government in 2012, is a coherent package to help these targets to be achieved. Taken together, its propositions to improve skills, increase exports and deliver much higher levels of investment in transport and other infrastructure – followed by further discussions with Government on business friendly planning and low carbon – will remove many of the barriers that are currently preventing the City Region from realising its full economic potential.
- 1.5 If these proposals are implemented, a big step will have been taken towards a faster-growing City Region and a start made towards generating extra tax revenues for the national purse. For example, a 10% reduction in LCR unemployment will generate an extra £1.3bn for the Exchequer over the next decade as a result of the extra taxes received and lower benefit spending by Government. What is asked from Government is that Departments work with local partners to devolve the freedoms and flexibilities that will enable us to fulfil our ambitions for Leeds City Region and play our full part in the UK's economic recovery.
- 1.6 Delivery of the City Deal is through a sub regional 'coalition of the willing' model, based on the principles of self-help such as active resource pooling and investment in those assets and infrastructure which will do the most to correct market failures. For example, road congestion and rail over-crowding

leading to poor connectivity and access to jobs within and between Districts and to markets, has been holding back our economic prosperity. This is being addressed via the commitment to establish a £1bn Transport Fund between WY and York, which includes as part of the City Deal a devolved 10 year allocation of £182m from DfT's major transport scheme budget. It is anticipated that **prioritising £1bn of investment against a Single Appraisal Framework and in line with the LCR Plan will create uplift in GVA of 2% (£1bn p.a.) and increase permanent jobs by some 20,000 in the medium term.**

*Requirement for a Statutory Review*

1.7 As a result of the substantial package of devolved funding and powers on offer, in particular in relation to Transport, the City Deal also commits the West Yorkshire authorities to formally reviewing the governance arrangements for their area of the City Region<sup>1</sup>. Going forward, this is to ensure that these arrangements are fit for the purpose of delivering the ambition of the City Deal. This Review is to test the proposition that a Combined Authority (CA) is the best governance option against the Statutory test under Part 6 of the Local Democracy, Economic Development and Construction Act, 2009 (LDEDC) and s82 of the Local Transport Act 2008 by being likely to improve:

- the exercise of statutory functions relating to transport, economic development and regeneration;
- the effectiveness and efficiency of transport and economic development; and
- the economic conditions of the area.

1.8 Therefore in addition to the Review required under the LDEDC Act 2009, a further review is required under the Local Transport Act 2008. The LTA review is required to look specifically at benefits of the transfer of the current functions of the ITA to a CA and the abolition of the ITA thereafter. These matters are inextricably linked with the LDEDC review, and this Review proposes to deal with both matters at the same time.

*Key steps*

1.9 Subject to the outcome of the Review, the City Deal commits West Yorkshire partners to preparing a draft Scheme for consideration by the Secretary of State by July 2013. The Secretary of State would consult, including with the Authorities concerned, and if he concludes a CA will reflect the interests of local communities and secure effective and convenient local government, a

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<sup>1</sup> West Yorkshire covers the local authority districts of Bradford, Calderdale, Kirklees, Leeds and Wakefield and also the West Yorkshire Integrated Transport Authority, which is the Local Transport Authority for the area. Subject to the legislation and agreement by each local authority, others would also have the opportunity to join the Combined Authority, so in the future this could expand to cover the whole LCR LEP area including York and potentially the North Yorkshire Districts of Selby, Craven and Harrogate. There are separate proposals for Barnsley, which is also part of LCR, to be part of an adjoining Sheffield City Region CA.

draft Order would then need to be approved by both Houses of Parliament to bring the new body into being by April 2014, in line with the City Deal Implementation Plan.

- 1.10 A key point to note is that the creation of a CA will necessitate the transfer to the CA of all the transport powers, functions and duties of the current local transport authority, WYITA. The WYITA would then be dissolved. Following consultation with Leaders, in order to create more streamlined and integrated delivery arrangements, and subject to undertaking a process of due diligence to identify associated risks and costs and to establish long term value for money, it is proposed to transfer the functions, powers and duties of the PTE into the CA, which would also require the PTE to be dissolved.
- 1.11 By November 2012 the five WY District authorities and the ITA had therefore individually agreed to:
- be party to a Review of governance arrangements relating to transport, economic development and regeneration in WY pursuant to Section 108 of the LDEDC Act 2009 and Section 82 of the Local Transport Act 2008;
  - authorise Chief Executives in consultation with Leaders to prepare the Review including a consultation draft Scheme for a CA, subject to the findings of the Review;
  - note the provisional timetable for delivering the City Deal commitment to establishing a CA by April 2014, in order to be in a position to receive significant devolved powers and funding via the City Deal (this would require a final Scheme of governance to be submitted to the Secretary of State by July 2013); and
  - also, along with York, the ITA have agreed to a WY and York geography for the devolution of post 2014 major transport Scheme funding.
- 1.12 WY Chief Executives have progressed with the preparation of this Review in line with the legislative requirements through an officer task group chaired by the Hon Secretary of the Association of West Yorkshire Authorities (AWYA) and drawn from the District authorities including York and the ITA<sup>2</sup>.

*A note on the CA Model*

As the areas covered by functional economic market areas (illustrated by, for example, travel to work areas) are typically significantly larger than the areas of individual local authorities, there is considered to be scope for improvements to be made to economic outcomes through joint decision making and close coordination of delivery activity across these economic areas.

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<sup>2</sup> The Review has drawn upon the views of key external stakeholders, including the LCR LEP, and also an independent panel of experts chaired by John Jarvis, former Director of Transport for the Northern Way, and including Jim Steer, founding Director of Steer Davies Gleave, Professor Peter Mackie, University of Leeds Institute of Transport Studies, and Professor Mike Campbell, former Director of Research and Policy of the UK Commission for Employment and Skills.

- 1.13 A CA is statutory body which takes on the combined role of Local Transport Authority and Economic Prosperity Board (EPB) for an area by agreement with the constituent District authorities and Government. In an area which already has an ITA as the Local Transport Authority, the ITA would need to resolve to be dissolved so that its functions could be transferred to the CA. The constituent District authorities need not cede any functions to the CA, such as highways or economic development functions, although they may choose to do so or to share appropriate functions with the CA, where this would demonstrably improve economic conditions. The CA provides an opportunity to take on powers and funding which would otherwise be managed from Whitehall.
- 1.14 The CA model therefore allows groups of relevant Authorities to work closely together on a voluntary basis to provide a framework to deliver improvements in transport across their sub-regions and appropriate economic investment activity. They are intended to support improved strategic decision making on these issues.
- 1.15 By establishing a CA, a group of relevant Authorities is able to create a sub-regional 'body corporate' with legal personality that can act across their combined area in conjunction with the constituent authorities. This body would be able to take on agreed transport and economic investment functions providing a mechanism for governing and managing these activities at a strategic and integrated level across the sub-region. As a Combined Authority has a separate legal identity from the constituent authorities it is able to hold budgets, employ staff and enter into contracts (e.g. to act as accountable body for funding distributed by Government) and to collaborate with local authorities within the wider LCR functional economy. The activities of the CA are governed by its members, a majority of whom must be elected members of the constituent local authorities, ensuring its local democratic mandate. A CA makes the delivery of strategic decisions more streamlined and efficient, e.g. by removing the requirement for each district authority to ratify the same decision separately.

*Consultation on Interim Review and Scheme*

- 1.16 A consultation and engagement was authorised on the interim Review and draft CA Scheme by the WY District Authorities, including the ITA, in April. This activity included issuing a Press Notice on the consultation launch, and operating a consultation micro site (hosted by Kirklees Council) – between 26<sup>th</sup> April 2013 and 17<sup>th</sup> May 2013. From this process, a total 104 responses were received. Key stakeholders, including Government Departments and Agencies were also alerted to the consultation. Additionally, a cross party briefing session of local MPs and Peers session took place in April. The table below highlights some of the key results from this process.

**Some key findings and issues raised during engagement and consultation**

- **Public** consultation key findings from 104 responses received (23% of respondents were from business, with 68% from members of the public), with the following headlines:
  - 67% support the interim Review recommendations
  - 74% support the proposed geography of the CA
  - 48% would like other (non WY) Councils to be involved
  - Only 31% would like the functions of the CA to be expanded
  - There was no consensus on the two PTE options contained in the draft Scheme, with approximately equal numbers favouring each option.
  - 72% of respondents would prefer a Joint Scrutiny Committee to be established to hold the CA to account
  
- **LCR Business Communications Group:**
  - opportunity to brief representative organisations (invitees included including IoD, CBI, Chambers and Federation of Small Business);
  - the Group sought assurance that there would be no direct additional tax burden imposed on business arising from the CA proposals; and
  - it was agreed that a further detailed briefing to on WY Plus Transport Fund and Economic Investment Fund would be helpful.
  
- **District Scrutiny Committees and ITA:**
  - need for CA to avoid 'mission creep', eg by expanding its proposed scope;
  - issue of local fairness, eg local influence and benefit in relation to District size;
  - need for to ensure that decisions are made at the most local level possible;
  - support for Joint Scrutiny Committee;
  - need for additional clarity on supporting sub structures;
  - need for lean and efficient officer and support structures; and
  - to be aware of delivery risks

*The Review document*

1.16 The remaining sections of this document cover:

- the evidence that WY (and the wider City Region) economy are not performing to their full potential;
- the opportunities and commitments related to securing devolved powers and funding through the City Deal which could address these issues;
- an overview of the current WY and wider City Region governance arrangements;
- an appraisal of the options for improving WY governance against the relevant statutory test and their comparative ability to deliver the City Deal and the opportunity of the Single Local Growth Fund; and
- conclusions.

## 2. Evidence that the WY economy is not performing to its full potential

### *LCR context*

2.1 Leeds City Region, of which West Yorkshire forms a key sub area, has a diverse and resilient economy<sup>3</sup> that possesses a combination of economic heft and unique assets which create an inherent critical mass and potential for economic growth:

- the largest recognised City Region in the country outside London, with a population of 3 million;
- generates 5% of English economic output with annual GVA of £52bn;
- the largest number of manufacturing workers anywhere in the UK and the largest number in financial and business services outside the capital;
- possesses nationally and internationally competitive clusters in
  - **health and life sciences** – particularly biotechnology, advanced surgical instrumentation, pharmaceuticals, regenerative medicine and telehealth
  - **low carbon industries** – home to: substantial renewable and low carbon energy capacity in on-shore wind, biomass, energy-from-waste and micro-generation; leading manufacturers in the low carbon supply chain and strong environmental consultancy expertise
  - **digital and creative industries** – including the Airedale digital cluster, whose turnover is on a par with that of Cambridge
  - nationally and regionally significant hubs of activity in **financial & business services** (notably finance and legal services) and **manufacturing** (notably textiles, food & drink, aerospace components, automotive engineering, printing & publishing and construction fabrication) but based on a core of precision engineering;
- quality of life is outstanding, from the internationally renowned landscape of the Yorkshire Dales to world-class cultural assets that include being the home of modern British sculpture;
- a location at the heart of national railway and motorway networks provides easy access to global markets and means LCR is ideally placed as a location for the logistics industry; and
- **innovation** assets including a **highly skilled** workforce:
  - one of the largest concentrations of higher education in Europe, with 8 institutions producing 36,000 graduates each year
  - 2 universities in the world's top 100
  - 36% of combined LCR university research is ranked as world-class, and 10% is world-leading in fields such as business & management, medical & healthcare technologies, pharmaceuticals and biotechnology, nano-technology, advanced engineering and advanced textile technology
  - 15 FE colleges teaching 110,000 students and

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<sup>3</sup> *Index of Economic Resilience*. Report by Ekosgen for Yorkshire Cities, 2011.



- 11 centres for industrial collaboration, a variety of specialist research institutes and 23 knowledge transfer partnerships.

2.2 Like all areas, the City Region economy faces challenges in achieving its full growth potential. These include:

- **skill levels** in the workforce that have improved, but remain below average;
- a national and international profile that is not strong enough in comparison with competitor City Regions, which has hampered our ability to attract new inward investment in recent years<sup>4</sup> ;
- **below-average export** rates - recent business survey data shows that only 10% of firms in the City Region export outside the UK.<sup>5</sup>;
- **business start-up**, survival and growth rates that lag behind the national average;
- smaller-than-average private sectors in some parts of the City Region; and
- low levels of public sector investment in some sectors, which have left the supply of infrastructure lagging behind what is needed to support a world-leading economy<sup>6</sup>

2.3 As a result, although **productivity levels** match those of most of the core City Regions, they are still not improving overall economic performance relative to national or international competitors. Since the start of the recession the City Region has lost jobs twice as fast as the national average.

#### *WY economic performance*

2.4 Although LCR is the area's recognised functional economic market area, West Yorkshire represents its core, and in its own right evidences strong elements of economic self-containment but with clear linkages and interdependency with the wider City Region economic footprint in terms of a wider labour and housing market area<sup>7</sup>:

- 96% of WY's working residents work inside the West Yorkshire area;
- the proportion of the workforce residing inside West Yorkshire is 91%;
- 36% of those WY residents working outside of the area work in the rest of LCR, with some 7% working in York; and
- 40% of the WY workforce residing outside of WY lives in the rest of LCR.

2.5 The headline economic data shown in the table below indicates that for a sub region of its scale and demographic composition (2.2m population with a fast

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<sup>4</sup> A recent report by fDi Intelligence, part of the *Financial Times*, found that West Yorkshire ranked 15<sup>th</sup> in the country for inward investment, behind Birmingham, Manchester, Tees Valley and Newcastle.

<sup>5</sup> *Leeds City Region Business Survey*. Yorkshire Cities, 2011.

<sup>6</sup> For example, public sector investment in housing in Yorkshire & Humber has consistently seen the lowest allocation per capita of any region, while investment in transport has remained at much lower levels than in London and the South East for many years.

<sup>7</sup> Data supplied by Javelin Group 2013

growing younger age group than nationally), WY is not punching at its weight and is falling behind.

ECONOMIC INDICATOR	WY PERFORMANCE
GVA	<ul style="list-style-type: none"> <li>• WY GVA per person stood at £17,600 in 2009</li> <li>• This has grown by 46% since 1997 (making no allowance for inflation) – against UK growth of 60%</li> <li>• GVA per person in relation to the UK average has dropped from 96% of the average in 1997 to 88% in 2009</li> </ul>
EMPLOYMENT	<ul style="list-style-type: none"> <li>• The WY employment rate fell from 72% to 67% between 2005-2012</li> <li>• The UK employment rate fell from 72.5% to 70% over the same period</li> <li>• i.e. West Yorkshire was close to the UK average in 2005, and is now well below</li> </ul>
UNEMPLOYMENT	<ul style="list-style-type: none"> <li>• The WY unemployment rate rose from less than 5% to over 10% between 2005-12</li> <li>• The UK unemployment rate rose from less than 5% to 8% over the same period</li> <li>• i.e. West Yorkshire was in line with the UK average in 2005, and is now much higher</li> </ul>
EARNINGS	<ul style="list-style-type: none"> <li>• Average earnings of those living in West Yorkshire in 2012 were 94% of the UK average</li> <li>• Average earnings of those working in West Yorkshire in 2012 were 97% of the UK average</li> </ul>
SKILLS	<ul style="list-style-type: none"> <li>• West Yorkshire skills levels are improving: more people have degrees; fewer with no qualifications</li> <li>• But the WY still lags behind UK and hasn't closed the gap: <ul style="list-style-type: none"> <li>○ 27% with degrees in 2011, compared to 33% in UK</li> <li>○ 13% with no qualifications in 2011, compared to 13% in UK</li> </ul> </li> </ul>

### *Realising economic potential*

- 2.6 To improve productivity and jobs in those urban areas with several centres, such as WY, there is a need to better connect the key towns and cities to reduce congestion, reduce journey times (shrink distances) between places,

and improve freight transfer<sup>8</sup>. In contrast, the same study finds that in urban areas with a dominant single centre such as London, there should be a focus on connecting the centre with its suburbs, also connecting it with more distant urban centres. For all types of urban area, there is also an economic case for improving Airports links to boost international trading and GDP.

2.7 The LCR City Links report<sup>9</sup> finds that more complementary economic relationships between our towns and cities, supported by improvements in transport connectivity, would generate higher levels of sustainable economic growth and development. It finds that neighbouring cities and towns can maximise economic benefits by focusing on how their distinctive assets affect their links. Another conclusion is that policy priorities should vary according to place. For West Yorkshire, the priorities should be an integrated approach of:

- **up-skilling** programmes for local residents; and
- improving transport links to ensure residents can access and benefit from economic opportunities e.g. the LCR Enterprise Zone (EZ), city centre and Local Development Framework (LDF) employment sites.
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2.8 In a major international comparative study into the determining factors encouraging and holding back local economic prosperity, the OECD<sup>10</sup> has identified room for improving not just internal connectivity in LCR such as between York and West Yorkshire, but also connectivity to other City Regions in particular to the Manchester and Sheffield City Regions, and across the wider regional territory for both passengers and freight.

*The case for governance and institutional reform*

2.9 A compelling case for reform is made by the same study. The region's ability to pull everybody together is seen by the OECD to be affected by its polycentricity, geographic dispersion, and institutional complexity, with a large number of Unitary and District authorities covered by the LCR territory. It is noted these factors have made it harder to generate effective communication, strong co-ordination and a common sense of purpose. There is also a developing though, as yet unfulfilled, dialogue about the potential of stronger integration between the relatively close economies of Leeds, Manchester and Sheffield City Regions which has yet to be fully explored, despite evidence showing that stronger linkages could be beneficial to the City Regional, regional and national economies. Another study<sup>11</sup> has found that the level of commuting between Leeds and Manchester is about 40% less than would be expected given the physical distance between them, and that this is a significant constraint on economic prosperity.

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<sup>8</sup> EU DG for Regional Policy, 2012

<sup>9</sup> Northern Way, 2009

<sup>10</sup> Promoting Growth in All Regions, OECD, 2012

<sup>11</sup> See Northern Way report: Strengthening Economic Links between Leeds and Manchester, SERC/LSE, November 2009

- 2.10 The OECD concludes that LCR would benefit from strengthened and more established local governance arrangements, with the lack of effective mobilisation of all key stakeholders currently acting as an important barrier to growth and that:

***“Institutional factors are crucial in ensuring successful consultation and co-ordinating among stakeholders within regions, with other regions and central government... Thus, governance matters.”***

### 3. Devolution through the City Deal

- 3.1 The City Deal builds on the Multi-Area Agreement (2008) and City Region Pilot status (2009), which recognised the importance of the LCR economy to the North and that, without an ambitious package of devolution and local governance reform with particular reference to transport, skills and economic development, its full potential would not be realised.
- 3.2 A step change in progress has recently been made in agreeing the basis of and terms for the devolution of powers from Government to LCR through the City Deal. The detailed project plan for delivering the agreement was signed off by the Deputy Prime Minister and the Cities Minister and LCR partners on 19th September 2012).
- 3.3 The signing of the City Deal recognised the role which the City Region plays in the national economy and its potential to rebalance the economy. The City Deal contains ground breaking powers and responsibilities with regard to skills, transport, creating a low carbon economy, planning, trade and investment, and infrastructure investment, empowering the City Region as a driver of national growth. In summary, the outcomes the City Deal will deliver are as follows:

#### ***Transport***

- Government will grant unprecedented freedoms to build, manage and sustain a local £1bn WY Plus Transport Fund to drive economic growth, subject to establishing WY CA governance arrangements to oversee the operation of the Fund. The freedoms and funding will include:
  - a ten year £182.8m post 2014 major transport scheme funding allocation devolved to WY and York as part of the £1bn WYTF, and in return for dealing with DfT's compliance requirements (Local Transport Body - LTB);
  - consideration by HMT in the next Spending Review of an additional programme of strategic local schemes;
  - revenue funding as part of the ten year allocation, enabling a broader range of high profile sub regional social and economic issues to be tackled, including subsidising travel to help NEETs and disabled people into employment, education and training;
  - devolved funding paid in advance of incurring costs locally, creating flexibility in sequencing delivery of WYTF schemes;
  - working with HMT to increase the associated local share of public spending for re-investment to create a self-sustaining Fund; and
  - locally determined prioritisation based on a 'Green Book' compliant Strategic Appraisal Framework.
- Ministers are considering the WY, GM and SY expression of interest submitted for local areas to take on the Northern and Trans Pennine rail franchises in 2014. In addition to transforming local accountability, the devolved operation of these franchises would deliver a step change in the economic impact, service quality, and efficiency of rail operations in the North. Putting in place sufficiently strong, stable and visible local governance such as a CA is considered a prerequisite to forming a credible and accountable pan Northern franchising counterparty.
- A compact will be put in place, for example, with the Highways Agency and DfT Rail to ensure that the national strategic transport network, including the Motorways and rail network, support rather than stifle, local productivity growth.

### ***LCR Economic Investment Fund***

LCR partners ( including WY, York and Harrogate) will create a £400m Economic Investment Fund backed by £200m of pooled local resources, including CIL, retained Business Rates, EU, RGF, GPF and EZ receipts. Investments in scope will include economic infrastructure to promote housing growth, low carbon and flood alleviation, based on a shared investment strategy and the proposed Single Appraisal Framework. Key features of this fund will also include:

- a shared investment programme with the HCA, and conclude discussions about how their assets can contribute to the Investment Fund;
- a Single Capital Pot from central Government in the next Spending Review – this is a key proposal within the Heseltine Review; and
- working with HMT to increase the associated local share of public income for re-investment to create a self-sustaining Fund.

### ***Trade and Investment***

The City Deal seeks to close the LCR Balance of Payments gap. This will be achieved through a joint City Region Trade and Investment Plan committing LCR and UKTI to form a new joint Board which is backed by enhanced delivery capacity drawn from local and national resources.

### ***Skills and Worklessness***

LCR will offer a Guarantee to the Young, supporting its long term ambition to become 'NEET free'. New initiatives will include a 14-24 Academy and Apprenticeship Hubs. As part of the City Deal, LCR will also take on a leadership role on skills more generally in order to align the skills investments of Government, employers and individuals with real growth sectors in the LCR economy.

### ***Business friendly planning***

Local commitment to delivering an effective and business friendly planning system that promotes and accelerates e.g. housing and employment site development and growth, whilst safeguarding the area's natural assets (as per the Planning Charter).

### ***Local Carbon***

LCR will deliver the Low Carbon Pioneers programme in collaboration with DECC, alongside a range of other steps to deliver a low carbon built environment.

- 3.4 As a result of the above substantial package of devolved funding and powers on offer, in particular in relation to Transport, the City Deal also commits West Yorkshire authorities to formally reviewing the governance arrangements for their area of the City Region going forward, to ensure that these arrangements are fit for the purpose of delivering the ambition of the City Deal. The next Section considers the existing governance arrangements for West Yorkshire and the wider City Region arrangements.

#### 4. Current governance arrangements

##### *The Association of West Yorkshire Authorities (AWYA)*

- 4.1 Collaboration between District authorities at the West Yorkshire level is well established through the Association of West Yorkshire Authorities (AWYA) which has been in existence for almost 20 years. Leaders and Chief Executives of the five member Authorities, meet every six weeks. In recognition of the strong economic links to West Yorkshire, the City of York Council has recently become an associate member of the AWYA.
- 4.2 The role of the AWYA is to:
- Consider matters which are of West Yorkshire-wide significance. Recent issues have included: transport funding; shared services, including highways and transportation; capacity building; City Regional issues; community cohesion; community safety and policing, and waste management.
  - Monitor the budgets of all joint West Yorkshire Authorities and offices, including, the WYITA, the WY Police and Crime Commissioner (WY PCC), the Fire Authority (WYFA) and Joint Services (WYJS), and make nominations to the Boards of the Authorities.
- 4.3 In response to the financial crisis and recession, a focus of the AWYA over the past two years has been on driving local economic growth by for example putting in place, in partnership with the WY Integrated Transport Authority (ITA), a £1bn West Yorkshire Plus Transport Fund to transform the sub regional transport system. This ambition, which is central to delivering the City Deal, will inevitably involve local partners taking robust decisions on assembling a fund of sufficient scale to make an impact and deciding between competing investments. However as is set out in the City Deal, the prize is great: ***KPMG has estimated that £1bn of well-targeted investment in major improvements to the WY transport network will create in the medium term more than 20,000 new jobs in the sub region adding £1bn of economic output per year which is equivalent to an uplift in GVA of 2%.***

##### *Metro*

- 4.4 Currently in West Yorkshire, a range of duties, powers and functions for transport and highways is split between the West Yorkshire Integrated Transport Authority (WYITA), the West Yorkshire Passenger Transport Executive (WYPTE), and the five District authorities. The WYITA and WYPTE (collectively known as “Metro” in WY) are both statutory bodies created under the Transport Act 1968 to secure public transport services and facilities required for WY. Under the Transport Act 1985 Metro is also responsible for procuring public passenger transport services following the de-regulation of the bus market. Metro has a duty as the Local Transport Authority to ‘secure or promote the provision of a system of public transport which meets the needs of the area’.

- 4.5 The membership of the WYITA is currently comprised of 22 elected members drawn proportionately from each of the WY District authorities, and based on the legal requirement for politically balanced representation. In 2011, in order to streamline decision making, the ITA created a politically balanced Executive sub-committee with delegated power to carry out all the functions of the full ITA that it was lawfully possible to delegate. It replaced 22 working groups with four functional committees to:
- scrutinise passenger services and integrated transport
  - cover audit and governance issues; and
  - manage the Local Transport Plan (LTP)
- 4.6 The role of ITAs was further strengthened with the Local Transport Act 2008 which introduced their sole role for developing integrated transport strategies for their areas. In West Yorkshire, this includes producing key transport strategy documents:
- The Statutory Local Transport Plan and management of the transport allocation from DfT
  - WY Freight Plan
  - Network Management Plan
  - Rail Plan; and
  - Cycle Plan
  - Transport Asset Management Plan (TAMP)
- 4.7 The District authorities retain control of highways functions including highways maintenance and traffic management. The WYITA is also:
- empowered to create bus franchising schemes and bus services strategy
  - responsible for administering the English National Concessionary Travel Scheme for subsidising public transport;
  - party to rail franchise agreements;
  - responsible for reviewing rail passenger services and advising DfT under the Railways Acts.
  - Responsible for delivering passenger transport information and facilities
- 4.8 The WYITA funds the WYPTE which, as its statutory executive body, has the responsibility of implementing WYITA policies. WYITA is funded by
- the levy on the District Authorities.
  - DfT rail and other grants
  - DfT major scheme grant funds



### *LCR Partnership*

- 4.9 At the wider functional economic market area level of the City Region<sup>12</sup>, the eleven participating District authorities, including the 5 WY District authorities and the ITA have been collaborating on the economic growth agenda for almost a decade. This has been on the basis of the City Region being one of the most economically self-contained functional economic areas in the country (having some 95% of people working in LCR residing in its boundaries).
- 4.10 In April 2011, the LCR Local Enterprise Partnership (LEP)<sup>13</sup> was established as one of the first in the country. And later that year the LEP Board and Leaders Board launched their jointly agreed Plan. Work is currently being undertaken to develop an overarching Strategic Appraisal Framework to provide the basis for transparent assessment of transport and economic investment. Further back, the LCR partnership became formalised as legally constituted Joint Committee of Leaders in 2007 (the LCR Leaders' Board). Under Section 2 of the Local Government Act 2000, the Leaders Board is empowered to discharge, on behalf of the member Councils, the promotion and improvement of the economic wellbeing and competitiveness of the City Region.

### *LEP*

- 4.11 In addition to working with the Leaders Board, the LCR LEP's additional key areas of focus and interest include delivery of the Growing Places Fund, Inward Investment, Skills, and Low Carbon. These agendas are supported through the LCR Employment and Skills Board, the Business Innovation and Growth Panel, and the Green Economy Panel respectively.
- 4.12 Further, DfT has stated that LEPs are expected to play a key role in transport:
- via membership of the Local Transport Body (LTB) which is required by DfT to prioritise and allocate devolved post 2014 major scheme funding (under the LCR City Deal, DfT has confirmed a ten year allocation of £182.8m to the non-contiguous geography of WY and York);
  - to inform national decision making e.g. on the Highways Agency and DfT Pinch Point Fund programmes; and
  - with Leaders, to support the case for national infrastructure investment, e.g. HS2.

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<sup>12</sup> Leeds City Region's geography comprises the local authority areas of West Yorkshire, plus Barnsley, York, and the North Yorkshire District areas of Selby, Craven and Harrogate.

<sup>13</sup> LCR has three LEPs covering all or part of its area: LCR, Sheffield City Region (which includes Barnsley) and the York and North Yorkshire LEP (which includes York and the North Yorkshire Districts of Selby, Craven and Harrogate)

*Leaders Board*

4.13 The LCR Leaders' Board has a number of specific roles:

- To work with the LCR (LEP) on the delivery of the LCR Plan objectives (Section 1.4 above refers).
- To prepare, review and oversee delivery of other key City Region policy and strategies, including:
  - LCR Transport Strategy (LCR Transport Panel, 2009);
  - LCR Employment and Skills Strategy (LCR Employment and Skills Board, 2010);
  - LCR Housing and Regeneration Strategy (LCR HCA Board, 2010);
  - LCR Innovation Capital Programme (LCR Business Innovation and Growth Panel, 2010); and
  - Green Infrastructure Strategy (LCR Green Economy Panel, 2010)
- To work with other key partners
  - to seek to promote housing growth and aligning investment via the advisory HCA LCR Board and
  - to advise Leaders on issues, such as HS2 and the evidence base, such as the Yorkshire Rail Network Study, via an Advisory Transport Panel which includes relevant membership including the ITA, Businesses, Network Rail and the Highways Agency.
- Alongside the LCR LEP, to make the case for significant devolved powers and funding from Government, including the City Deal.

4.14 Having outlined the City Region's economic conditions, its vision and objectives, the opportunity presented by the City Deal, and existing governance arrangements, the remainder of this Review considers the appropriateness of the governance for the WY area going forward against other possible options, including a Combined Authority, in terms of delivering the ambition of City Deal and the LCR Plan.

## 5. Option assessment criteria

5.1 The key driver for reviewing West Yorkshire’s governance arrangements is to ensure that the significant powers and funding on offer via the City Deal, which would otherwise remain under the control of Whitehall, and that will create local benefit in terms of economic prosperity, can be drawn down in full. The focus of the City Deal is on overseeing effective delivery, such as the proposed £1bn WY Plus Transport Fund, and also the £400m LCR Economic Investment Fund.

5.2 Leaders and the LEP have agreed with Government that the primary focus on delivery does however raise questions about the on-going appropriateness and accountability of current sub regional governance arrangements. This section therefore considers if there are more appropriate arrangements for WY going forward, including a Combined Authority model. The assessment therefore considers the extent to which the options could fulfil local ambitions to:

- add value to the wider LCR partnership’s delivery of the economic outcomes contained in the Plan by making working between local government and the LEP clearer and more transparent;
- enable control over funding and powers which would otherwise be managed from Whitehall, such as in the current and future City Deals;
- work more effectively in partnership with others:
  - at WY level, e.g. in creating and managing a £1bn Transport Fund
  - at City Region level e.g. to put in place and manage a £400m Economic Investment Fund; and

across the North of England, for example on the Rail Devolution agenda for the Northern and Trans-Pennine Franchises;
- apply the core principle that strategic decisions on economic investment and transport should be made at the most appropriate administrative and geographic level; and
- enable where appropriate efficiency savings to be realised, either financial savings from improved service delivery and co-ordination or time and transaction cost savings through reduced fragmentation of decision making and strategic planning;

5.3 To ensure compliance with the relevant LDED and Local Transport Act legislation in order to consider creating a CA for West Yorkshire, a formal governance Review is needed to establish if a CA would likely bring about an improvement in the area in the following:

- the exercise of statutory functions relating to “economic development, regeneration and transport” in the area;
- the effectiveness and efficiency of transport and economic development; and

- the economic conditions in the area.

5.4 The Review is required to consider the above statutory test against the options, noting that whilst the Government's guidance on governance reviews under the Local Transport Act has been available for some time, no clear definition has been provided of 'economic development and regeneration'.

5.5 DfT has also confirmed they are looking for partners to address the following headline issues in formulating governance arrangements in order to be accountable for devolved major transport scheme funding:

- effective alignment between decision making on transport and decisions on other areas of policy such as land use, economic development and wider regeneration.
- robust and streamlined decision making arrangements which allow necessary decisions to be taken on complex and difficult issues in a timely and transparent manner.
- a real enhancement of delivery capability and capacity by taking a coherent and integrated approach to managing currently fragmented transport planning and delivery skills and capacity.

5.6 This Review also respects there are limits to comparisons between the options, in particular between potential options and the status quo. The existing governance arrangements are context specific and a known quantity, and the alternative potential options are considered at a high level and would inevitably require further development in due course in order to quantify, for example, their full potential impact on efficiency savings.

5.7 It is recognised also that creating appropriate governance structures alone is unlikely to achieve in full the ambitious vision for the City Region. The importance of issues of policy design, culture and values is also key. The optimal governance model needs also to:

- confront the need for evidence and vision;
- create the capacity for experts to talk to politicians and business and vice versa and for clear agreement to be reached on the most challenging strategic issues; and
- create the space for debates that national politicians find difficult to manage and thereby demonstrate the capacity for greater devolution of responsibility in future.

## 6. Option Assessment

6.1 This Section examines the effectiveness of existing governance structures at the West Yorkshire level and considers their appropriateness against that of other possible governance models. Analysis of the following options is provided:

- leaving existing WY governance unchanged (status quo);
- strengthening the existing governance arrangements;
- establishing an Economic Prosperity Board (EPB); and
- creating a CA.

### *Status quo*

6.2 The governance status quo is described in Section 4; at WY level the arrangements have proved durable for the following reasons<sup>14</sup>:

- the District authorities and the ITA have generally developed sound transport strategies and programmes under LTP;
- the current range of powers at local authority level is generally understood and able to ensure that local interests are served in a flexible and broadly accountable way, with a direct political mandate and legitimacy from the electorate;
- the local authorities have progressively modernised their constitutions and partnerships have proved increasingly mature and able to balance local needs with the wider economic and social interests of the City Region;
- likewise, there are instances where the local authorities already accept the political, practical or efficiency arguments for cross-boundary co-operation and pooling of resources, such as between WY Authorities on procurement and, via the City Deal, in developing the WY Plus Transport Fund; and
- comparative experience from elsewhere in the UK and overseas does not generally support the case for radical structural reform and major re-distribution of powers, and tends more towards “evolution” rather than “revolution”.

6.3 The existing strategic bodies which consider arrangements for the District authorities are the AWYA and the LEP. AWYA has no strategic transport remit, as this rests with the ITA. Neither AWYA nor the LEP are statutory bodies, and they have no legal personality; they can therefore hold no functions or funding in their own right. They are not able to take on the devolved powers and funding on offer via the City Deal.

6.4 Economic development functions remain within the District authorities, and transport functions sit with the ITA and the PTE.) There is currently no single streamlined and accountable body in place across WY to make decisions,

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<sup>14</sup> See also the Review of Transport Governance in Leeds City Region, Atkins, 2008

manage risk, set strategy, manage delivery, assess performance and report on progress in relation to the City Deal.

6.5 The following are some illustrative examples of the strategic fragmentation which currently exists and why the status quo is sub optimal in terms improving economic outcomes in line with the LCR Plan and the statutory test:

- As part of the City Deal, DfT has announced a working ten year post 2014 devolved major transport scheme funding allocation of £182m for WY and York. Unless governance is reformed this funding will be split between the two local transport authorities – WYITA and City of York Council. This funding will however form a key part of the proposed £1bn WY Plus Transport Fund, which is being driven by the economic agenda led by AWYA and the District authorities.
- Prior to the Local Transport Act 2008, the preparation of the LTP had been a joint responsibility of WYITA and the five WY District authorities. The ITA is now solely responsible for formulating and delivering the LTP, in consultation with the Districts. Delivery of highways schemes and implementation of schemes within the Districts still requires the approval of the relevant Districts. Creation of a CA could dispense with the need for this extra layer of reporting and ratification.
- The fragmentation of strategic transport and economic development responsibilities has also resulted in some significant delivery lead times. The West Yorkshire Plus Transport Fund process has called for debate and buy-in to shift from a strongly local focus to agreeing to pool funding at the sub regional level and to invest to maximise net jobs and growth at the sub regional level. Each key stage of agreement (fund objectives, appraisal methodology, and schemes in scope for prioritisation) has needed individual authorisation from the five WY District authorities and the ITA, with each in turn operating to different timescales. Although transparent and democratically accountable, the approach to strategic decision making has been complex, fragmented and cumbersome. It is also wasteful of resource as it requires six separate individual, but largely identical, reporting streams, in addition to steering discussion by AWYA Council. As the Fund moves towards launch and delivery, and include devolved Major Transport Scheme Funding, the status quo approach to sub regional decision making will only become a bigger barrier to effective Fund prioritisation, delivery and management.
- It is anticipated that some similar barriers will be encountered in establishing the proposed £400m Economic Investment Fund. Moreover, there will be a specific challenge of taking on accountable body status in respect of Government's proposals through the Single Local Growth Fund to devolve a single pot from Whitehall and also EU funding in the absence of a single statutory Economic Development body either at the WY or City Region level. Specifically, it is recognised that Government will apply criteria to any bid into the Single Local Growth Fund which will include the strength of governance arrangements in place, including the decision making structures for

local authorities, such as a combined authority, and for joint LEP and local authority decision-making on spend<sup>15</sup>;

- Freight is an illustrative example of a co-ordination issue for West Yorkshire. Worsening road congestion is a cross administrative boundary problem and, because it has increased uncertainty and transport costs for our businesses, is undoubtedly deterring investment. The WY Freight Plan, prepared by Metro, seek to identify some of the potential solutions, for example improving the management of the WY road network, and also aims to encourage supportive LDF policies on land use planning. However, the relevant strategic functions and duties, e.g. to assess road traffic conditions and manage the local network, are not vested at the sub regional level (eg within Metro) which would enable effective co-ordination of freight, but instead at the individual District highway authority level and with the Highways Agency in respect of major trunk roads and motorways. Despite proposals to develop protocols with the Highways Agency as part of our City Deal, this fragmentation of roles and legal functions still presents a practical barrier to regional co-ordination, e.g. progressing a LEP level dialogue with the Highways Agency to improve regional freight connectivity by better linking the productive capacity of LCR with access to European markets afforded by the Humber.
- 6.6 It can be concluded that the status quo option is sub optimal because relevant transport and economic development functions and roles are currently fragmented and there is no single accountable body to take strategic decisions, therefore opportunities will almost certainly continue to be missed across the whole area and beyond for:
- investment in major improvements to transport and economic infrastructure;
  - securing business investment; and
  - drawing down funding and devolved powers to enhance the economy which would otherwise be controlled by Whitehall.

#### *Strengthening the existing governance arrangements*

- 6.7 Some of the strategic fragmentation issues described above could be partially addressed through the option of more formalised partnership arrangements, such as putting in place a Joint Committee of WY District authorities and the WITA (Under Section 101 of the Local Government Act 1972) in order to jointly oversee for example the WY Transport Fund, and to address specific issues, such as freight across the sub region. However there are a number of drawbacks associated with this option.
- 6.8 The functions, duties and powers which the constituent members are able to delegate to a Joint Committee are limited. Where key decisions are needed, a Joint Committee would in many cases be required to refer the decision

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<sup>15</sup> Government's Response to the Heseltine Review, *Her Majesty's Treasury, March 2013*

back to the Districts to authorise. For example, under current legislation, the ITA would not be able to delegate its levy raising powers, which are key to financing and operating the WYTF.

- 6.9 Further, a Joint Committee would not be a body corporate with legal personality. It would exist only for so long as the constituent members agreed to participate. Consequently such arrangements would not be established on a binding statutory basis and therefore have the permanence and accountability that Whitehall requires to devolve the ten year allocation of major scheme transport funding agreed in the City Deal, or to agree to an arrangement that would grant local areas access to a greater share of fiscal growth, nor compete against other City Regions (who have put in place or are establishing Combined Authorities) for the Single Local Growth Fund which Government will require local authorities to “*manage and account for localised funds through binding and long lived decision making structures such as a joint leaders committee as a minimum, or combined authority (preferable), or other similar arrangement*”.
- 6.10 Rather than enabling partners to respond to the drivers for change outlined in section 5, strengthening existing governance arrangements, such as via the creation of a Joint Committee, would effectively add, rather than remove, another tier of decision making, and is not therefore considered an optimal option.

#### *Economic Prosperity Board*

- 6.11 A third option is to put in place an Economic Prosperity Board (EPB) under the 2009 LDEDC Act for the area of West Yorkshire. As a statutory body it would share many of the features of a Combined Authority in that it would have legal personality and would provide a strong basis for taking on devolved powers and funding relating to economic development and regeneration, e.g. accountable body status for an economic development single pot (Single Local Growth Fund) or EU funding. The ITA would however remain as a separate body responsible for transport. Because the EPB could not raise a levy, nor have borrowing powers to fund investment, it would not provide an appropriate governance arrangement for the creation and management of the proposed WY Transport Fund, which is a key driver for governance reform. Further, fragmented strategic transport and economic development governance at WY level would not provide a convincing proposition to Government for taking on with others, including Sheffield and Manchester, the devolved northern Rail franchises.
- 6.12 Generally, the legislation permits ITAs and EPBs to coexist without forming a CA, but, as there are obvious benefits to be gained from a coordinated approach to economic development, regeneration and transport, and to avoid the proliferation of different structures at the sub-regional level, it is considered likely that a CA will be more appropriate than separate ITAs and EPBs in the same area. This means that where there is already an ITA in an area, relevant authorities that have concluded that similar arrangements would be appropriate for economic development and regeneration functions



(which may include the ITA itself) should expect to establish a CA that incorporates the ITA, rather than establishing an EPB in the same area.

### *Combined Authority*

- 6.13 The above options of: status quo; improving existing arrangements; and creating an EPB have considerable strategic weaknesses, in particular their fitness for the purpose going forward of supporting the ambition of the City Deal and the LCR Plan, and in responding to the opportunity presented by the Single Local Growth Fund. The fourth option considered is for the establishment of a Combined Authority for the area of West Yorkshire. As described above, a CA model brings together the functions of an EPB and strategic transport, and in WY this would therefore necessitate the dissolution of the ITA. Consideration is given below to the extent to which a CA model could address the weaknesses of the other options and the benefits that would be delivered.
- A CA would provide a visible, stable and streamlined body corporate to which Government can be confident in devolving powers and funding, such as via the City Deal, which would otherwise be controlled by Whitehall. It would for example be ideally placed to act as the accountable body for:
    - a 10 year £182m allocation of post 2014 devolved major transport scheme funding agreed in the City Deal (LTB);
    - the accountable body for a City Region single capital pot of £400m for Economic Investment, including pooled retained Business Rates, which because they are not statutory bodies, neither the Leaders Board nor the LEP could take on this role; and
    - in the longer term, to be accountable for an agreed share of the fiscal uplift created by locally driven economic growth.
  - It would significantly reduce the negative impact on growth stemming from role ambiguity and fragmentation in relation to strategic transport and economic investment. An effective CA would create the opportunity for various types of collaborative effort:
    - as WY represents a significant (and as the evidence shows in Section 2, an economically self-contained) part of the Leeds City Region, a CA for the area would bring a much more authoritative position on transport and the economy to the table for debate and agreement with the LCR Leaders Board and LEP and drive delivery of the LCR Plan;
    - fostering a stronger shared sense of purpose which would bring a clearer focus on key regional issues, such as on improving the flow of freight in conjunction with national agencies City Regions/LEPs; and
    - with other northern Combined Authorities, putting in place a much needed counter-balance to London and to Scotland, to drive forward a long term rail strategy for the north and to take on the devolved administration of northern rail franchises, which would otherwise be managed by DfT.

- By combining the role of strategic transport planning with an equivalent role for economic investment, a CA for the area would have the power to directly implement decisions to target the £1bn WY Plus Transport Fund at maximising jobs and GVA, without going back to the districts to, in effect, ratify those same decisions again.

6.14 When the ITA is dissolved and the CA becomes the Local Transport Authority (LTA), the statutory duties and functions of the PTE still need to continue to be delivered. Two broad options for the delivery of the PTE functions have been considered:

- transferring the PTE to the CA and the CA then delivers the functions.
- the PTE delivers the functions for the CA as a separate body reporting directly up to the CA.

6.15 Both options have the same objective but entail different governance arrangements and both have been subject to further development during the consultation and stakeholder engagement stage. The view of Leaders is that the Scheme should propose that the functions of the PTE are transferred into the CA, having regard to: the likely transitional costs, benefits such as streamlining of economic development and transport decision making and delivery arrangements, and their deliverability. Progressing the preferred option for delivering the PTE's functions would be subject to undertaking due diligence to assess costs and risks and long term value for money.

6.16 Although the legislation does not suggest CAs are primarily aimed at producing efficiency, it is recognised that they need to operate in an environment of reducing public sector budgets. That is the financial reality in which a West Yorkshire Combined Authority would be established. As a strategic decision making and delivery body for WY, Leaders have agreed that the running costs of a West Yorkshire CA should be no more than the arrangements that it will replace, based on the creation of no significant new staffing structures and by utilising existing capacity currently within the constituent District authorities and, the PTE. Certainly, there is no proposal to create an additional layer of bureaucracy: the ITA will be dissolved and, subject to undertaking due diligence to identify any risks and costs and to establish long term value for money, for the PTE to be dissolved upon the creation of the CA, which would assume all of the ITA's and the PTE's transport powers duties and functions, along with a statutory transfer of staff, assets and liabilities. There will however be a need to prioritise some transitional costs if the step-change set out in governance and the delivery of an ambitious vision for growth, jobs and connectivity is to be achieved, for example transferring staff, and generally identifying and delivering the most effective transport and economic investment priorities in support of accelerating economic growth. In the longer term, it is estimated that further efficiencies will be delivered by better co-ordinating existing authorities and associated bodies and organisations.

- 6.17 The above overall assessment strongly suggests that a CA would present the optimal option for WY and the wider City Region, subject to the key issues of CA representation, scope and support structures being explicitly considered as part its detailed design and constitution, as considered below.
- 6.18 The current complexity of the geography of the City Region is acknowledged. For the time being, it is accepted the boundaries of a CA will not be coterminous with the Functioning Economic Market Area (FEMA) as a whole - the Leeds City Region. This is because a CA can only be based on voluntary arrangements. Also, its area must be contiguous, therefore a CA for the area of York and WY, which would better reflect the FEMA, cannot be created without legislative change. In resolving some of the complexity, representation is considered key to ensuring there is a clear and productive relationship between any CA, the District authorities and the City Region partnership:
- Leader level representation on the CA would ensure local democratic accountability and strategic links to the LCR Leader Board, LEP and WY District authorities;
  - York's partner (non-constituent) membership of any WY CA, with voting rights granted by the constituent members as appropriate. Other associate District authority members could join to more closely match the geography with that of the City Region. In this way, the CA may be in due course able to absorb the function of the LCR Leaders Board.
  - There should also be LEP partner member representation on the CA to ensure the voice of business is heard and to make working between local government and the LEP clearer and more transparent in the delivery of the LCR Plan; and
  - Opposition representation would help provide continuity necessary for delivering 10 year + commitment to strategic transport and economic investment set out in the City Deal.
- 6.19 The Scheme will need to include the specific functions necessary for the delivery of the City Deal and will need to be sufficiently broad to anticipate further devolved powers and funding under future City Deals and the proposed Single Local Growth Fund. It is therefore proposed that inclusion of any functions over and above strategic transport and economic investment be subject to a robust and open comparison. Alternatives can then be appraised with one of the factors taken into account being a risk assessment to ensure that decision making powers that are performed most effectively at a district or neighbourhood level remain at that level. Once established, there is also a further risk that will need to be considered: to ensure that the Combined Authority does not take on responsibilities that distract it from its key strategic objectives and goals.
- 6.20 Decision making sub-structures for a Combined Authority will also need to be given consideration in terms of the powers that will be reserved to the Combined Authority and those that were delegated e.g. to joint committees with a specific remit agreed by the five WY Districts authorities. At the outset,

it is likely there will need to be such a committee to continue many of the statutory duties of the ITA.

## 7. Conclusions

7.1 The following can be drawn from the above options assessment:

- There is no single strategic transport and economic development decision making body at the West Yorkshire level.
- There is evidence of fragmentation and lack of integration in decision making which will be an impediment to delivering proposals to establish a £1bn West Yorkshire Plus Transport Fund.
- Current governance arrangements not being optimal because they are fragmented is one of the reasons why the WY and wider City Region economy is underperforming.
- The existing governance arrangements in WY can be improved upon.
- Various options have been considered, including leaving arrangements unchanged, strengthening or restructuring existing governance arrangements, and establishing a CA.
- A Combined Authority would be able to bring together key decision making powers into a single body.
- A strong Combined Authority, exercising appropriate strategic transport and economic functions, would provide a visible, stable and statutory body and could for example act as the accountable body for the LCR Single Local Growth Fund proposed in the Treasury's response to the Heseltine Review, and as part of the proposed LCR £400m Economic Investment Fund.
- Such a body will attract greater devolved powers and funding, which would otherwise be controlled by Whitehall.
- With appropriate representation, including e.g. LEP and York partner membership, a WY Combined Authority would also streamline the relationship between the individual authorities and the LEP and Leaders Board.
- A strong CA would help in engagement with national agencies and create the opportunity for various types of collaborative effort with adjoining and other northern Combined Authorities to put in place a much needed counter-balance to London and to Scotland e.g. for devolving the power to let rail franchises at the pan regional level.
- The economic conditions of WY and the wider City Region would as a result likely be improved by putting in place a CA.

7.2 It can therefore be concluded that for the area of West Yorkshire, the ITA and the PTE should be dissolved and a CA created both as the best option for the area and because it would be likely to improve:

- the exercise of statutory functions relating to economic development, regeneration and transport and economic development in the area;
- the effectiveness and efficiency of transport; and
- the economic conditions in the area.

## Glossary of Terms

<b>AWYA:</b>	Association of West Yorkshire Authorities.
<b>CIL:</b>	Community Infrastructure Levy
<b>City Deal:</b>	An agreement between Government and one or more Local Authorities to stimulate Economic growth.
<b>Combined Authority/CA:</b>	A statutory body which is formed following the abolition of the WYITA which takes on the combined role of Local Transport Authority and EPB for an area by agreement with the constituent District authorities, the ITA and Government.
<b>CX:</b>	Chief Executive.
<b>DECC:</b>	Department for Energy and Climate Change.
<b>DfT:</b>	Department for Transport.
<b>ED:</b>	Economic Development.
<b>EIF:</b>	Economic Investment Fund.
<b>ENCTS:</b>	English National Concessionary Travel Scheme
<b>EPB:</b>	Economic Prosperity Board
<b>EU:</b>	European Union.
<b>EZ:</b>	Enterprise Zone.
<b>FEMA:</b>	Functional Economic Market Area.
<b>GLA:</b>	Greater London Authority.
<b>GM:</b>	Greater Manchester.
<b>GPF:</b>	Growing Places Fund
<b>GVA:</b>	Gross Value Added. A measure of economic performance
<b>HCA:</b>	Homes and Communities Agency.
<b>HMT:</b>	Her Majesty's Treasury.
<b>HS2:</b>	High Speed Rail link.
<b>ITA:</b>	Integrated Transport Authority.
<b>LCR:</b>	Leeds City Region. A grouping of a number of Local Authorities centring on Leeds.
<b>LDEDC:</b>	Local Democracy, Economic Development and Construction Act 2009

<b>LEP:</b>	Local Enterprise Partnership. A gathering of business interests and Councils to drive economic growth across a functional economic area.
<b>LSE:</b>	London School of Economics.
<b>LTA:</b>	Local Transport Authority
<b>LTB:</b>	Local Transport Body.
<b>LTP:</b>	Local Transport Plan.
<b>MAA:</b>	Multi Area Agreement.
<b>METRO:</b>	Trading name of WYITA and WYPTE working together.
<b>NEETs:</b>	Young people who are not in education, employment or training.
<b>OECD:</b>	Organisation for Economic Cooperation and Development.
<b>PCC:</b>	Police and Crime Commissioner.
<b>RGF:</b>	Regional Growth Fund.
<b>SERC:</b>	Science and Engineering Research Council.
<b>SY:</b>	South Yorkshire.
<b>TBC:</b>	To be confirmed.
<b>TfGM:</b>	Transport for Greater Manchester.
<b>UK:</b>	United Kingdom.
<b>UKTI:</b>	United Kingdom Trade and Investment.
<b>WY:</b>	West Yorkshire
<b>WYFA:</b>	West Yorkshire Fire Authority.
<b>WYITA:</b>	West Yorkshire Integrated Transport Authority.
<b>WYJS:</b>	West Yorkshire Joint Services.
<b>WYPTE:</b>	West Yorkshire Passenger Transport Executive.
<b>WYTF:</b>	West Yorkshire Transport Fund.
<b>WYTF:</b>	West Yorkshire plus Transport Fund.

## **Annex B: Draft Final Scheme for the Establishment of a Combined Authority for West Yorkshire**

### **Background**

The findings of the Review<sup>1</sup> of governance arrangements relating to transport, economic development and regeneration, pursuant to Section 108 of the Local Democracy, Economic Development and Construction Act 2009 (LDEDC) and Section 82 of the Local Transport Act 2008, are that for the area of West Yorkshire, the Integrated Transport Authority (WYITA) should be dissolved and a Combined Authority (CA) created both as the best option for the area going forward in terms of delivering the City Deal and because it would be likely to improve:

- the exercise of statutory functions relating to economic development, regeneration and transport in the area;
- the effectiveness and efficiency of transport; and
- the economic conditions in the area.

This document is the proposed Final Scheme prepared by the five West Yorkshire District Authorities (the 'constituent councils') and the WYITA pursuant to the LDEDC for approval by the Secretary of State by which it is proposed a CA be created.

### Establishment of Authority

1. A Combined Authority for West Yorkshire shall be established pursuant to Section 103 of the Local Democracy Economic Development and Construction Act 2009 (LDEDC). It is intended that this shall come into existence from 1 April 2014.

### Dissolution of West Yorkshire Integrated Transport Authority (WYITA)

2. The West Yorkshire integrated transport area shall be dissolved and the West Yorkshire Integrated Transport Authority (WYITA) shall be abolished, pursuant to Section 91 of the Local Transport Act 2008 (LTA).
3. Upon the abolition of the WYITA the functions powers and duties of the WYITA shall be transferred to the CA.

### Area

4. The area of the CA shall be the whole area of each of the five constituent councils namely:
  - City of Bradford Metropolitan District Council

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<sup>1</sup> The Review was authorised by the five WY District authorities and the ITA in November 2012.

- Borough Council of Calderdale
  - The Council of the Borough of Kirklees
  - Leeds City Council
  - The Council of the City of Wakefield
5. The evidence suggests that WY represents a self-contained functional economic market area (FEMA) in its own right and that there would likely be an improvement in economic prosperity should a CA for the area of West Yorkshire be established. Nevertheless, an area also covering York would be more representative of the City Region FEMA, however for the reasons discussed in the Review; this is not legally deliverable in the short term.

### Name

6. The name of the CA shall be the West Yorkshire Combined Authority

### Membership

7. Ahead of any legislative change which would enable York to become a constituent member, there is a strong case for including York in the meantime as a non-constituent (partner) member of the CA. Also there is a clear benefit in the Leeds City Region Local Enterprise Partnership (LEP) becoming a partner member in order to bring in broader City Region business perspectives.
8. The CA shall consist of a total of ten members comprised as set out below:-
9. Eight members of the CA shall be elected members of the constituent councils to be appointed in accordance with paragraph 10 below, and two additional members shall comprise an elected member from York City Council<sup>2</sup> and a member of the LEP for the Leeds City Region<sup>3</sup> to be appointed in accordance with paragraph 11 below.
10. Each of the five constituent councils shall appoint a minimum of one of its elected members as a member of the CA, the remaining three members to be appointed by agreement of the constituent councils to provide cross party political representation, and which provides flexibility to adjust to the prevailing political representation across WY.<sup>4</sup>

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<sup>2</sup> NB from CYC Officers: Although reference is made to "York City Council" is made in this draft scheme, it will be corrected in the final to read "City of York Council", as will any other reference to York City Council in this document.

<sup>3</sup> Or such successor body or equivalent

<sup>4</sup> Based on the current political balance and proportionality across WY this would equate in addition to the five leaders above, to two further appointees drawn from Conservative Group members and one additional Liberal Democrat member.



11. York City Council (the non-constituent council) shall appoint one of its members to be a member of the CA. The LEP member shall be appointed by the constituent councils by agreement.
12. The constituent and non-constituent councils shall each appoint another of its elected members to act as a member of the CA in the absence of the member appointed in accordance with the terms above.
13. A council may at any time terminate the appointment of a member or a substitute member appointed by it to the CA.
14. Where a member or a substitute member of the CA ceases (for whatever reason) to be a member of the council that appointed them, (or in the case of the LEP ceases to be a member of the LEP) the member shall cease to be a member of the CA, and the relevant council shall appoint a replacement as soon as practicable.
15. All appointments shall be for a one year term.
16. No remuneration shall be payable by the CA to its members other than standard allowances for travel and subsistence.
17. Intention - Recognising that membership of the CA cannot be determined by reference to a particular office of an appointing council, it is nevertheless the intention that the most appropriate membership for the CA would be the five Leaders of the Constituent Councils with the remaining three elected members from opposition parties being appointed by agreement and having regard to the benefit of political representation across the Combined Authority area being reflected within the Combined Authority membership so far as reasonably practicable; and the leader of the City of York Council and the Chair of the LEP for the Leeds City Region would be the most appropriate non constituent members.

### Voting

18. The following voting arrangements will be applied:
  - Un-weighted voting based on one member one vote, with no casting vote for the Chair or Vice Chair.
  - Non-constituent members shall be non-voting (a requirement of S85 (4) of the LTA 2008) but could individually be given a vote on some or all issues voted upon, subject to agreement of the constituent members (in accordance with s85 (5) of the LTA 2008).
  - Simple majority voting shall apply eg:
    - West Yorkshire Plus Transport Fund and any Economic Investment Fund decisions;
    - accepting devolved powers from Government e.g. under future City Deals;
    - setting the transport levy and CA budget;
    - agreeing levels of borrowing; and

- signing off the Local Transport Plan.

### Executive Arrangements

19. Executive Arrangements (within the meaning of the Local Government Act 2000) shall not apply to the CA. However, the discharge of the functions of the CA will be subject to the scrutiny arrangements set out in this scheme.

### Passenger Transport Executive

20. The West Yorkshire Passenger Transport Executive (WYPTE) shall be dissolved and the functions, powers and duties of the WYPTE shall be transferred to the CA.

### Scrutiny arrangements

21. The CA shall appoint one or more overview and scrutiny committees which shall comprise members appointed to it by each of the constituent and non-constituent councils. In order to achieve this, it is intended to request the Secretary of State to apply Section 9JA of the Local Government Act 2000 to the CA as it does to a committee system local authority but with these amendments.
  - The Combined Authority shall appoint one or more overview and scrutiny committees under s 9JA(1); and
  - The Secretary of State will be requested to make regulations under s9JA(2)(b) with respect to their functions composition and procedure.
22. Intention - that any overview and scrutiny committee is chaired by an opposition member.

### Functions, Powers and Duties

#### Transport Functions

23. The functions powers and duties of the WYITA and the WYPTE shall be transferred to the CA and shall be functions exercisable by the CA (see indicative list at Appendix A).
24. In the application of s101 of the Local Government Act 1972 any other transport functions delegated to the CA from time to time by the constituent and non-constituent councils (or any of them) shall be functions of the CA.
25. The Power of Wellbeing under chapter 3 of the LTA 2008 will apply to the CA by virtue of that Act.

26. The CA will have ancillary general powers pursuant to section 113A of the LDEDC 2009.
27. For the avoidance of doubt, where, in any legislation the functions and powers of an ITA or of a PTE are expressed to be subject to or dependent upon the prior approval of or a duty to consider the advice of the other, those legislative provisions shall not apply to those functions and powers of the CA.

#### Economic Development and Regeneration Functions

28. By virtue of sections 99 and 102A of the Local Transport Act 2008, the CA will have broad well-being powers to promote economic prosperity, which can be exercised together with general ancillary powers granted by section 113A of the LDEDC Act 2009 (as amended by the Localism Act 2011).
29. It is proposed that the CA will be focussed on strategic economic development issues such as:
  - co-designing with the LEP the LCR Plan;
  - setting and reviewing the objectives for strategic investment, such as the £1bn West Yorkshire Plus Transport Fund and £400m LCR Economic Investment Fund;
  - making decisions with regard to the WYTF and EIF; and
  - acting as the accountable body, eg for devolved major transport scheme funding (£182m over ten years) and the single pot for economic investment, including EU funds and the Single Local Growth Fund.
30. The primary focus of the CA will be to manage a significant programme of investment in transport and economic infrastructure, and to influence and align with government investment, in order to boost economic growth. The related interventions will have differential spatial impacts across the CA area but should aid delivery of key growth projects in the emerging and future local plans of constituent councils. Having regard to the duty to co-operate, effective alignment between decision making on transport and decisions on other areas of policy such as land use, economic development and wider regeneration will be a key aim.

#### Incidental Provisions

31. The CA shall exercise any function of the Secretary of State delegated to the CA by order of the Secretary of State pursuant to Section 86 of the LTA 2008 and Section 104(1) (b) of the LDEDC 2009. Such functions shall be exercised subject to any condition imposed by the order.

Funding

32. The CA shall be the levying body in relation to transport in the area covered by the constituent authorities, and apportioned on a per capita basis. The City Deal makes provision for the Government to consider proposals for the CA to assume precepting powers, to replace the transport levy.
33. The costs attributable to the CA in exercise of its functions relating to economic development and regeneration including economic investment (such as the Single Pot and European Funding) (together with any start up costs) will be apportioned between the constituent authorities (and non-constituent authorities where appropriate) on a per capita basis.
34. The Combined Authority shall have borrowing powers in relation to its transport functions only pursuant to s146 of the Local Government Act 1972
35. It is intended that the operation of the CA shall not of itself result in any increase in the cost of delivery of the functions ascribed to it over and above the current costs associated with the delivery of those functions by the WYITA, the WYPTE and the constituent councils.

Transfer of property, rights and liabilities

36. All property, rights and liabilities of the WYITA and the WYPTE existing at the transfer date shall be transferred to the CA, including any rights and liabilities (if any) in relation to contracts of employment.

Sub structures

37. The CA will act as a strategic decision making body. Therefore in order to fulfil the significant range of operational duties, powers and functions transferred which are currently delivered by the WYITA and WYPTE (see Appendix A), the constituent councils intend to put in place appropriate arrangements to ensure fit for purpose sub structures. For example, it is the intention that a Joint Committee of the CA and constituent councils could be put in place (under section 101(5) of the Local Government Act 1972) to support the CA with the following tasks:
  - to carry out operational transport functions;
  - advise the CA on: the annual budget and transport levy, borrowing limits, major transport policies, LTP, and WYTF operation; and
  - any functions which the District authorities might subsequently choose to delegate to the CA, e.g. Local Transport Body functions; management of urban traffic control systems; or management of the road network to improve the flow of freight across the area.

38. Additionally, a separate Joint Committee may be required to include wider LCR District authorities, such as Harrogate, in relation to investments in Economic Infrastructure.

Leeds City Region Local Enterprise Partnership (LEP)

39. The Review sets out the importance of a strong LEP which effectively brings together the private and public sector in driving the economic prosperity of the City Region.
40. By making provision for direct LEP representation on the CA, as well as working to a common Single Appraisal Framework and shared LCR Plan, investment decisions taken by the CA, for example major transport decisions, will more fully reflect business views. These views, both in terms of shaping prioritisation and scheme design, will ensure that public investment is targeted to maximise local business benefit which is key to economic growth. The CA will also directly support the LEP, and LCR Leaders Board, by:
- making recommendations on the LCR Plan; and
  - acting as the accountable body for funding, for example:
    - Single capital pot funding, including the Single Local Growth Fund
    - European funding
    - RGF and GPF
    - Any Future Skills Investment Fund
    - HCA funding
41. The outline schematic diagram at Annex B shows the intended functional relationship between the CA and the LCR partnership, and their related supporting functions and structures.

**6 June 2013**

## Annex A – Indicative Information

### STATUTORY DUTIES OF THE ITA:-

**These are duties (the ITA must do them) common to Local Transport Authorities. The ITA is the LTA throughout West Yorkshire.**

- To procure that the public passenger transport requirements of the people of West Yorkshire are met, which would not otherwise be met, and in so doing:
  - to take any action to promote the availability of transport services and the convenience of the public;
  - have regard to the advice of the PTE; and
  - consider the requirements of the elderly and the disabled.
- To develop policies for the promotion of safe integrated efficient and economic transport to meet the needs of the people living, working and travelling through their areas, and the transport of freight.

*NB – the ITA is the sole body responsible for procuring public transport services in West Yorkshire. Principally, this relates to buses, but ALL forms of transport are covered by this duty, subject to other legislation dealing with rail and air services and inland waterways.*

- To take such steps as the Authority considers practicable and desirable to promote:-
  - research into matters affecting or arising out of the exercise of their functions, and
  - Turning the results of that research to account
- In relation to any expenditure on passenger transport, in the interests of the ratepayers of West Yorkshire, to secure the best value for money from its expenditure as a whole and to work with other Authorities where possible to achieve this. In relation to subsidised transport services:
  - to have regard to economy, efficiency and effectiveness;
  - the reduction of or limitation of traffic congestion, noise and air pollution;
- not to inhibit competition between providers of transport services.

*NB – The ITA is the sole body in West Yorkshire that can tender for the provision of public transport services. In relation to school transport, there is significant overlap with the duties of education authorities, with whom Metro works closely, to deliver and assess eligibility for home to school services.*

- To prepare and publish the Local Transport Plan for West Yorkshire in consultation with all appropriate authorities and bodies in accordance with guidance. The ITA receives and is responsible for the transport allocation from DfT.
- To implement and enforce the statutory concessionary travel scheme (ENCTS) and make payments to operators providing concessionary travel.
- To prepare an annual report, together with the PTE, on the expenditure and performance of the ITA.
- To set the levy payable by the District Councils of West Yorkshire.
- To provide information to the public in relation to public transport.

**SIGNIFICANT POWERS OF THE ITA – Matters that the ITA may decide to do:-**

- To develop policies for the promotion and encouragement of safe integrated and economic transport facilities and services to, from and within West Yorkshire, to meet the needs of people living and working within it, pedestrians and the movement of freight. In so doing,
  - to have regard to Government Policy and Guidelines in respect of adaptation to and mitigation of climate change or improvement of the environment.
- To establish, enforce and publicise travel concession schemes (in addition to the statutory ENCTS) which may benefit the elderly, disabled, school children amongst other categories of travelling public.
- To direct a rail network operator to provide a new rail facility, with the consent of the Secretary of State
- To make grants for the provision of vehicles, facilities and transport services.
- To make Quality Partnership Schemes and Quality Contract Schemes in accordance with the Transport Act 2000 and the Local Transport Act 2008.
- To take any action the Authority determines is likely to achieve the promotion or improvement of the economy, social and environmental **well-being** (Local transport Act 2008) of its area or the people resident or passing to or through it.
- Jointly with eligible traffic authorities, to make a road-user charging scheme within or partly within the area of the ITA.

- To procure transport services without tender to meet unexpected transport needs without delay.
- To secure certain information from bus operators relevant to service provision.
- To lend money to the PTE.

**SIGNIFICANT FUNCTIONS OF THE ITA – roles that the ITA carries out:-**

- To approve any change to the basic level of charging for transport services or to the terms of any concessionary travel scheme.
- To approve any substantial capital expenditure by the PTE.
- To approve any substantial amendment to rail franchise agreements.
- To direct the PTE to take appropriate steps to reorganise its functions to be most efficient or to approve any such proposal by the PTE.
- To appoint the Director General of the PTE, and between 2 and 8 other directors of the PTE
- To approve the carrying out by the PTE of most of its significant functions.
- To approve borrowing by the PTE.



## **STATUTORY DUTIES OF THE PTE**

Transport Acts 1968, 1985, 2000 and LTA 2008; Railways Acts

- To secure the provision of the public passenger transport services that the ITA considers should be provided to meet the needs of the public in West Yorkshire, which would not otherwise be provided.
- To ensure the delivery of the general policies of the ITA relating to the availability of public passenger transport services and the convenience to the public of those services.
- To give advice to the ITA on the nature of public passenger transport services that it would be appropriate to provide in the ITA area.
- Not to inhibit competition between parties providing or seeking to provide public passenger transport services and to have regard to combination of efficiency effectiveness and economy.
- To tender for all public passenger transport services that are required in accordance with the Transport Act 1985 and associated regulations.
- To have regard to the needs of the elderly and the disabled when exercising their functions under the transport act 1968.
- To keep under review the railway passenger services provided within its area by passenger service operators.
- To give advice to the Secretary of State, on request, on any matter relating to railways and rail services.
- Make proper charges to revenue account, particularly in respect of depreciation, and to capital account in respect of interest on expenditure of a capital nature
- To provide the Authority at the request of the Authority with accounts and information regarding its operations and planned capital and revenue expenditure.

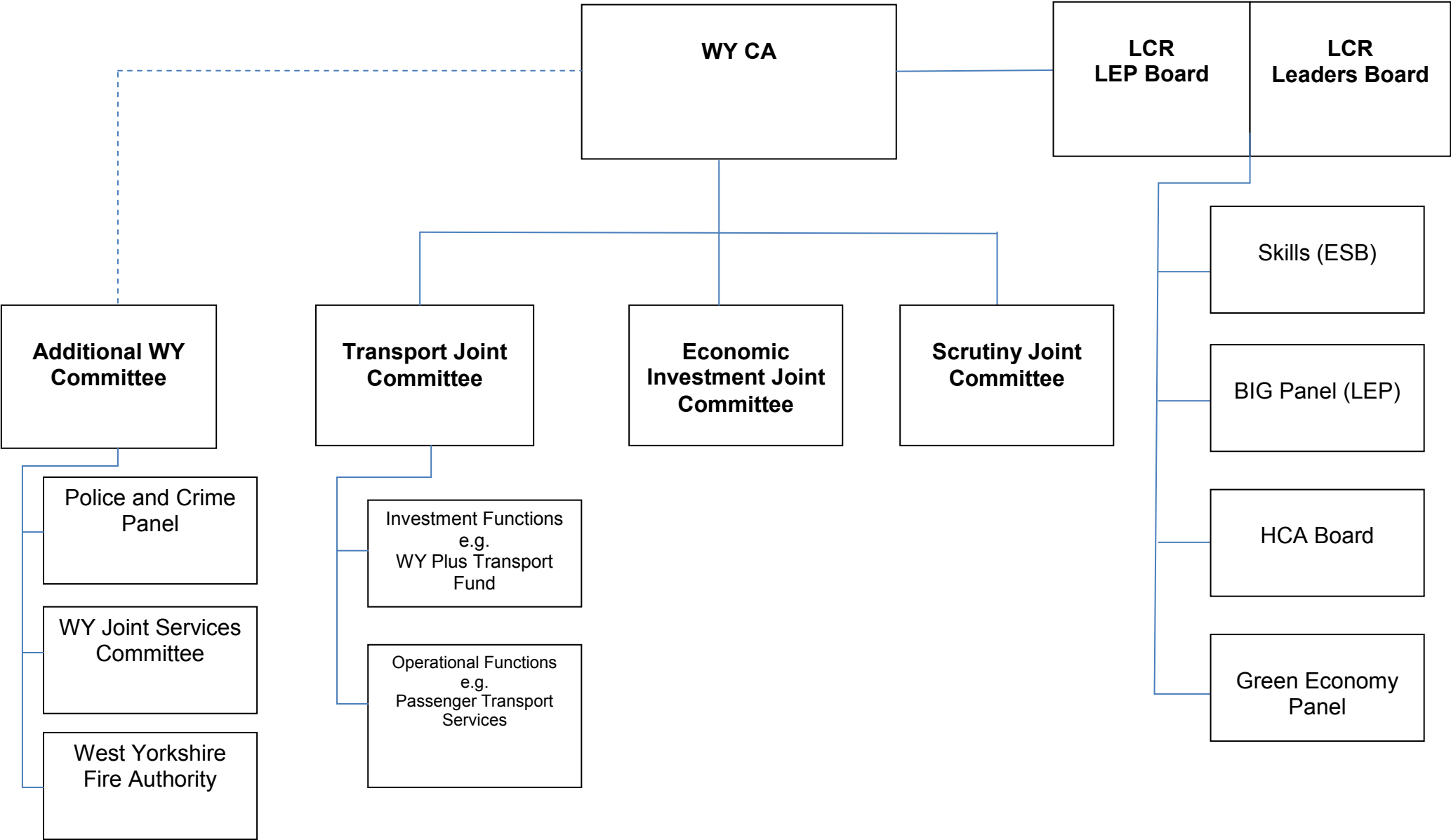
## **Powers and Functions of the PTE**

- To carry out any of the actions set out in Section 10 of the Transport Act 1968 including, by way of examples:
  - Carrying passengers.
  - The letting of passenger vehicles and rolling stock.
  - Provision of amenities for the travelling public.

- Acquiring land and developing it for the business of the Authority.
  - Lending money to third parties for the purposes of the Business of the Authority.
  - Laying or opposing a Bill before Parliament.
  - Making anything required for the purposes of its business.
  - operate ferries under the Ferries Act.
  - borrow monies with the approval of the ITA.
  - Acquire interests in land via compulsory purchase.
- 
- To provide bus stations and associated facilities within or in the vicinity of their area and to operate and maintain them.
  - Power to provide and maintain on any public highway, on a public service vehicle route, bus shelters or other accommodation for passengers, and to erect signs and barriers for the regulation of passengers.
  - Power to make grants to persons providing, maintaining or improving vehicles, facilities and equipment for facilitating travel by disabled persons.
  - To enter into agreements with the Secretary of State to pay for the provision of rail passenger services and facilities. With the consent of the Secretary of State, to be party to rail franchise agreements.
  - To establish, publicise and pay for travel concessions schemes (in addition to the Statutory ENCTS).
  - Subject to any restrictions in other legislation, To do anything that the PTE considers appropriate for carrying out any of its functional purposes or incidental to those purposes, whether directly or indirectly, and for commercial purposes.
  - Well-Being Powers under the Local Transport Act 2008
  - To keep specific and general reserves, which shall be spent only for the purposes of the PTE.

**LCR Plan and Single Appraisal Framework**

**Annex B**







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**Cabinet**

**16 July 2013**

**Report of the Cabinet Leader**

**Economic Infrastructure Investment - Stimulating Development Delivery**

**Purpose of the report**

1. This report sets out a proposal for investment in resources that are required to take forward the delivery of development to enable economic growth for the city of York.
2. In February 2012 Cabinet received a report entitled “Get York Building – Phase 1”. The focus of the proposals put forward was a plan for unlocking development sites that will provide new homes and other appropriate business opportunities as applications are received. The ambition is to see a release of 5000+ homes over the next 5 to 7 years. Although some of this will come via key stalled sites, considerable demand will also be met via the Local Plan “Call for Sites” process and subsequent raised interest.
3. This report sets out a proposal to release £1m of EIF funding, for investment in the resources that will facilitate timely development.
4. Further reports will set out more specific proposals on particular sites, with a report in September coming to Cabinet that will set out the range of opportunities and initiatives to take forward key development sites, such as York Central.
5. The release of £1m of EIF funding will provide the professional and technical resource needed over 2013/14 & 2014/15. It is proposed that it is directly linked to development activity such as the key sites coming forward (e.g. York Central, British Sugar, Terry’s & Nestle and other major sites) that will emerge from the Local Plan process. Investment in resources targets;

- a. The right level of “people resource” to ensure delivery of all aspects of the Council’s development support functions. Thus providing a timely quality and compliant service to investors and developers, such as; Planning, Transportation, Highways, Conservation/ Archaeology, Economic Development, Housing and support services.
  - b. The need to undertake, refresh, amend or update cross-cutting policies and evidence bases that will need to be done to support or challenge objectively new development, such as; Parking, Local Plan, Neighbourhood plans, Heritage, Bio-diversity etc.
6. By investing EIF resources it will quicken the delivery of development and therefore will unlock the progressive growth of approximately, 10,200 permanent jobs, 3400 temporary construction jobs, and a potential £855m injection of spend into the general York economy.
  7. The wider added value in terms of stabilising and supporting CYC’s financial position (Tax Base) will come in the form of retained elements of the Council Tax and/or new Business rates income, as well as the socio-economic benefits of seeking to reduce unemployment, thus benefits dependency and therefore increased spend in York’s local economy.
  8. The release of upto £1m of EIF revenue is intrinsically linked to the Council’s Priorities particularly; To Create Jobs and Grow the Economy, Get York Moving, and Protect the Environment. The growth of housing, new and expanding business, managing the transport implications and building in a sustainable way underpin these council priorities. This report and further reports will set out how the Council will take forward a range of major sites to support major Economic Growth. Further reports will specifically focus on :-
    - a) **De-risking sites financially** - where the viability gap cannot be met by the market, to be addressed in the third report.
    - b) **Managing the impact of growth** – ensuring there is a parallel transport strategy that supports the resulting growth in housing, business and retail, in order to address the increased traffic, demand for public transport and provide sustainable travel solutions.

- c) **Using the “planning gain” process** – reviewing and adapting the effectiveness of Get York Building changes to S106, affordable housing restrictions as well as opportunities to address wider City ambitions to reduce fuel poverty, carbon footprint and emissions through quality sustainable development (i.e. district heating).
- d) **Minimising financial exposure** - ensuring that CYC’s financial exposure through this funded investment plan, is minimised as and when other funding options can be secured (e.g regional funding sources, LEP, European funding, Government Grants)
- e) **Strengthening the supply chain** – Forward planning with businesses to capitalise, locally, on opportunities development creates, whether it be labour and skills, materials and/or equipment (i.e. Chamber, YEP, SME’s, Construction Skills centres and other business forums)

## **Background**

### **Why should CYC invest EIF in growth now?**

- 9. Set out below is a current summary of York’s strong economic performance areas that is raising confidence and activity in the development sector;
  - a) identified as one of the top five cities for business investment according to the Municipal Journal and Local Futures.
  - b) resilient economy through the recession
  - c) set to grow at a rate that outstrips both the regional and national averages over the next twenty years.
  - d) A key partner in the Leeds City Region, being the growth engine of the North of England.
  - e) University of York, a Russell Group institution and major global university player with research strengths in computer science, environmental sciences and law and management.
  - f) York St. John University, a civic university with a burgeoning media arts faculty and student base.
  - g) York College, and the leading agricultural college, Askham Bryan, the city has a clear advantage in attracting both talent and business to the city to tap into the pipeline of knowledge.
  - h) Growing pipeline of in the agri-food and biosciences industry, with the recently opened Biorenewables Development Centre and the Biocentre at the York Science Park.

- i) Research expertise via the Centre for Novel Agricultural Products and the Centre for Green Chemistry.
  - j) Strong links to the Food and Environmental Research Agency in Sand Hutton.
  - k) Media arts industry is the fastest growing sector in the city incorporating international firms like Revolution Software, The Beautiful Meme, Isotoma and Bright White, Aesthetica Magazine and Pilot Theatre.
  - l) A growing financial and professional services sector, the move of Hiscox UK to the city, presence of Aviva and CPP in the city.
  - m) As a gateway to Yorkshire and the wider North of England, the city is one of the most visited destinations in the UK, and with 7 million visitors a year.
  - n) There is quantified demand and backlog for grow-on space, particularly from the small to medium sized high growth firms, particularly in the creative and media arts. The total requirement in floor space is likely to be approximately 164,000 sq.m.
  - o) The Oxford Economics economic forecast and analysis by Ekosgen, states the city's GVA is set to grow by 63% (adding £2,482m) to 2030, compared to the UK at a rate of up to 59%.
  - p) York's employment is set to grow at 13% (adding 14,471 jobs) versus the national average of 8.7% .
  - q) Growth in employment and GVA is likely to come from financial and professional services and culture/arts industry as well as retail and accommodation.
10. However, whilst the city has a clear current and future demand in the pipeline and has the potential to not only provide growth opportunities for indigenous UK companies in key industries, but also attract new investment from key markets within and beyond Europe to the UK economy, this potential is significantly constrained by three key factors:
- a) lack of appropriate, quality, quanta of commercial premises, grow-on space and digital/ creative industry opportunities;
  - b) insufficient infrastructure to enable efficient movement of goods and services; and
  - c) a constrained availability of housing for the workforce required to supply the companies that locate in the city.



11. The *Council Plan 2011-2015 – Delivering for the People of York* sets our five priorities the first being to “Create Jobs and Grow the Economy”. In order to achieve this kind of economic growth, the city will need to create the right environment for business to flourish, thus creating jobs, which will create further need for more homes of mixed provision.

**What are the barriers to achieving this?**

12. In order to create the right environment for business and our new or growing communities the socio-economic offer needs to be attractive to those wishing to invest in York to achieve this the city will rely on a number of converging factors:
  - a) Land supply for development, sufficient to meet the city’s long term needs, catered for via the Local Plan
  - b) The attraction of investment to York, encouraged by its current and future economic performance but also an ambition to grow
  - c) The de-risking of those opportunities currently stalled due to various site and market factors, addressed in the proposals in this report.

**How are Government encouraging the need to support growth?**

13. The Government has been clear in its aspiration to see significant economic growth before April 2015; this encouragement comes in policy terms through the National Planning Policy Framework (NPPF). The NPPF encourages Local Planning Authorities to make development more viable, whether by reducing administration through the planning gain process (currently S106), or in fiscal policy terms creating or improving access to funding to bring forward development.
14. In addition, through its planned investment in infrastructure, the Government is seeking to target those sites and funding mechanisms that have the greatest likelihood of making a difference, in terms of construction “starts.” In order to ensure CYC capitalises on this potential investment, members and officers are seeking out all possible opportunities and contacts to secure funding. These efforts have included direct dialogue with relevant ministers such as Nick Boles (the Planning Minister - CLG), Vince

Cable (Business Secretary - BIS) and the BIS Local Team, led by Isobel Mills – efforts which have had the combined effect of ensuring that York’s key sites and wider development challenges are firmly on the radar for Government intervention, particularly York Central.

15. Earlier this year, the Budget announcement detailed that there will be circa £3bn of “Infrastructure Funding” for growth projects, this is welcome news, noting that it would not commence until 2015. In practical terms this would mean that physical starts on site are unlike before then. Thus there is a need to use alternate funding to kick-start CYC developments until or if government funding comes to CYC.

**What does EIF investment in “resources” help to release?**

16. Aside from the normal day-to-day outputs that will continue to come from the planning process via existing planning permissions and development, there are two important key development opportunities for the city, these are the Key Sites as detailed in Annex A and what emerges from the Local Plan “Call for Sites”. summarised below and detailed in Annex B. Each highlight potential opportunities for growth in Housing, Commercial/Business space, Retail and Leisure space, as set out below;

a) Housing	upto 1250 units p.a.
b) Commercial (B1)	upto 217,250 sq.m.
c) Commercial (B1b/c, B2/B8)	upto 74,270 sq.m.
d) Retail	upto 25,000 sq.m.
e) Leisure	upto 12,000 sq.m.

**Taking a phased approach to “Get York Building”**

17. The Council has recognised the need to address its housing shortage through the creation of a stimulus that will improve conditions to build new homes, whether they be affordable, private rented or for sale. The first key stage of “Get York Building” was approved by Cabinet in February 2013. Included in the approval were measures that will stimulate house building by relaxing and/or changing some of the constraints the sector providers felt were constraining development. The specific measures include changes to the Section 106 process, the percentage requirement

for affordable housing and a simplification of the administrative process and to start building Council homes.

18. The second stage, set out in this report, identifies the need for inward investment in development related resources. This is required to ensure that people capacity is in place to meet process demands or changes to appropriate supporting policies and documentation that would impact on the evidence base in CYC determining a planning application. The simple aim, in the spirit of NPPF, is to reduce the risk that is stopping development from proceeding.

### **What resource needs to be put in place?**

19. In order to ensure that CYC can deal with the increased demand to provide the support, assistance, advice and strategic overview for each significant application/enquiry received, there will be a need to provide a level of resource for significant critical parts of the process.
20. This approach puts in place a resource that directly support all aspects of development, ensuring, we keep pace with the developer process demands, but critically also ensuring development is strategically holistic.
21. In the medium to longer term, there will be a need to review the effectiveness of this resource in delivering economic growth. There are a number of options which will be considered alongside the CYC Development Team approach, including shared service models and urban regeneration companies, set up as Special Purpose Vehicles (S.P.V.'s) providing a range of development functions (i.e. economic development, regeneration, asset management, procurement and planning/design functions). These options will be developed separately and be the subject of a separate report.
22. The additional demand in 2013/14 and 2014/15 will require expertise and support from a wide range of disciplines to deal with each application/request and process in a timely way. The budget process for 2013/14 & 2014/15 puts significant pressures on resources in all directorates and therefore there to ensure we

retain adequate project-based resources it is proposed to allocate £1m EIF covering issues as set out below:

- a. **Transport, Highways, Planning, Regeneration, Archaeology, Ecology, Sustainable Design and Conservation** - Allocation of project based resource working with developers and agents to support the pre-application, outline, detailed planning process, partially mitigated through fees paid, noting unpaid elements such as TIA's, dynamic modelling, public transport impact, parking capacity review, ecological appraisals, supporting the local plan (evidence base verification process) travel planning (residents, businesses and visitors).
- b. **Housing** – A requirement for external expertise to construct a mortgage advice/package and/or the setting up a joint venture for delivery, where not fundable from HRA:
- c. **Economic Development** – Allocation of dedicated support to work with developers and agents to joint up with investors and end-users; preparation of business cases and econometric modelling to support attraction of investment; promotion of opportunities through targeted channels and intermediaries to attract employment.
- d. **Support services** – Provision of additional resource, where new development dictates, to address demand for financial, legal, asset management and procurement resource to ensure timely delivery of associated processes.
- e. **Energy** – Seeking to provide energy solutions through the development process that reduce fuel poverty, carbon footprint and fossil fuel consumption by the introduction of district heat and power solutions and other “green” business infrastructure.
- f. **Outputs from the Development team (additionality)** - This investment is focused directly at demand created through the process of dealing with the key sites and the emerging large scale demands that emerge from the Local Plan Call for Sites. Given the additional intensity and pressures to reduce current resource levels there is a risk service capacity to react would drop and delays in processing arise, this could see interest

from prospective investors/developers shift elsewhere, thus by securing these resources this risk is avoided.

**Are there any other funding options for development resources?**

23. In the short term there is no new money from external sources to address the need to accelerate development and therefore provide resources to ensure this is managed effectively and strategically. There are, however, several other options for securing funding in the medium to longer term that may assist in de-risking the key sites and possibly outputs from the Local Plan, these will be addressed in future reports.

**Consultation**

24. The report has been developed through a cross-service and cross-directorate team including consultation with Cabinet Members.

**Options**

25. There are no specific options associated with this report.

**Council Plan 2011-15 Priorities**

26. This links to the following priorities within the Council Plan.
- Create Jobs and Grow the Economy
  - Build Strong Communities
  - Get York Moving

**Implications**

27. (a) Financial

The proposed allocation from EIF is £1m, spread over a two year period. This will fund a range of support resources needed to progress major economic growth sites as set out in this report. These costs will be revenue expenditure, but can be met from the New Homes Bonus element of the EIF, which can be spent on revenue expenditure.

Allocations from the EIF currently total £16.66m against a total programme budget of £28.5m. A further allocation of £1m would then leave a remaining sum of £10.84m. The separate capital monitor report on this agenda sets out the full analysis of the EIF budgets.

It is proposed that in order to enable a flexible approach to resource utilisation any allocations from the £1m will be made by the Director of CBSS and Director of CES, in consultation with the Leader of the Council. Further reports will update members on any allocations, either through the capital programme monitor (where EIF is reported) or through future specific reports on the major Economic growth sites.

- (b) **Human Resources (HR)** – There are no implications.
- (c) **Equalities** – There are no direct implications.
- (d) **Legal** - There are no legal implications arising at this stage from the proposals set out in the report.
- (e) **Crime and Disorder** – There are no implications.
- (f) **Information Technology** – There are no implications.
- (g) **Property** – There are no implications.

### **Risk Management**

28. There are a number of risks associated with the Major sites identified for Development, these will be considered in further reports on the relevant sites.

**In order to progress the key sites, and ultimately deliver significant Economic growth, it is necessary to have in place the required resources to take forward the initial work.** The request for £1m of EIF funding over 2013/14 & 2014/15 is specifically required to ensure there is adequate resources in place/retained to deal with the expected increase in process activity. The proposals in this report and the categories of resource listed will seek to ensure delivery of key Council priorities.

## Recommendation

### 29. Cabinet is asked to approve :-

That an allocation of £1m from the EIF be made to provide the identified “development team” resources as set out in this report, for the specific use of stimulating development delivery. Approval of the detail of this spend of this funding will be delegated to the Director of CBSS and Director of CES, in consultation with the Leader.

Reason: to enable the required resources to be put in place to enable progression on a range of major economic regeneration projects

## Contact Details

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Katie Stewart Head of Economic Development	<b>Report Approved</b>	✓	<b>Date</b> 03.07.13
	<b>Cabinet Member Responsible for the report:</b> Cllr James Alexander Cabinet Leader		
<b>Specialist Implications Officer(s)</b> Finance – Ian Floyd Legal – Andy Docherty			
<b>Wards Affected:</b> <i>List wards or tick box to indicate all</i>		<b>All</b>	✓
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### Annexes:

**Annex A** : Key sites general details and “Other” sites early indication from Local Plan

**Annex B** : Key sites Job Creation (permanent and temporary construction), view on priority.





## Annex A

### Key sites general details and “Other” sites early indication from Local Plan

**Nestle South:** 6.8ha site with hybrid consent for 12,000m<sup>2</sup> commercial and **375 resi units**, currently being promoted by Nestle. Public investment will deal with market, scheme and site viability issues.

**Hungate:** 4.1ha Brownfield site with hybrid consent for **720 homes** and 18,400m<sup>2</sup> commercial development. Currently in re-negotiations on s106. Public investment in enabling infrastructure will ease viability.

**Castle Piccadilly:** 2.3ha city centre site being master-planned for 28,000m<sup>2</sup> retail led scheme in line with adopted planning brief. Public investment in site infrastructure will assist with site viability and asset revaluation process

**Terry’s:** 10.1ha former factory with hybrid consent minded to approve for **344 resi units** and 35,700m<sup>2</sup> commercial. Currently being remarketed following developer acquisition in 2008. Public investment will deal with market, scheme and site viability issues.

**York Central:** Reducing funding gap, was £150m pre resolution of infrastructure operational rail issues, falling to approx £80m and given link incremental development approach and link to “5-Acre” site interest viewed as a £35m max gap for initial phase at present. Gap funding will make development viable and allow institutional investment to be attracted as well as dealing with market issues

**British Sugar:** 35ha brownfield site wholly owned by Associated British Foods and CYC, currently being master planned as up to **1,300 unit residential** development. Public investment in site access and service infrastructure would accelerate the site to market

**Germany Beck:** Ongoing now but build out restricted by investment in other ancillary works such as infrastructure issues around A19, opportunity to address this and enhance the solution, provides around 650 residential units.

**General via Local Plan Call for Sites:** Initially a combination of the current call achieving 292 applications and filtering against 2008 call, giving a total of 688 sites and approx 2700 hectares of requests for development. Noting that the current call for site split this approx 50%

was for residential 20% employment, 20% open space/leisure and 10% retail. Entering consultation stage (June onwards for 8 weeks) on a filtered scope of 61 housing sites and 21 employment sites.

**General - York owned assets:** Much of this is addressed in the local plan in terms of Asset management and HRA sites. So this is not detailed separately.

**Site 10: General Transportation infrastructure improvements:** This is about impact mitigation beyond that which can reasonably assumed/required within the immediate hinterland of each major development via a S106 or similar (CIL) type agreement. This is to address the need to manage congestion created by growth whether it be residential commercial or retail or a combination. The mitigation solutions are about “sweating the asset” – improving the flow of all traffic modes via enhance network management solutions, introducing and improving access to green/sustainable travel and travel planning and undertaking localised improvements to the road network and junctions/ junction priorities.

## Annex B

## Key sites Job Creation (permanent and temporary construction), view on priority.

### 1 The sites<sup>1</sup>

These sites in total will create an additional combined impact of approximately **£855mn GVA per annum** added value to the York economy by 2030. Combined the net jobs figure to the York economy alone is **c. 10,200 FTE**; with a gross jobs figure of approximately 10,800 FTEs (excluding construction).

This includes the potential for a gross figure of **6,500 jobs** in the **professional services sector**, **2,600 jobs** in **retail**, and **1,490** in the **accommodation and leisure industries**.

#### Final table of outputs for key sites

Sectors	YC P 1	YC P 2	YC P 3	Terry's	Nestle South	Castle Piccadilly	Hungate	Fmr British Sugar/ Manor School	Totals
<b>DIRECT</b>									
Construction of Buildings	580	1065	205	678	249	272	98	271	3,418
Retail	21	842		31	74	1,316	316		2,600
Accommodation & Food Services	158	421		904	7				1,490
Finance & Professional Services	1221	2631		1466	526		632		6476
Other Private Services				56	70				126
Health				119					119
Totals	1980	4959	205	3254	926	1588	1046	271	
Totals excluding construction	1400	3894	0	2576	677	1316	948	0	
<b>NET – including displacement, indirect, induced impacts</b>									
<b>Total potential GVA impact per annum on completion</b>	£69m GVA per annum	£170m GVA per annum	Residual	£341m n GVA per annum	£108m n per annum GVA	£35mn per annum GVA	£132mn per annum GVA	Residual	<b>£855m n per annum GVA</b>
<b>Total potential net jobs by 2030</b>	<b>1320</b>	<b>3250</b>	<b>Residual</b>	<b>3,100</b>	<b>801</b>	<b>772</b>	<b>981</b>	<b>Residual</b>	<b>10,224</b>

<sup>1</sup> Please note that jobs figures demonstrate the capacity of a site to accommodate employment; a full demand analysis will follow to map against likely employment growth and potential to attract employment.

**2 The Job Creation benefits and investment requirement**

- 2.1 Permanent = up to 10,404
- 2.2 Construction = 3418
- 2.3 Investment = £107m (Falling from £147m giving improved viability on York Central)

**3 The likely development priority (intelligence as December 2012)**

- 3.1 York Central – Priority 1 – up to 4750 net jobs, (1850 construction jobs)
- 3.2 British Sugar – Priority 2 - 180 net jobs, plus 271 construction
- 3.3 Castle Piccadilly Priority 3 – up to 772 net jobs, ( 272 construction jobs)
- 3.4 Nestle South – Priority 4 – up to 801 net jobs, (249 construction)
- 3.5 Hungate - up to 981 permanent jobs, plus 98 construction
- 3.6 Terry's – up to 3100 permanent jobs, ( 678 construction jobs)

**4 The prioritised development in job creation and investment required terms**

**Jobs**

- 4.1 Permanent = up to 10,584
- 4.2 Construction = 3,300



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**Cabinet**

**16<sup>th</sup> July 2013**

**Report of the Cabinet Member for Finance, Performance and Customer Services**

**The Future of the Guildhall**

**Summary**

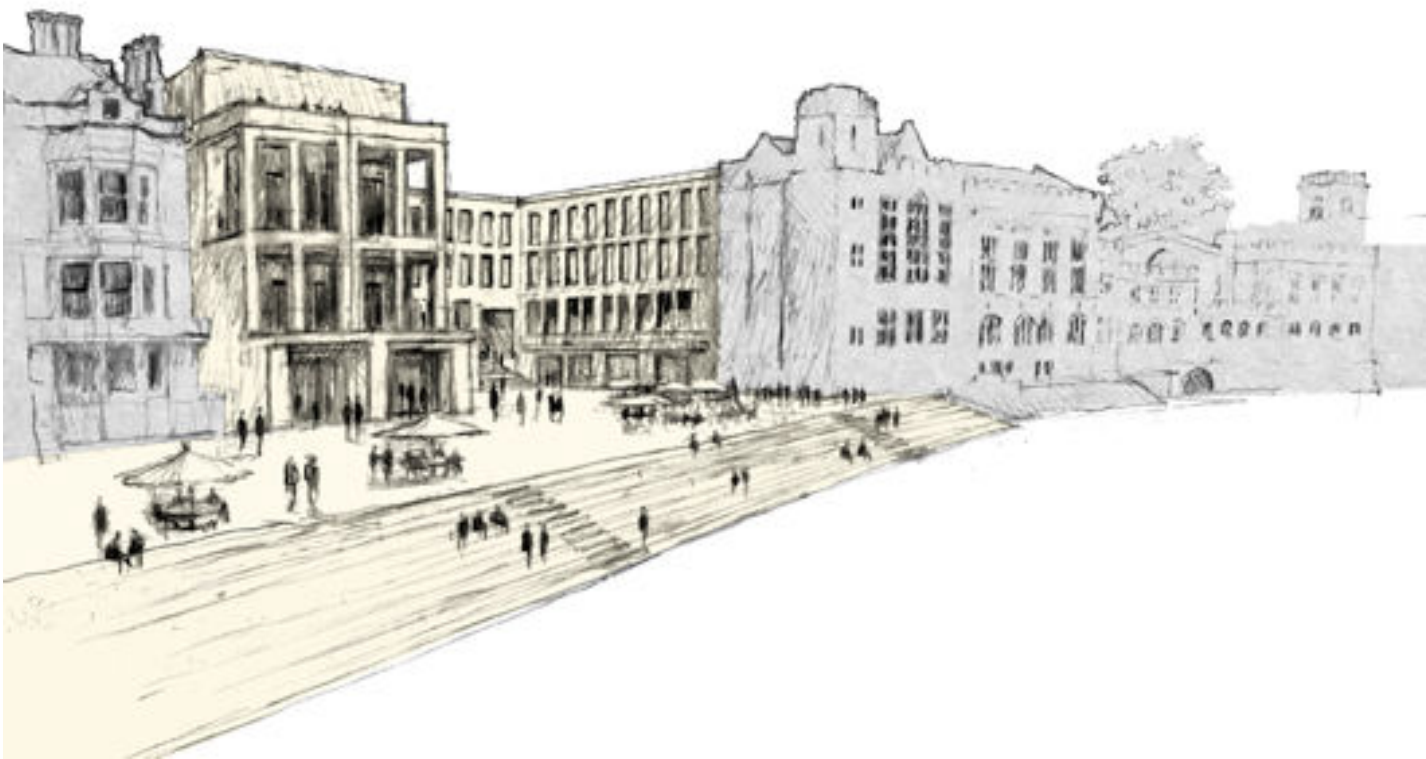
1. This report sets out potential future uses of the Guildhall complex, including its use as the home of a Digital Media Arts Centre (DMAC) and proposes a plan of action to assess financial viability, establish high level timelines and procurement options for a decision towards the end of 13/14. Members are asked to release some of the Economic Infrastructure Fund moneys set aside for the development of a DMAC to develop these proposals into a robust delivery plan.

**Background**

2. In December 2011 Cabinet decided to increase the ambition of the rationalisation of administrative accommodation and increase efficiencies by moving all activity out of the Guildhall and into West Offices and Hazel Court. Plans for West Offices were amended and additional work was undertaken at Hazel Court to accommodate all functions previously undertaken at the Guildhall with the exception of the hosting of Full Council which still take place at the Guildhall, on average once every two months.
3. In March 2013 the Guildhall was vacated by staff and Members and they moved to West offices where they are now based. All regular Cabinet and committee meetings are now held at West Offices which has improved public access, is DDA compliant and is now fitted out with appropriate audio visual equipment and can be used to web cast meetings when needed.
4. The Guildhall is now temporarily being used to host recruitment and training facilities for the John Lewis Partnership in the run up to the opening of their new store at Monks Cross. The Pilot Theatre Group are also using the building to prepare for a forthcoming theatre performance in October. The Annex section of the building has been mothballed to save energy.

5. Following the decision to vacate the Guildhall in December 2011, architects Purcell Miller Triton PMT were commissioned to undertake an assessment of heritage significance, a views analysis and an informed options appraisal of the Guildhall complex.
6. The study highlights the strengths and weakness of each aspect
  - a. The Guildhall itself – a large capacity city centre venue but with poor ancillary facilities / cross circulation / poor thermal and acoustic performance. Very significant and to be retained with upgrading needed.
  - b. The Council chamber / committee rooms and ancillary offices -a purpose built council chamber and imposing meeting rooms with the layout, capacity and gravitas necessary to best facilitate formal meetings – but suffering from poor IT facilities / thermal / acoustic performance and below standard physical accessibility / legibility. Very Significant and to be retained, but improvements are needed to improve the facilities and access.
  - c. The C20th office annex and hutments – office accommodation adjacent to the other elements and in a prime city centre location – relatively poor quality and limited flexibility – no distinct access. Not significant apart from the River frontage, some opportunity for re-development.
  - d. The surrounding spaces including Guildhall Yard and the Riverside. The Riverside setting is a key asset and there is a longstanding council aspiration for a Riverside Walkway. The Guildhall Yard should be seen as a City space. The adjacent York Boat Yard which is part-owned by the Council currently has restricted access. A holistic approach would add value to the whole area.
7. The reports confirm that the Guildhall complex is hugely significant, but highlight the potential for redevelopment to deliver considerable benefit. This would necessarily require capital investment and sensitive adaptation.
8. In the Autumn of 2012, CYC ran a RIBA Open Idea design competition to stimulate ideas and explore the opportunities afforded by this unique setting. The ‘Open Ideas’ format allowed for the exhibition of creative thinking, but with no commitment to develop out the winning entry.
9. The competition attracted 53 entries including from overseas, proposing a wide variety of options. The shortlisted schemes were displayed in the

central library (York Explore) where they were generally well received. The winning proposal proposes a new square directly on the river front, surrounded on three sides by retail/office space whilst retaining the original medieval Guildhall and office and meeting space. The design also proposes opening up several points of access to the Guildhall and the riverside public realm and makes links along the water front in both directions.



## Digital Media Arts Centre

10. In July 2012, the Cabinet received a report proposing investment by the Council in bringing forward a digital, media and cultural centre. Having received an in principle agreement to investment, it is proposed that the Guildhall complex is a possible and viable site for the centre.
11. By way of background, the proposal to create a digital and media arts centre for the city of York has long been an aspiration of the city's creative industries and the Council in supporting these industries. It responds to a market failure in the provision of flexible, city centre space for the digital and creative industries. This shortage has been identified in the 2011 DTZ report commissioned by Science City York (SCY). This report explored the spatial requirements of business in our key growth sectors, including creative and digital industries, finding that there were particular gaps in the provision of commercial premises, especially in provision of city centre office space and grow-on space for small businesses.
12. The findings of the DTZ report are backed up by more recent analysis by the Council's Economic Development Unit (EDU) mapping and identifying supply/demand for office stock in the city. The report identifies a severe gap in B1a office stock, which is made all the more severe in the case of city centre office stock.
13. The sector is dominated by micro or small businesses; many of them are young and innovative. These businesses require flexible, low-cost premises located in the city centre, however land values and rental prices are prohibitively high acting as a barrier to growth. Market demand for affordable studio and business premises is high.
14. It is proposed that a Digital Media Arts Centre (DMAC) is created to provide affordable space for up to 250 micro/small creative businesses over a period of 5 years. The model would adopt a pricing structure that provides a ladder of progression from start-up to established business, enabling growth.
15. The DMAC is proposed to:
  - Generate new business and jobs, helping established businesses to grow
  - Create 20,000 sq. ft. of managed office accommodation for small to medium sized enterprises (SMEs) within the creative, digital and



technology sectors encourage and support the growth and development of these sectors within York.

- Provide high quality office space with offices ranging from around 58 sq. ft. offices suitable for sole traders up to circa 1500 sq. ft. which will house companies of around 9-12 employees.
  - Unlock critical business space required to drive growth in the creative business sector
  - Create an innovation hub that generates business to business activity, collaborations and new intellectual property
  - Enable the city to provide a ladder of progression in which businesses in the creative and media industries can locate, from start-up enterprise, to high growth business
  - Develop a creative hub in the City of York
  - Create a destination venue, contributing to the cultural tourism offer of the City
16. An outline business plan for the DMAC has been produced by Science City York, and engagement with the local business community in the creative and digital industries undertaken with the Council's EDU and SCY. Early consultation with local creative companies found demand for grow-on space was the key issue facing a number of creative industry companies in the city, and interest from local companies recorded at over 8,500 sq. ft of grow on space as a minimum immediate demand from potential tenants as of June 2012.
17. In July 2012, Cabinet received this proposal and agreed an allocation of £1.4m from the Economic Infrastructure Fund (EIF) to part fund the creation of the Digital Media Cultural Centre (DMCC), as it was termed at the time, subject to the agreement of a robust business plan. Funding had also been earmarked from ERDF (£1.2m) and the York and North Yorkshire, East Riding Local Enterprise Partnership (YNYER LEP) Growing Places Fund (£1m loan) for the project, both also subject to business plan.
18. When the above funding was agreed, a range of sites were being explored, and in particular, work was being undertaken to establish feasibility of the preferred site option, which at the time was the privately-

owned Bonding Warehouse. The due diligence process undertaken by Council teams and the subsequent evaluation revealed that the proposition was not financially viable and attempts to purchase the Bonding Warehouse to improve the viability of the business case were not successful. Since that time other sites have been considered but none met the requirements of the companies seeking to locate themselves within the DMAC.

19. The Guildhall has previously been identified as a potential site option and hence the focus now turns to the work described in this report more fully to explore the detailed viability of the Guildhall complex as the site for a DMAC.
20. Work has been undertaken in partnership with SCY to build a refreshed business case to base the DMAC in the Guildhall and early works suggest that this could be financially viable. The project has the strong commitment of a number of businesses who wish to locate themselves within a digital and media arts hub and are currently seeking to expand or relocate to the city. Without further survey and feasibility work on the potential costs of development and refurbishment, a full business case cannot be progressed.

### **The Mansion House and main Guildhall**

21. The Guildhall is actually a complex of buildings as set out in para 6 and there are also strong linkages with the Mansion House. The buildings currently share an access route and activities in the Mansion House are frequently programmed across into the Guildhall as well. The main Guildhall is still in frequent use for talks, debates, workshops, concerts, exhibitions, receptions, dinners, weddings, festivals, conferences, guided tours, fairs and markets. It is exceeding its set income target. In addition the complex is still being used for a range of civic functions including regular use of the Council chamber for Council meetings.
22. The Civic Team are currently progressing a £1.3m bid for capital funding from the Heritage Lottery Fund (HLF) to restore the 18<sup>th</sup> century Georgian kitchen, upgrade the modern kitchen to provide catering facilities, install conservation heating system, solar panels and rewire the building, update the fire alarm system, improve physical access and display the Gold and Silver collection. As well as preserving the building and the collections that are hosted within it this will enable greater use of

the Mansion House as a tourist attraction, as an educational resource and significantly increase the level of revenue generation.

23. Any plans for the Guildhall complex need to take into account the future development plans for the Mansion House and ensure there is maximum synergy between them.

### **Potential Future Uses**

24. An officer working group has been developing ideas on future uses of the complex and they have identified that the future use of the Guildhall needs to contribute to the following objectives
- Income generation to further exceed existing targets
  - City Centre economic development
  - Sustaining and improving the fabric of the building
  - Increasing access to the historic building
  - Improving the water front public realm and access to the area
25. The Guildhall complex is large and varied and we need to consider any proposals holistically, rather than making piecemeal decisions. The complex has a number of zones that lend themselves to different uses and potentially could be developed and used by a number of varied organisations. It is not possible at this stage to prescribe what the best uses are, or assess the commercial and financial viability of any one element. It is unlikely that there will be one single end user or that the whole complex can be developed out in one go. It is therefore proposed that we establish a Zoned and Phased approach.
26. Each of the zones may be used in different ways or may work in conjunction with other zones.
- Zone 1 –Mediaeval Guildhall and links to Mansion House
  - Zone 2 - 19c Offices and Council Chamber
  - Zone 3 - 20<sup>th</sup> C Annex

- Zone 4 - Hutments and boatyard (not all in CYC ownership)

27. It is proposed that we work towards a holistic design solution but take a pragmatic and deliverable approach to the development work. There will be the following phases which have indicative timescales – a detailed plan will be developed as part of phase 1.

### **Phase 1 July 13 – summer 2014**

- Appoint Project Manager
- Undertake condition surveys and development, design cost and feasibility reports
- Run Developer day to explore interest in the site and establish potential for collaborations and consortia to develop the site
- Complete DMAC business case
- Demolition of Hutments which contain asbestos
- Undertake an archaeological evaluation of the Hutments site which is very likely to include using the site for a publically accessible archaeological dig and the opportunity for educational benefit.
- Commence Developer Competition
- Guildhall bookings continue till Easter 2014
- Guildhall roof capital works planned in
- Interim use of Office space used by JLP and Pilot Theatre

### **Phase 2 – indicative activity**

- Potential award of a License to Operate the Guildhall
- Development of Main offices as Digital Media Arts Centre (DMAC)
- Planning for new build on site of Annex, Hutments and Boatyard with mixed use potentially including further space for DMAC, retail, leisure, office and residential. The ideal mix will be identified through a developer competition.

- Development of Foss Basin for York Boat to establish a new dry dock and free up slipway land in front of the Guildhall

### **Phase 3**

- Development on the site of the Annex and Boatyard for remainder of DMAC and potential leisure/office/retail/residential use
- Relocation of boatyard to Foss Basin – York Boat will continue to have a presence within the Guildhall development scheme with associated access to the water.
- Development of public realm on river frontage

28. The Heritage Lottery Fund recently announced a Heritage Enterprise Fund, offering grants of between £100,000 and £5 million for heritage projects that have the potential to unlock a heritage asset in need of investment and utilise it as a stimulus for economic growth. It is anticipated that in most instances this will involve the repair and adaptation of a historic building or a coherent group of historic buildings for an end-use that generates a sustainable commercial income. The proposed Guildhall project aligns with the award criteria and a bid will be made for contributory grant funding.

### **Proposal**

29. In order to develop this proposal further and deliver the first phase or work, CYC need to dedicate some officer time to what is a large significant and sensitive project. It is proposed that a Project Manager and support team is appointed for 2 years (£150k), that the hutments are demolished to enable archaeological work to commence (est. £100k) and that a number of essential surveys and development appraisals are undertaken (100k) and that a contingency sum of £50k be allowed. It is therefore requested that a maximum of £400k is released from the previously agreed EIF funding to facilitate the early development work and prepare a comprehensive and commercially viable solution and business case.

### **Consultation**

30. Public consultation has already been undertaken as part of the RIBA design competition.

31. In order to explore potential future uses the team have engaged with a number of organisations who have already indicated an interest in the future of the site, including the Civic Trust, Conservation Trust, York Archaeological Trust, York Boat who own land by the slipway, adjoining land owners and a range of other commercial organisations. Further engagement will be undertaken with these organisations in phase 1 to develop a comprehensive proposal

### **Corporate Priorities**

32. The proposal will contribute to the Council Plan in the following ways.
- Creating Jobs and growing the Economy – the establishment of a DMAC will create expansion capability and increased GVA for local businesses in one of York's priority growth industries. Additional space for other economically beneficial uses will also be created and the improved use of the Guildhall itself will provide a boost to the visitor economy.
  - Protecting the environment – future development of the Guildhall will ensure the future of a historically significant building and increase access to a heritage asset. Improved use of and access to the riverfront will significantly improve the general amenity of the city centre

### **33. Implications**

**Finance** – The Economic Infrastructure Fund totals £28.5m and covers the period from 2012/13 through to 2016/17. It is funded from a combination of prudential borrowing and government grant. In July 2012 Cabinet approved in principle £1.4m from the EIF for the establishment of a Digital Media Arts Centre, subject to a further report being brought back to Cabinet for final approval.

- **Legal** - There are no significant implications at this stage but legal advice will be required if the recommendation is accepted – in particular in respect of property agreements and to ensure that proposals for the Digital Media Arts Centre are state aid compliant.
- **Property** -All implications are included in this report
- **Human Resources** – None

## **Risk Management**

34. Failure to progress plans for the future of the Guildhall would mean the possible disintegration of the fabric of a historic and iconic city centre building

## **Recommendations**

35. Cabinet are asked to :-

- a. Delegate to the Assistant Director of Finance Asset Management and Procurement in consultation with the Cabinet Member for Corporate Services the power to draw down up to £400k from the £1.4m Economic Infrastructure Funds already earmarked for the Digital Media Arts Centre to support the options appraisal and business case development of a mixed use solution for the Guildhall Complex incorporating the establishment of a Digital Media Arts Centre.
- b. Agree to the demolition of the hutments (subject to planning) and to undertake the necessary archaeological evaluation and excavation.

Reason: To identify new uses for a significant building in the city, to explore opportunities for economically beneficial uses of a key CYC asset and to ensure the effective conservation of a historic building.

## **Contact Details**

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**Cabinet Member**

Responsible for the Report:

Cllr Dafyd Williams  
Cabinet Member,  
Corporate Services

Report  
Approved

✓

Date 3 July 2013

Specialist Implications Officers  
Debbie Mitchell – Head of Corporate Finance  
Andrew Docherty – AD Governance and ICT

Ward Affected:  
Guildhall

All

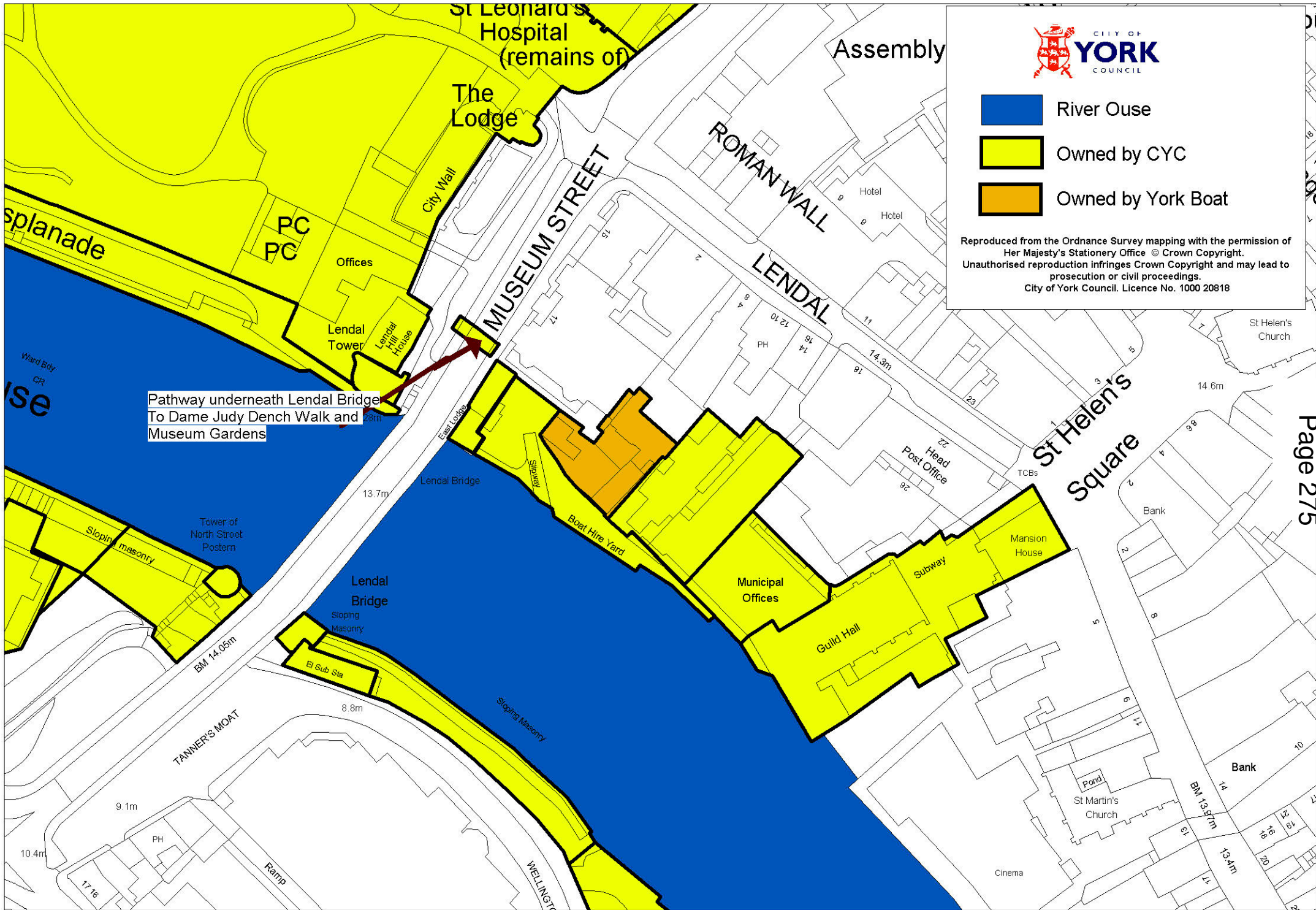
For further information please contact the author of the report

**Background Papers:** None

**Annexes:**

Annex 1 - A plan showing the location of the site and the land ownership.





- River Ouse
- Owned by CYC
- Owned by York Boat

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Pathway underneath Lendal Bridge To Dame Judy Dench Walk and Museum Gardens

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**Cabinet****16 July 2013****Report of the Cabinet Member for Leisure, Culture and Tourism****The Co-operative Council: A Community Benefit Society for Libraries and Archives****Summary**

1. In January Cabinet agreed that a business plan should be drawn up to determine whether it would be in the overall interests of the Council to transfer its Libraries and Archive service to a social enterprise.
2. This report summarises the results of this work which has been undertaken by a project board consisting of Library Service, HR, finance, IT, legal, and procurement staff, Veritau, and Unison, supported by Mutual Ventures as part of the Cabinet Office's Mutuals Support Programme.
3. The Libraries and Archives staff who will form the social enterprise believe that it is not only a viable proposition, capable of maintaining the current service, but that it represents an exciting and enterprising route to developing new forms of service delivery. The key conclusions set out in this report are:
  - The best possible legal model is a Community Benefit Society (CBS) with exempt charitable status, as previously approved by Cabinet, to be owned one third by staff and two thirds by the community.
  - The CBS will make a major contribution to helping the Council engage with its communities, facilitating adult learning, getting people on line, promoting the health and wellbeing agenda, and supporting vulnerable people, e.g. housebound people and people with mental health issues.
  - The CBS can manage the £450k savings required within the budget process whilst maintaining paid staff in every library, ensuring no closures, and driving service improvement.
  - The CBS will require a contract from the Council. Only a contract will provide the necessary certainty to the Council regarding the service to be delivered, as well as to the CBS regarding the

funding it will receive over the 5 years. It will allow the CBS to drive a robust growth strategy to deliver increased income.

## **Background**

4. The Council Plan sets out an ambition to engage the community and the voluntary sector in the provision of Council services. Co-production is a new vision for public services where, recognising people as assets, services deliver alongside users, their families and their neighbours in partnership, harnessing their capabilities and involving the community more deeply in service form and delivery.
5. At the same time York has signed up to the Co-operative Council movement in order to empower employees who wish to take a greater stake in their work. This social enterprise proposal arises from staff in what is a highly successful service with a strong track record of delivering service improvement:
  - Promoting the highly successful Explore library learning model across the community library network
  - Delivering the refurbishment of York Explore and the phase 2 project which will create a world-class archives facility
  - Facilitating self-directed learning by joining learners together and providing spaces
  - Opening the country's first reading café
  - Installing self-issue machines in all libraries
  - Increasing digital inclusion through developing skills, encouraging volunteer support and providing wi-fi access
6. The Cabinet Office's Mutuels Support Programme has provided £100k worth of support through *Mutual Ventures* whose expert legal and financial advice has been instrumental in preparing the business plan.

## **Consultation**

7. **Public Consultation:** Further to the public consultation undertaken in October and November 2012, we have subsequently put up displays in every library explaining what is happening and set up a blog: [www.explorethefuture.org.uk](http://www.explorethefuture.org.uk). Staff have been talking with the public in libraries and we attended every ward committee in April and May.
8. The main issues emerging from these discussions were that people are principally concerned about whether any changes would affect their local library, with worries about closures, reduction in opening

hours and loss of staff frequently expressed. There was some suspicion of the Council's motives, with a fear that the transfer to a mutual might enable the Council to make further cuts to the Libraries and Archives budget. A significant number of people wanted to understand more about the plan for financing the new organisation and were relieved when they understood that the Council would still be providing the bulk of the funding. When people understood that the proposal was led by staff rather than imposed by the Council they were much more inclined to view the idea positively.

9. Many people recognised that the only alternative to making a change would be a managed decline in the current situation. From those who understood and accepted the need to innovate there was considerable interest in the proposed new model and a positive response to the idea of joint staff and community ownership, with many people enthusiastic about becoming actively involved. A minority of individuals expressed ideological opposition to any change from Council ownership to mutualisation.
10. QA Research delivered 6 focus groups during April and May attended by 53 people recruited using a variety of approaches. Key findings from the focus groups were:
  - Awareness of the proposals was low with most respondents unsure of what the changes would look like in practice. Respondents were therefore cautious about the proposed changes and expressed some uncertainty and confusion about the possible outcomes, though outright hostility was rare.
  - Some respondents were suspicious about the proposals seeing them essentially as a means for the Council to cut spending on Libraries and Archives, and then reduce the service.
  - Respondents were positive about the potential for members of the CBS to have a direct influence and create a more flexible and responsive service.
  - Respondents also wanted assurance that assets (including buildings and the Archives) would be protected.
  - Most respondents were more positive about the scheme after attending the focus group and receiving more information. In most groups there was strong interest in getting involved in Libraries and Archives.
  - There was also a small group who felt that they lacked information to say whether or not the change would be

beneficial, and who do not understand why positive changes cannot be achieved under the current model.

- Many participants were regular service users and tended to be concerned about any change to a service they valued.
11. An e-petition was placed on the Council's system: "We the undersigned petition the Council to keep all libraries open, not to cut the book fund or outsource the service to a Social Enterprise. We want our Libraries and Archives Service to remain in council control and for the Council to fulfil its legal duty to provide a comprehensive and efficient service for all residents to make use of, and to encourage both adults and children to make full use of the service. We further call on the Council to drop its proposal for a further £200k of cuts in 2014/15. We believe that as Library and Archives are a statutory service, it should be fully controlled by the Council and democratically accountable. We further believe that as a free service it can only rely on Council grant to survive, and any income opportunities or tax breaks are marginal".
  12. 128 people signed this e-Petition which ran from 7 February to 26 March 2013.
  13. **Staff Consultation:** Informal consultation with staff and unions has been on-going since November 2010. A group of staff is working with the head of service to ensure that staff thoughts and queries are reflected back and that they influence the work. A representative of the staff group also sits on the Project Board.
  14. Cllr. Crisp visited all the libraries early this year to speak with staff about their views. Her feedback was that staff needed more time to discuss the proposals with each other and as a result staff workshops were organised which have been very positive and invaluable to the process of consultation. In May we undertook a follow-up survey of staff's views. Key results from the survey:
    - There is scope for further developing staff consultation and participation and specific methods were suggested. Nonetheless, over 70% of staff are confident to talk to members of the public about the proposals.
    - In answer to the question "How do you feel about the proposal to become a community benefit society?" 70.2% are in favour, 19.3% undecided and 10.5% are against.

15. Some quotes from staff:

*“Before the workshops I was against the community benefit society. I am more positive now but am still undecided.”*

*“I don't see another alternative right now, if we are to keep all the branches open. In the current long-term financial crisis, it feels better to “try something”, with hope and energy, rather than to sit still.”*

*“I wish we were there now”*

16. Unison maintains its in-principle opposition to the establishment of social enterprises for the delivery of Council services. It nonetheless continues to be represented on the Project Board.

### **The Vision**

17. The vision for the CBS will build upon the success of the Explore concept. Explore has created centres that have become true community knowledge hubs with an enormous range of events and activities. We have been able to promote the joy of reading and learning to many more people. We will build on this by developing a range of “explore community hubs”, different for each community depending on the needs of local people. They will be safe, welcoming, impartial spaces for everyone, incorporating all the aspects of libraries that create unique community spaces. The success of the Reading Café in Rowntree Park shows how the model can be adapted to fit different communities whilst securing new income streams.
18. The core of the Explore Community Hub will be a 21<sup>st</sup> century libraries and archives service that delivers the promotion of reading, a high quality reference and information service, support for lifelong learning and help with digital inclusion as well as access to the history of York and its people. Wrapped around that will be space for partners whose activities are complementary to a library service e.g. other information providers, community groups, health providers, CAB and other voluntary organisations. A range of activities will take place for all ages and there will be a programme of adult learning.
19. The hubs will also actively promote community engagement, working with the Communities and Equalities Team to allow the public to contact their councillors, have their say on local matters and discover volunteering opportunities.

20. The full description of the strategic objectives of the CBS can be found in the Annex.

**How this will be delivered**

21. The business values of the community benefit society will be:
- Sustainable business that can grow through reinvestment of surpluses to meet charitable objectives
  - Innovative culture that strives for excellent service delivery
  - Impartiality
  - Co-production with the community and partners to improve outcomes
  - A strong, dynamic, passionate team
  - Helping staff and the community to be more involved in decisions and governance and to have a clear voice
22. The CBS will establish a culture of innovation and enterprise to drive a strong growth strategy. All staff will be involved in this with income targets at each library. Ideas that we are working on include:
- Establishing Friends Groups to aid with fundraising locally
  - Community events, e.g. craft fairs, plant sales, coffee mornings
  - Merchandising – borrowing model from Northants Libraries
  - Investigating how to facilitate donations and other giving opportunities

**Detailed Proposals**

**Name:**

23. It is proposed that the name of the CBS will be *Explore Libraries and Archives Mutual*, branded as Explore Libraries and Archives, with the strap line of 'Knowledge and Ideas for Everyone'.

**Contract:**

24. It is proposed that the Council enters into a 5 year contract with the CBS as a contract will legally guarantee both the delivery of the statutory library service and the legal requirements of the archives. It gives the Council a greater control over what is delivered and greater recourse if something fails to be delivered. This demonstration of commitment to the service will ease some public worries over the transfer.



25. The 5 year period of certainty with regard to funding that the contract will give will also be essential to the CBS to allow its growth strategy to develop in order to grow future sustainability. A contract is also more financially efficient as the CBS will be able to claim VAT to the value of at least £20k p.a. which would otherwise have to be paid.
26. We have investigated whether there is a European market for libraries and archives. Across Europe, public libraries are delivered by local and municipal authorities, often as a statutory service e.g. Finland, Catalonia, Norway and Sweden. They tend to be part of a national network. We do not believe that there is a commercial market for libraries and archives in Europe.
27. Similarly, we do not believe that any funding provided by the Council could be deemed to distort competition or affect trade between member states and will not therefore amount to state aid.
28. There is little evidence of a developed commercial market for the provision of library services in the UK and we have established no evidence of interest from commercial providers. There are a small number of existing social enterprises trading in this area but given the cost-efficiency of our service we do not believe that there is evidence of these organisations being better able to provide the service or that they would seek to challenge the direct award of a contract by the Council to the CBS.
29. It is therefore proposed that the Council enters into a direct contract with the CBS through a “single tender action”.
30. The contract will not allow for assignment to any third party without the permission of the Council. In the event of the failure of the CBS the service would revert to the Council. Regarding the possibility of the CBS being bought out, in the establishment of the CBS the shares will be issued as 'withdrawable' shares (rather than 'transferrable') so that they cannot be sold to / purchased by a buyer and it would be at the discretion of the Directors of the CBS whether they could be withdrawn (i.e. the member paid back). This discretion will be stipulated in the Rules.
31. To further reduce any concerns over the CBS being bought or its asset being sold, an 'asset lock' will be added to the Rules of the CBS to ensure that the assets of the CBS (including any profits or other surpluses generated by its activities) are used for the benefit of the community. This means that, subject to the CBS meeting its obligations, its assets must either be retained within the CBS to be used for the community purposes for which it was formed or, if they

are transferred out of the CBS, the transfer must satisfy one of the following requirements, that it is made:

- For full market value so that the CBS retains the value of the assets transferred
- To another asset-locked body (a CIC or charity, a permitted industrial and provident society or non-UK based equivalent) which is specified in the CBS's rules
- To another asset-locked body with the consent of the Regulator
- For the benefit of the community

32. At the end of the 5 year term it cannot be assumed that the contract can be renewed through a single tender action as the market for library services may develop in the interim. A review will therefore need to be undertaken in the second half of year 3 to determine the strategy for securing the service from year 6 onwards.
33. The contract specification will set out the key requirements with respect to service levels including book stock, professional staffing, service points, and the outcomes to be achieved by the CBS. It will also be important that the CBS is able to demonstrate how it adds social value as a return on the Council's investment. This will be a key part of the contract specification.
34. Although, it is evident that public libraries deliver social value outcomes, it is not easy to demonstrate the impact of these. We will be working with Shared Intelligence to define a number of specific and measurable social impacts which will put the service vision into practice. Initially these are likely to be around employability, digital inclusion and the use of the YorkCard but the work will grow to encompass and support broader areas. We already hold a lot of the data that will underpin this work.
35. Reports will be made quarterly by the Chief Executive Officer of the CBS to the Cabinet Member of Leisure, Culture and Tourism on the performance of the CBS against the contract specification. Reports will also be made twice a year to the Learning and Culture Scrutiny Committee. The Assistant Director (Communities, Culture and Public Realm) will act as client officer for the contract.

**TUPE:**

36. All staff will transfer on their existing terms and conditions under TUPE.

**Assets:**

37. The collections will be considered in two areas: permanent collections and general library stock. The permanent collections including the civic archives, donated private archives, and the local history library collections will remain the property of the Council. The Council will also remain the legal custodian for Deposited Public Records, Manorial Records, and deposited non-civic archives. Consumables, such as the library books will become the property of the CBS. The replacement value of the books is £2.031m. The contract between the Council and the CBS will ensure that the CBS must continue to maintain a bookstock at a specified level. This will ensure that whilst the individual books will change the stock will be maintained. The asset lock will protect the value of the bookstock.
38. With regard to IT, general IT equipment will form part of the IT support service whilst service specific equipment such as the People's Network will transfer to the CBS. The split will need to be negotiated.

**Property:**

39. All buildings which the Library Service occupies are included in the Council's current Asset Management Strategy Review which seeks to ensure that the Council uses its assets to:

- Make best use of publicly owned assets across York
- Encourage shared use of property resources
- Minimise the cost of occupation of land and buildings
- Ensure the assets comply with sustainability policies

The principles and process for this strategic review approved by Cabinet in November 2012 will be used to work with the CBS in looking at all the library buildings to ensure the library service occupies buildings in the right locations to deliver its vision.

40. Condition surveys have been undertaken on all the current buildings. These show a liability of £361k over the next 5 years (excluding York Explore). The repair and maintenance budgets available to the CBS over the same period will be around £250k based on existing budgets. It will therefore be a priority for the CBS to address this deficit through attracting investment and finding improved premises solutions through partnership working.
41. Freehold properties will be leased to Explore by the Council (to include fixtures and fittings). The lease term will be coterminous with the term of the service contract. For leasehold properties, the

Council will assign the lease to Explore or underlet it if the landlord is unwilling to accept covenant. The detailed discussions and agreement of the leases will be delegated to officers and reported to the Capital and Asset Board.

42. The CBS will continue to be able to bid for capital funds through the CRAM process (in the same way that the York Museums Trust is able to).

**Insurance:**

43. Assets which remain the property of the Council can continue to be insured by the Council and this is likely to remain the cheaper option for the CBS; however, public liability and employer's liability insurance would need to be procured separately by the CBS. There is a risk that the premium for the CBS will be greater than the cost to the Council but this has not been quantified yet. The business plan assumes that the cost will be similar to the current cost. If the cost increases significantly the business plan will need to be reviewed and additional income or a reduction in costs identified.

**Support Services (and other centrally procured contracts):**

44. Support functions (such as HR/payroll, finance, legal and ICT) will continue to be purchased by the CBS from the Council, at the level of the current recharge values, in the first year of its operation. The Council will then set out the charge it proposes to make for each support service from year 2 onwards based on actual costs. Its annual contribution to the CBS will be adjusted to reflect these revised charges. At that point the CBS will be able to review its needs for these services and may decide to procure some or all of them from an alternative provider. Any savings made in this way will contribute to achievement of the business plan.

**Pension Liabilities:**

45. An actuarial review is currently underway to assess the future pension contribution rates for the CBS and the value of the bond required to cover the potential liability build up in future years. It is currently proposed that the Council continues to fund any pension deficit in relation to the pool of employees transferring to the new organisation (either through contribution or other guarantee / indemnity) that has arisen up to the point of transfer consistent with other similar staff transfers. In addition, there may also be a need to have a bond in place that would act as an insurance policy in the event that the new organisation cannot continue to meet pension contribution payments over the period of the contract e.g. through insolvency.

**Redundancy Liabilities:**

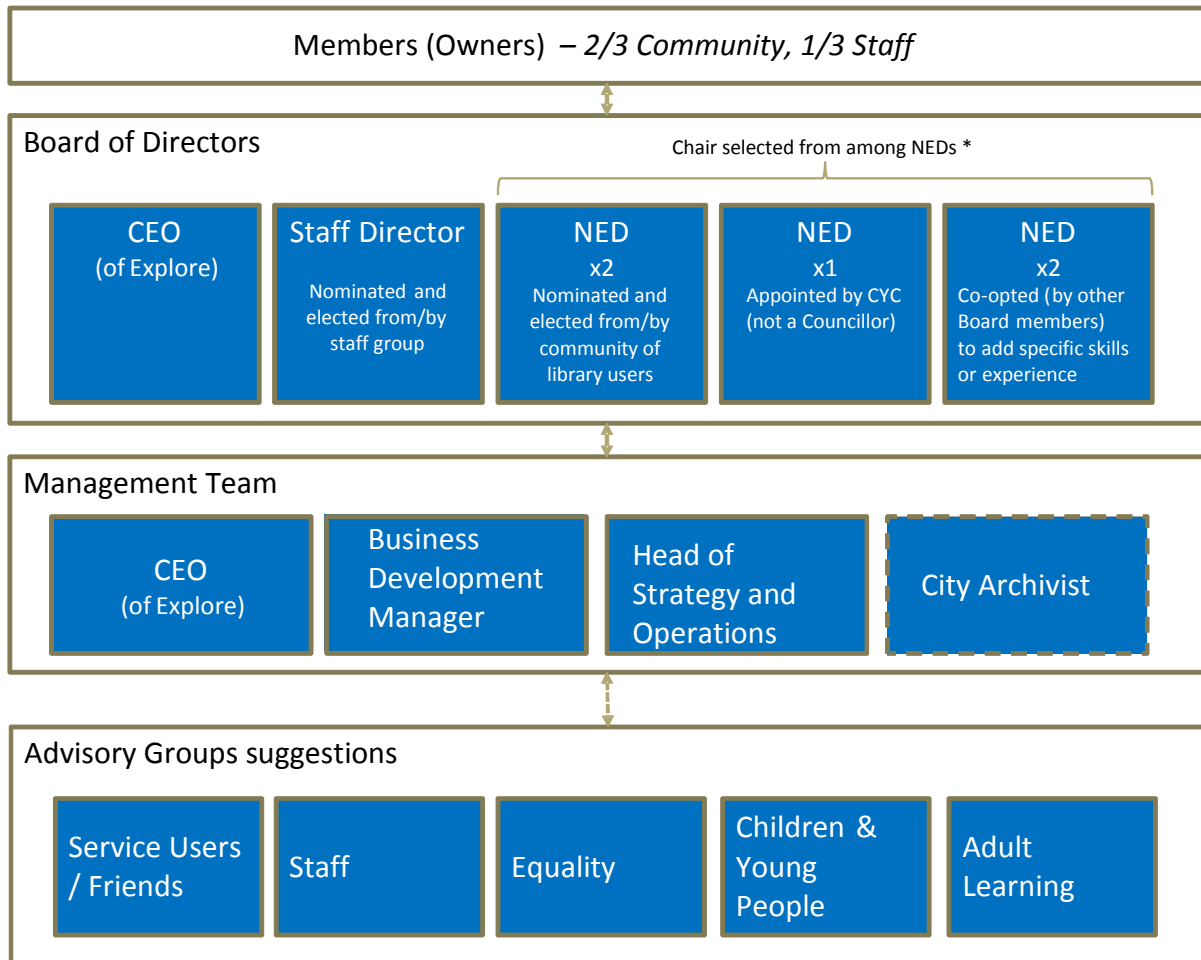
46. The CBS will meet any costs arising due to redundancy from the point of transfer onwards by ensuring it has sufficient reserves.

**VAT:**

47. A high level exercise has been undertaken to assess the impact on the Councils partial exemption status as a result of removing this activity area from the Councils financial reporting remit. The calculation shows that the impact in terms of partial exemption is not significant enough to affect the Council's status adversely.

**Governance:**

48. A Community Benefit Society (in full: Industrial and Provident Society for the benefit of the community) is governed by a legal document called the Rules and is regulated by the Financial Services Authority (FSA). The rules describe how the society is run. A set of model rules, already agreed by the FSA, are used as a starting point, adapted to reflect local need. The key elements of the rules are the objects of the society and the make up of the board of directors. Once a set of rules has been agreed, they are registered with the FSA as part of the set up of the society.
49. It is proposed that membership with voting rights will be open to everyone aged over 16 who support the objects of the society. Each Member will have a single vote based on the issue of a single share valued at £1. Young people under 16 cannot be members and so we will use alternative ways of including them.
50. Membership of the society will be separate to membership of the Library, which will remain free of charge. People will have the choice of belonging to just the library or to the society as well. Residents of York will also have the option to pay for a YorkCard. The CBS will continue to administer the YorkCard on behalf of the Council.
51. The following table shows the proposed governance structure:



\* NED = Non-Executive Director

52. The Board of Directors will delegate the day to day running of Explore to a Management Team which besides the Chief Executive Officer will include the Staff Director, Head of Strategy and Operations, Business Development Manager, City Archivist and Head of Resources. (Note: The Head of Resources is a function and not a separate post). The management team will report performance to the Board on a regular basis, every 2 months initially.
53. It is proposed that the Council nominates a director to the board. This person should be someone chosen on the basis of their ability to contribute to the skills mix of the board. The proposed board is small and it is therefore essential that each member is able to bring a distinctive set of skills. It is proposed that this should not be a councillor since it is important to recognise that the CBS will be an independent body and that its relationship with the Council will be governed through the formal mechanism of the contract and the reporting arrangements that this will enshrine. Any councillor acting as a board member would encounter a conflict of roles as they will

not be able to represent both the Council and the CBS simultaneously.

54. It is proposed that a number of Advisory Groups are established to enable key groups to have a voice in the running of the CBS. These will be chaired by directors, giving a greater degree of connection between the Advisory Groups and the Board of Directors. The make up and function of the groups will be finalised in the transition period.

### **Highlights of the Business Plan**

55. A detailed businesses plan has been developed using the expertise of *Mutual Ventures*. Central to the development of the plan is the understanding that we will help staff and the community to have a clear voice in decisions and governance through ownership. They will be engaged as key stakeholders working in partnership to further the Explore vision.

56. Explore will establish a culture of innovation and enterprise as a means to drive income generation. All staff will be involved in this with income targets at each library. Ideas that we are working on include:

- Donation boxes in every library
- Friends groups supporting fundraising locally
- Community events, e.g. craft fairs, plant sales, coffee mornings
- Library shop areas – borrowing from the Northants. model

Strensall and Dunnington Libraries are already beginning to adopt this enterprising model with increasing success.

57. Cafés – We are already developing the commercial performance of the cafés. Year 1 will see the redevelopment of the café at York, introducing a new look and feel which will be unveiled when the new libraries and archives service opens in September 2014. This is targeted to generate an increase in income of 10%. In year 2 we will extend the opening hours at Acomb, again with the intention of increasing income by 10%. In addition, where space is limited, some of our smaller libraries will have coffee machines installed, with income targets of £500 each.

58. Room hire – We are proposing up to 50% of room sessions to be made available to York Learning free of charge as part of the contract with the Council. The remaining 50% of sessions will generate a gently rising income as we market the service in a much more targeted and effective way.

59. Further contributions are made to the business plan through NNDR rate relief and an increase in the price of YorkCard to £4.
60. We have identified a large number of contracts and agreements that support service delivery. We are working through each one, challenging it to identify efficiencies.

### **Financial Projections**

61. The financial projections for Explore are shown below (in summary format). The forecast indicates that, given a 5 year financial settlement, the proposition represents a financially viable undertaking with steady growth from year 3. The growth assumptions we have factored into the business plan are modest and we believe that an independent service will have the ability to exceed the projections and also to develop further innovative revenue streams beyond those which have been included in the model.
62. Key assumptions to be noted:
  - Staff transfer under TUPE on their existing terms and conditions
  - Closure of York Explore for 3 months and the Archive for 6 months of year 1 during construction of the new archive
  - Inflation on relevant costs at 2.5%
  - Continued operation from the same premises with no library closures
  - Opening of the 'reading experience' at the Community Stadium
  - Additional revenue generation through:
    - Room bookings
    - Development of business hubs
    - Increased merchandising
    - Re-development of the café business model
    - Additional access to grants, donations and sponsorship
    - Increased YorkCard charges



	5 Year Summary				
	2014/15	2015/16	2016/17	2017/18	2018/19
Libraries	2,410	2,401	2,427	2,440	2,452
Archives	208	211	219	223	234
Advertising	2	2	2	2	2
Cafes	342	372	392	409	426
Inspire & Mint Yard	17	23	32	38	44
Yorkcard	224	224	224	266	266
Merchandising Community Stadium	46	50	55	61	64
<b>Total turnover</b>	<b>3,249</b>	<b>3,282</b>	<b>3,351</b>	<b>3,438</b>	<b>3,487</b>
Libraries	(2,042)	(2,091)	(2,107)	(2,125)	(2,143)
Archives	(211)	(202)	(205)	(209)	(213)
Advertising	(1)	(1)	(1)	(1)	(1)
Cafes	(327)	(330)	(334)	(338)	(342)
Inspire & Mint Yard	(10)	(10)	(10)	(10)	(10)
Yorkcard	(1)	(1)	(1)	(1)	(1)
Merchandising Community Stadium	(28)	(25)	(28)	(30)	(32)
<b>Total direct costs</b>	<b>(2,619)</b>	<b>(2,658)</b>	<b>(2,685)</b>	<b>(2,713)</b>	<b>(2,741)</b>
Libraries	369	310	319	315	309
Archives	(3)	9	14	14	20
Advertising	2	2	2	2	2
Cafes	15	42	58	71	85
Inspire & Mint Yard	8	13	22	28	34
Yorkcard	223	223	223	265	265
Merchandising Community Stadium	17	25	28	30	32
<b>Gross surplus</b>	<b>630</b>	<b>623</b>	<b>665</b>	<b>725</b>	<b>746</b>
Operational	(442)	(449)	(449)	(449)	(449)
IT	(159)	(159)	(159)	(159)	(159)
General	(2)	(3)	(3)	(4)	(4)
Set-up/one-off costs	(22)	0	0	0	0
Depreciation	(2)	(2)	(3)	(3)	(3)
<b>Total indirect costs</b>	<b>(627)</b>	<b>(613)</b>	<b>(614)</b>	<b>(615)</b>	<b>(615)</b>
Surplus before interest and tax	3	10	51	110	131
Tax	-	-	-	-	-
<b>Surplus</b>	<b>3</b>	<b>10</b>	<b>51</b>	<b>110</b>	<b>131</b>

63. The projections show that the CBS can deliver the £200k saving required for 2014/15, but over 2 years (profiled as £150k and £50k). This is on top of the £250k saving required for 2013/14 which has now also been identified. It can do this whilst maintaining paid staff in every library and with no closures. CANs management team will undertake to find the one-off £50k shortfall in 2014/15 from alternative proposals.

64. The projections show small surpluses. As is set out in paragraph 40, however, the CBS will be faced with significant repairing liabilities on the buildings and its first priority will be to re-invest in

the service to address these issues. The CBS will be expected to deliver business transformation and diversification and should it be able to exceed the levels of surplus shown having addressed the property issues, the contract will contain a formula allowing for the Council to share in the benefit of this through a reduction in the contract payment.

65. As well as reducing the Council's repairing liabilities on its buildings the CBS will be expected to assist the Council in reducing its costs through co-location of services within the hub model. The community hub should become a default delivery route for appropriate community based services. The contract with the CBS will ensure that cost benefits are shared by the Council and the CBS in such arrangements.

### **Next Steps**

66. An implementation plan will be developed. Mutual Ventures will return for 10 weeks to offer support as part of the Cabinet Office work. Key steps:
- A shadow board will be set up for the CBS to develop the business plan, the rules and objects of the society and negotiate the terms of the contract with the Council
  - Formal consultation with staff will begin
  - A programme of community engagement will be developed
  - Return to November Cabinet to agree the terms of the contract and the transfer

### **Implications**

#### **Financial:**

67. **Financial Plan:** The 5 year financial plan is projecting a surplus of £3k in 2014/15 increasing to a surplus of £131k in 2018/19. This is based on current performance adjusted for a number of assumptions, some of which are outlined in the section on Financial Projections. The main assumptions which pose a potential risk are:
- Cafés - Overall a gross profit of £15k (year 1) increasing to £85k (year 5) is forecast for cafés. The surplus forecast in year 1 is a significant improvement on the current actual position for 12/13 (an overall loss of £22k). The additional surplus is mainly due to an increase in prices, extended opening hours and a restructuring of staff. It is assumed that all café staff are paid at least the living wage.

- Inspire & Mint Yard - Income generation from Inspire events / workshops and Mint Yard lectures of £8k (year 1) increasing to £34k (year 5) is forecast. The number of events included in the forecast is significantly greater than current; however, it is assumed that a business development manager will be in post to manage and market these events. Since this is a relatively new venture on this scale this income stream will need to be monitored to ensure that the forecast targets are achieved.
  - Merchandising is forecast to generate a surplus of £17k (year 1) to £32k (year 5). This will need to be monitored as currently merchandising does not generate significant surplus. The business development post will also support the expansion of this area of the business.
  - It is assumed that donations, fundraising and sponsorship will increase significantly, partly as a result of the public perception of the new organisation (external to the council) and partly due to increased access to funding from external sources. The business plan assumes income of £40k in year 1 from these sources. This should be reviewed at the end of year 1 to ensure it is achievable in the long term.
  - The business plan projections show only a marginal surplus for the first 2 financial years (£3k in 2014/15, £10k in 2015/16). There is therefore a significant risk that the CBS makes a loss initially and there should be some consideration within the contract of how this would be dealt with.
  - The cashflow forecast accompanying the business plan remains positive throughout the 5 years. Payments from the Council will be made in advance (potentially quarterly) and this will be finalised in the contract. There is a small risk of a deficit position at the end of year 1 if the forecast surplus is not achieved, so this will need to be monitored; however it is likely that any short term cashflow deficit could be managed by the CBS through their own banking.
68. **Support Services:** The Council will award a contract to CBS initially based on the current budget allocation including a notional recharge for support services. In year 2 the element of the contract value relating to support services will be adjusted to reflect the actual cost of support services. If the CBS choose to procure support services from an alternative provider, it is essential that the Council have the ability to reduce their costs accordingly to reflect the reduction in service provision. There is a risk that the Council

may be unable to reduce costs if for example there is an element of fixed costs or if the cost relates to a proportion of a staff member.

69. **Contract Term:** As discussed in the report, a contract term of 5 years is proposed (until 2018/19) and apart from the adjustment relating to support services it is proposed that the contract value will remain fixed. The Council's current budget is set until 2014/15. Therefore for the 4 year period from 2015/16 to 2018/19 there would be no opportunity for the Council to make budget reductions in this service area. This may increase pressure on the Council's remaining services to achieve future savings targets.

**Legal:**

70. The proposed contract between the Council and the new CBS will be subject to the Public Contracts Regulations 2006. Contracts for services over the threshold of £173,934 are classified as "Part B" services and are not subject to the full EU procurement regime, but the Regulations do require the Authority to comply with the detailed requirements relating to technical specifications; and also a requirement to publish a contract award notice in the Official Journal, no later than 48 days after the contract has been awarded.
71. Additionally, if there is likely to be any cross-border interest in providing the service the principles set-out in the Treaty on the Functioning of the European Union (TFEU) will apply. The Authority would need to comply with the key principles of proportionality; mutual recognition; transparency; non-discrimination; and equal treatment. Taken together, these principles require transparency in the procurement process. The impact of this is the necessity to advertise to inform potential providers in other Member States of the procurement to give them an opportunity to express an interest. There is no requirement to have a formal tender process and a more flexible process of evaluation and selection can be adopted.
72. The Council's own Contract Procedure Rules also require contracts with a value of over £139,000 to be tendered, unless a waiver is granted prior to entering into the contract.
73. If a direct contract is awarded to the CBS and the Authority is providing financial or other aid to the Society this may amount to State Aid under Article 107 of the TFEU. Aid includes grants, capital payments, preferential loans, and the use of the Council's assets, for example. Such assistance, however, will not amount to State Aid if it does not have the potential to distort competition and affect trade

between Member States, or the level of aid is below the current de minimis exemption of €200k.”

74. Clauses 14 and 29 of the Heritage Lottery Fund (HLF) Terms of Grant for the Gateway to History project HLF require the Council to retain ownership and exclusive control over the archive facility unless it has HLF’s consent to do otherwise. This means that consultation will be required with the HLF about the proposal to include the archive within the social enterprise for Libraries & Archives.
75. The service is subject to statutory regulation. The Council, being a library authority, has a duty, under s7(1) Public Libraries and Museums Act 1964, to provide a comprehensive and efficient library service.
76. The City Archives has been designated by the Lord Chancellor as a place of deposit for local public records under the Public Records Acts of 1958 and 1967. The City Archives also holds manorial documents as designated by the Master of the Rolls and under the supervision of the Secretary of The National Archives: Historical Manuscripts Commission. The City Archives holds on deposit (i.e. loan) various archives from non-civic organisations and individuals under powers granted to the Council by the Local Government (Records) Act 1962. Under s224 of the Local Government Act 1972 the Council is obliged to make suitable arrangements for its own archives and for any archives held on behalf of others. The National Archives and the owners of the deposited archives will need to be consulted further about the implications of any transfer of the service to a CBS.
77. The Council would use primarily the general power of competence set out in section 1 of the Localism Act 2011 to establish the community benefit society.

**Equalities:**

78. A CIA has been undertaken. The action plan will deliver on the following recommendations:
  - Ensure opportunities to engage and participate in the decision-making process are offered to all.
  - Ensure representatives from the communities are consulted with regard to changes to service delivery.
  - Volunteer opportunities will be inclusive – use of equalities monitoring data will capture details of all volunteers.

- The CBS will deliver the Council's public sector duty.
- All library and archives users will be updated regularly via briefings and meetings on the development of the organisation.

### **Human Resources:**

79. Consultation with staff and unions is ongoing. The transition plan will detail the time table for formal consultation and the arrangements for the TUPE transfer of staff into the new organisation.
80. Discussions have taken place with the North Yorkshire Pension provider regarding the transferring of existing pension rights for transferring staff. They have agreed in principle to grant the CBS 'admitted body status' which will enable it to offer continued eligibility for the Local Government Pension Scheme.

### **Risk Analysis**

81. The key risks identified at this stage are:
- Long-term illness of key staff: The head of service is leading on this project and her absence would significantly impact on the ability to move forward. To mitigate it, she is being supported by the Archives Development Manager and the Library Delivery Manager, who are being kept up to date with work.
  - Resistance to change and fast pace. The success of the project will require different and innovative ways of working and thinking. We will need to challenge "local government" ways of doing things. Having the support of senior officers and councillors will help to mitigate this risk.
  - Public resistance to the idea. Public consultation has been going on since October 2012 and is now changing to engagement. The focus groups are showing that once people have the information they are not opposed to the idea.
  - Not enough time or resources to deliver the plan. The support delivered from the Cabinet Office will significantly help with this risk. We have identified the key areas where help is needed and we are confident that working with suppliers will mitigate the risk.
  - Lack of the right skills. We have identified the skills gaps and the support from the Cabinet Office will help us to develop new skills needed both in the short term and over a longer period.

## **Corporate Priorities – Delivering the Council Plan**

82. The proposals within this paper help to deliver the Council Plan in the main priority areas:

Build Strong Communities – through:

- Roll out of Explore centres as community hubs for learning
- The primary place of Explore Centres as community information hubs
- Creation of centres of community learning in the larger explore centres located in some of the most deprived communities in the city
- Access to other council services and facilitating community consultation
- Develop volunteering opportunities
- Safe places for communities to meet particularly for children and vulnerable adults

Protect Vulnerable People – through:

- Safe, welcoming community spaces
- Delivering library services to housebound people

Create Jobs and grow the Economy – through:

- Important role in providing first step learning and opportunities for progression into work
- Creation of jobs through the roll out of Explore cafés
- Work placement opportunities for some of the most disadvantaged
- Support for people with mental health problems and learning difficulties to access learning and preparation for work
- Provide opportunities for the development of digital skills

## **Recommendations**

83. Cabinet is asked to agree to:

- Library and Archive Staff establishing *Explore Libraries and Archives Mutual* as a CBS
- The award in principle of a contract to the CBS through a single tender action
- Nominate an individual to the CBS board

- Delegate to the Director of CANS in consultation with the Director of CBBS the negotiation of the contract
- The contract terms being brought back to Cabinet for approval

Reason: To create the best delivery model for libraries and archive services in York.

## Annex: Strategic Objectives of the CBS

### Contact Details

<b>Authors:</b>	<b>Cabinet Member &amp; Chief Officer Responsible for the report:</b>		
Fiona Williams Head of Libraries, Information and Archives  Charlie Croft Assistant Director (Communities, Culture and Public Realm)	Councillor Sonja Crisp, Cabinet Member for Leisure, Culture & Tourism  Sally Burns Director of Communities and Neighbourhoods		
	<b>Report Approved</b>	✓	<b>Date</b> 27.6.13.
<b>Specialist Implications Officer(s)</b> Sarah Kirby – Principal Accountant Glen McClusker – Deputy Head of Legal Services Sue Foley – HR Business Partner Philip Callow – Head of Asset and Property Management Isabel Jones – Audit 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**

### Background Papers:

Focus group report  
Staff survey report  
CIA  
Options Appraisal on legal entity  
Business Plan (exempt information)



## Aims and Objectives

1. Our vision aims to describe our ambition and what it is we hope to achieve:  
*To enable people to live fuller, more connected and engaged lives.*
2. Our mission sets out how we will achieve this vision:  
*Our welcoming, expert staff will promote the joy of reading and learning, and provide access to information and archives in spaces which are safe and open to all.*
3. Explore will continue to provide the high quality service to its existing customers while reaching out to more people and searching for more efficient and effective solutions for all customers. Our strategic objectives look to benefit both the customer of the service and the wider community. We will work closely with partner organisations to fulfil these and they will challenge us to improve and be successful:
  - a) To work with our communities to promote active citizenship and enable people to participate in society:
    - Ensure all libraries are community hubs, offering a range of activities and services
    - Supporting the CYC neighbourhood working strategy
    - Building partnerships with the community
    - Creating flexible, safe, welcoming spaces that are open to all
    - Ensuring everything we do is customer focused
    - Develop and deliver activities to improve well-being that allows people to fulfil their potential
    - Volunteering and community engagement activities
  - b) To support and deliver lifelong learning:
    - Continued partnership with York Learning
    - Facilitate community learning in York, supporting self organised learning
    - Support skills development and employability and development of the workforce
    - Delivery of adult learning courses
    - Provide quiet study space

- Supporting the National Curriculum with books, online resources and homework clubs
  - Advancing knowledge through supporting study through our bookstock and access to the world's libraries
  - Learning spaces that are flexible and fit for purpose
- c) To promote the joy of reading:
- Free book lending in a variety of formats, ebooks, large print, audio, paperback, hardback
  - Supporting reading groups with sets of books and spaces to meet
  - Range of author events to
  - Support adult literacy with Quick Reads and
  - Promotion of new authors, encouraging people to experiment
- d) To be the key provider of impartial information in York:
- Supporting people accessing information and services online in life-critical areas such as careers and job seeking; health; personal financial information and benefits.
  - Helping people to use vital government online information and services and linking national information with local advice and services
  - Training in information literacy
  - Records management expertise
  - Financial inclusion information and workshops
- e) To promote and enhance the health and wellbeing of the people of York:
- A network of local hubs offering non-clinical community space
  - Community outreach supporting vulnerable people
  - Expert staff with local knowledge
  - Assisted on-line access
  - Self-help library resources
  - Health and care information services
  - Referral and signposting
  - Public health promotion activity
  - Social and recreational reading opportunities like reading groups

- f) To support and promote people's engagement with digital information and resources:
- E-lending of digital and audio books, with remote access
  - Social networking interaction/ engagement opportunities
  - A library APP to allow full access to all library digital services from mobile devices
  - Digital services that work with a range of assistive technology such as speech programmes or magnifiers.
  - Free internet access for all and free WiFi in all libraries
  - Training in digital information literacy
  - Time-relevant, quality checked digital content for communities and support for communities to create their own content
  - Loan of digital devices for those without other access
  - Access to digitised local archive and local history resources
  - Federated searching of locally held online resources
  - Access to online learning opportunities (citizenship & theory driving tests or language learning etc.)
- g) To be the trusted custodian of the City of York's archive and local history collections:
- Support local democracy and accountability by identifying and preserving the key original records of York's local government through best practice professional records management
  - Build York's multiple collective identities and memories by working with local people to identify and preserve the key records of all cultures and communities in the city - past, present and future
  - Maintain free hands-on public access to the archive and local history collections both in York Explore and throughout our network of libraries
  - Protect the interests of future York citizens by employing professionally-qualified archive staff to protect the collections from loss and damage so that they survive forever
  - Maintain York as a National Archives Approved repository for legally-protected Public Records and Manorial Documents
  - Develop partnerships with local community groups to increase the use of the archive and local history collections, and volunteer opportunities to get involved in preserving the collections

- Increase the proportion of the archive and local history collections which are available online
- Work with local partners to increase educational use of the archive & Local history collections, and to develop the archives collections to support economic and tourism development
- Vigorously pursue external funding to support these objectives



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**Cabinet**

**16 July 2013**

**Report of Cabinet Member Finance, Performance and Customer Services**

**City of York Trading – ICT Services.**

**Summary**

1. Elements of the ICT department's continuing development and improvement programme is based upon establishing a number of core building blocks including the provision of enabling and supporting technologies that are key to the delivery of high quality council services, provided by an ICT department that is easy to engage and do business with.
2. This report describes the current and developing robust, agile and innovative services and the department's aspirations of expanding its service provision within our public sector partners and also to make them available for the private sector through the City of York Trading Company (CYT).

**Background**

3. ICT through a blend of cost effective and enabling technologies and its in house innovations skills has established a range of services that are now, with the support of colleagues, in a position to be marketed and delivered to our public sector partners and the private sector.
4. The department has had limited previous experience of supplying consultancy services to other public sector organisations. However, the recent focus on the design, build and implementation

of the infrastructure and ICT work programme ahead of and during the very successful migration into West Offices and the refurbishment of Hazel Court, has restricted the capacity for new opportunities but a possible expansion of wider service provision from 2013/14 is now possible.

5. Elements of the migration into West Offices provided the opportunity for ICT to both offer its services to new partner organisations, and to also reflect on its abilities to deliver services outside of its current customer base during a very intense and demanding programme.
6. Any proposal to provide ICT services or solutions will be subject to the approval of the director of CBSS through a detailed business plan, and that any use of CYT will require approval of its board.
7. And that in order to establish a coordinated approach to trading council services, that the most appropriate solution would be to undertake most of the trading through CYT.

## **Opportunities**

8. Through a combination of raising the profile of its service offering through existing channels and emerging requirements, there are a number of opportunities in addition to developing its consultancy services that ICT would look to explore further or develop into proposals, and these include but are not restricted to:

- (i) **In-house developed Integration/Application.**

ETRAK is an integration application that enables colleagues within ACE to view the 'Golden Record' for an individual child through one screen by integrating and matching the records from 5x key systems.

The concept of a Golden Record Children's System is seen as a key requirement by a number of Councils but there very

few commercial solutions available to meet the challenging requirements.

- (ii) ETRAK was identified (last Year) as an example of Ofsted best practice in Child Protection that gained York/ICT national recognition and it has attracted attention from Leeds, North Tyneside, Hereford and Medway. Leeds and North Tyneside have expressed a very firm interest in purchasing ETRAK.

- (iii) **Hosting Services.**

A hosting service is where external organisations can relocate their application or storage systems into the Data Centre within West Offices and its environmental and physical controls and make use of the spare capacity that we included within the design.

A hosted ICT service offering can be provided with or without additional support and monitoring services that could be provided either directly or indirectly through our managed service agreement with Pinacl Solutions.

There are three active/potential opportunities to explore further within hosted services. An example being the potential of responding to a tender for ICT service provision from Benenden Health located at Holgate Business Park, and a national health mutual, which is looking for a hosted solution for a number of their key ICT systems and associated storage services.

- (iv) **Support Services.**

Provision of ICT based support services ranging from the complete managed desk top service such as MS office, email, storage and access to business applications including service desk to break/fix and install services.

This particular offering is probably the most granular in terms of depth and diverse service options that could be provided

and like hosting, this could be either directly or indirectly through our managed service agreement with Pinacl Solutions.

An example of this service would be to provide a pc/laptop installation/fault resolution service for North Yorkshire Police who are currently evaluating service improvement options including the use of external resources/local service providers.

(v) **In-house developed Web App.**

Membersphere is an innovative and easy-to-use web app and will provide Elected Members with a single view of personal and corporate communications and access to key member-supporting. In addition, it enables easy document and information sharing and time-lined group discussion.

The app is equally at home on desktop, laptop or mobile device and being cloud based, it can be securely accessed from anywhere.

Both North Yorkshire and Stockport Council's have expressed an interest in the current iteration, and as the underlying platform is equally relevant to any group, early conversations have started with the Vale of York Clinical Commissioning Group as potential for them to become early adopters.

## **Implications**

### **9. Financial**

At this stage it is not possible to forecast the potential income streams that might accrue. However, we will formalise the activity that is taking place into a single CYT ICT programme that we will use as a means of focussing on the worthwhile opportunities and monitoring progress.



And at some stage the Council might want to consider the potential implications of promotional material to support ICT and other services marketed through CYT.

**10. Human Resources/ Equalities**

Not relevant at this stage, whilst ICT services provide an opportunity for the Council to promote some of its very successful activities as part of CYT, care will be taken through the implementation of the service plan and PDRs to ensure that the appropriate balance is achieved between delivering activities for the Council and maximising income.

**11. Legal**

Legal advice and guidance in particular when establishing terms and conditions of any supporting contracts and associated service level agreements. Any trading with the private sector must be carried out through a company and CYT LTD provides an ideal vehicle. The Council has powers to trade with public sector partners. Where this option exists, individual business cases will need to establish which the better route is.

**12. Consultation**

Limited staff consultation and involvement has been undertaken within some of the early engagement activities but full and inclusive staff and union consultation would be included if the recommendations within this report were agreed.

**Recommendations**

Cabinet are asked to:

- (i) Agree with the recommendation for ICT to explore opportunities for trading its services and in house developed innovations.
- (ii) Delegate the authority to the Director of CBSS to approve arrangements for providing services to our public sector partners and/or the private sector that are beneficial to all parties.

- (iii) Note that any activity traded through CYT is subject to the approval of the CYT board.

Reason: To enable opportunities for the trading of ICT services through the City of York Trading Company (CYT) to be explored with arrangements that are beneficial to all parties.

### Contact Details

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	Report Approved	Ian Floyd	Date	25 <sup>th</sup> June 2013
Specialist Implications Officer (s) (as above)				
Wards Affected: All				



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**Cabinet**

**16 July 2013**

**Joint report of the Leader and Cabinet Members for Health, Housing & Adult Social Services and Finance, Performance & Customer Services**

***Facing the Challenge of Poverty in York - Work***

**Summary**

1. The purpose of this report is to provide Cabinet with:
  - An assessment of the poverty challenge in York.
  - A draft vision for a poverty free York agreed with external partners.
  - A series of initiatives for action over the next two years to make headway in achieving the vision.
  - A number of longer term work areas to make a step-change to achieve a poverty free York.
  - An outline of governance arrangements for the poverty programme.
2. Over the last few years, the Council has done much to support the most marginalised in York. Investment has been made in initiatives to help the most vulnerable, including innovative projects in Acomb, Tang Hall, Heworth and Westfield. These interventions have been life changing for many vulnerable people. The Council's work on financial inclusion will also continue to be critical over the next few years as the impact of reduced public spending begins to bite.
3. Poverty in York, although below national average, is on the increase. Critically for the city, the number of those at risk of falling into poverty is increasing at a rate beyond the ability of the Council, in isolation, to manage.

4. We have developed a poverty strategy in partnership with many across the city. We have assessed the scale of the challenge in the city and gained the commitment of partners to developing a city-wide response to tackle poverty.
5. Following the Cabinet decision on April 2, we have:
  - created the York's Poverty Action Group. Membership of this group included CYC, The Press, the faith sector, the NHS, the Citizens Advice Bureau, Joseph Rowntree Foundation, South Yorkshire Credit Union and the York Economic Partnership; and
  - developed a vision for a poverty-free York in partnership with the Poverty Action Steering Group and Without Walls and devised a number of initiatives to address poverty in the city to implement over the next two years.
6. It is clear that the vision for a poverty-free York will take more than two-years to achieve. We need to begin to take decisions now to eradicate poverty in the city in the long term. This will require detailed thinking to ensure that the steps we take in the medium term are the right ones for the city.

## **Background**

### **An assessment of the poverty challenge in York**

7. York is a relatively wealthy city compared to many others in our region. We score well on many national indicators. For example, we are in the bottom five cities for the number of JSA claimants, we have one of the highest skilled populations in the country, and we regularly feature at the top of quality of life league tables. The result of this is that the vast majority of our residents enjoy a good quality of life.
8. Despite the relative wealth of the city, nearly 14,000 York residents (including 4,500 children) live in poverty, mainly in the most deprived wards in the city. York is a very expensive city for many residents. For example, housing costs are 8 times the average wage<sup>1</sup>. This makes York the least affordable city for

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<sup>1</sup> Source: Department for Communities and Local Government / Office for National Statistics

housing in the region. This has an impact on health inequalities and the gap between life expectancy between the richest and poorest men is 10 years, wider than it should be for a city like York.

9. The core focus of our proposed strategy on poverty is to address these issues.

### **Existing Work to Tackle Poverty in the City**

10. It is clear that poverty is not a new problem in the city and investment has already been made in some of our communities in initiatives helping the most vulnerable.

Last Autumn, we completed the Fairness Commission for York. This made us the first council outside of London to produce such a report. We are taking forward recommendations of this report, including our decision to pay all council staff a living wage from 2013.

11. The Community York Fund, set up by the council last year and administered by Your Consortium, has provided funding to the voluntary and community sector to support a number of initiatives in relation to poverty and financial inclusion.
12. In response to the recent changes to benefits policy, we have set up the York Financial Assistance Scheme. This provides help for residents in financial difficulty in specific circumstances. It replaces Community Care Grants (CCG) and Crisis Loans that were provided by the Department for Work and Pensions (DWP) until 31st March 2013.
13. We also continue to be core funding to the Council for Voluntary Services, Citizens Advice Bureau and the Welfare Benefits Unit who all make an ongoing contribution to tackling poverty in the city. New neighbourhood working proposals also continue to promote the engagement of communities in defining and delivering their own local priorities.
14. Along with partners, we have also agreed to two innovative work programmes to address poverty in the city:
  - (i) Financial inclusion (£300k)– to help individuals access appropriate financial services enabling them to maximise their

income, manage their money on a day-to-day basis, plan for the future and deal effectively with financial distress.

- (ii) Economic inclusion (£200k) – to help individuals gain the skills and knowledge to take advantage of the job opportunities available to them in the city and the region.

### **A draft vision for a poverty- free York**

15. The council is an important player in addressing poverty in York. However, residents and partners can and should play a part in addressing poverty. This is why we have been engaging with partners in the city to develop our vision:
  - On 27 March, Poverty was the focus of the Without Walls board, which discussed (i) how we become a more affordable city; (ii) how we eliminate the stigma attached to poverty; (iii) how we become a living wage city and (iv) how we address destitution.
  - Following Cabinet, a cross city Poverty Action Steering Group was developed. This group included CYC, The Press, a representative from the faith sector, the NHS, the Citizens Advice Bureau, Joseph Rowntree Foundation, South Yorkshire Credit Union and the York Economic Partnership
16. Through York's Poverty Action Group, we have agreed that our vision is that York becomes a poverty-free city. If we take the decision to make this our vision, we will be the only city in the country to have this ambition.
17. The steering group also agreed a series of objectives as well as interim targets to achieve a long-term vision. These are outlined in the table below.

**Table One: The Vision and Targets for a Poverty-Free York**

Objective	Outcomes	2 year Targets *
<b>Healthy city</b> where we break the cycle between poverty, ill-health and reduced life expectancy	Reduced gap in life expectancy between richest and poorest	<i>Achievement of other poverty targets will contribute to reduction in life expectancy gap</i>
<b>Job-rich city</b> providing job opportunities for all with pay levels that tackle in-work poverty	More people in work (3-year target) Less people unemployed (3-yr target) New private sector jobs More businesses paying Living Wage Reduce the pay gap between median and bottom 25% earnings	5% above national ave 40% reduction 1,000 a year 50 more businesses per year 1% reduction
<b>Money-wise city</b> with joined-up advice for all and financial awareness as part of education from an early age	More financial education in schools Reduced personal debt	Increase by 50% 10% more money-advice
<b>Affordable city</b> with a city-wide offer, and an adequate supply of affordable housing and childcare	Increased take-up of free school meals Reduced cost of living	100% take-up Set for each project – fuel, food and white goods
<b>Supporting and Giving city</b> where tackling poverty is everybody's business and poverty is not stigmatised and people know where to go for support	More people accessing advice and support Fewer rough sleepers Increased giving to local charities	Increase by 10% Reduce to 2 (by 2018) 100 businesses taking part

### **Action over the next two years to address poverty in the city**

18. Through the Poverty Action Steering Group, we have discussed a number of initiatives to move us towards the vision in the short term. Some of these initiatives will be delivered by those in the partnership. For example:

- The Press are leading on a campaign to tackle the stigma of poverty in the city
  - Networks within the faith sector are working with us to develop and promote a charitable giving scheme
  - The CAB is developing the York Advice and Information Partnership to create a joined-up network of expert benefits and money advisers across the city
  - The South Yorkshire Credit Union has agreed to work with us to deliver low-cost solutions for people's household needs
  - The York Economic Partnership has agreed to work with us through its business networks to promote the adoption of the Living Wage
19. We have also discussed with partners a number of potential initiatives that we require cabinet approval to progress. These are outlined in table 2 below, further detail on the initiatives can be found in Annex B. Many of these proposals have support from others in the city. For example, the proposals below on school meals follow representations made by the Youth Council.
20. There are already a number of funding streams that have been approved to deliver against our poverty strategy. This includes the York Financial Assistance Scheme and the Economic Inclusion Fund (£200k) and the Financial Inclusion Fund (£300k). To fund the additional projects identified in the anti-poverty programme additional funding of £100k is required. This will help us make developments on free school meals take-up, affordable eating and the living wage.
21. Going forward, we also want to work more with our communities to understand the issues and solutions to poverty in York. Through the revised neighbourhood working model agreed in cabinet on April 2 will provide greater opportunities for groups in each ward to have a greater engagement with us on all issues, including on poverty.



**Table two: Proposals for immediate action to tackle poverty in the next two years**

Objective	Proposals for immediate action	Est additional costs £	
		Year 1	Year 2
Healthy city	Extend GP Advice Surgeries and allocate funding to coordinate healthy/affordable eating projects in the city ( to be considered for funding through the Financial Inclusion workstream ) Campaign on affordable eating (£6k),	£6k	£0k
Job-rich city	Economic Inclusion work already cleared by CMT/ Cabinet and underway  Campaign on Living Wage	Funding already agreed £5k	Funding already agreed £0k
Money-wise city	CAB work on money advice (already funded). Training for contact centre staff to identify illegal money lending victims (no additional cost); Support for SYCU (already funded through FI scheme); financial education in schools	£0k	£0k
Affordable city	Increase free school meal take up (£85k), Reduction in energy costs – Energy Switch and ECO project manager (to be funded through FI), Support for White goods (to be funded through FI)	FSM Campaign £85k	
Supporting and giving City	York Financial Assistance Scheme (already funded). Work with our own comms and the media to reduce stigma.	£0k	£0k
	<b>Total Additional funding required</b>	<b>£100k</b>	<b>£0k</b>

### **Longer-term work**

22. In addition to the immediate actions for approval, we have identified other longer-term ideas emerging from York's particular characteristics and needs where further work is needed to ensure that a step-change is made to achieve a poverty-free York. These options are not exhaustive and we would welcome the views of cabinet on further projects we might wish to undertake.

### **Childcare**

23. York's ambition to become a more affordable city must address barriers to work. The affordability of childcare is one such barrier to work for many in the city. The supply of childcare in the city is already under pressure and our plans to attract new businesses and create more jobs also demands better provision.
24. The cost of childcare in York is higher than average for the region, and just under half of all families find the current cost of childcare to be unaffordable. There is already a shortfall in supply in many areas and a further 1,000 places are needed to meet the growth in demand for free childcare for disadvantaged 2 year-olds from September 2013.
25. The options we will assess to identify a solution that will both increase supply and reduce the cost of childcare are to:
- expand places through existing private sector providers
  - increase the number of childminders
  - encourage employer-subsidised nurseries
  - look at feasibility of CYC new-build (eg on York Central) or re-use of existing CYC premises with an invitation for community/social enterprise bids to run the provision
  - look at 'transitional' childcare subsidy scheme to help young parents into work

### **Giving**

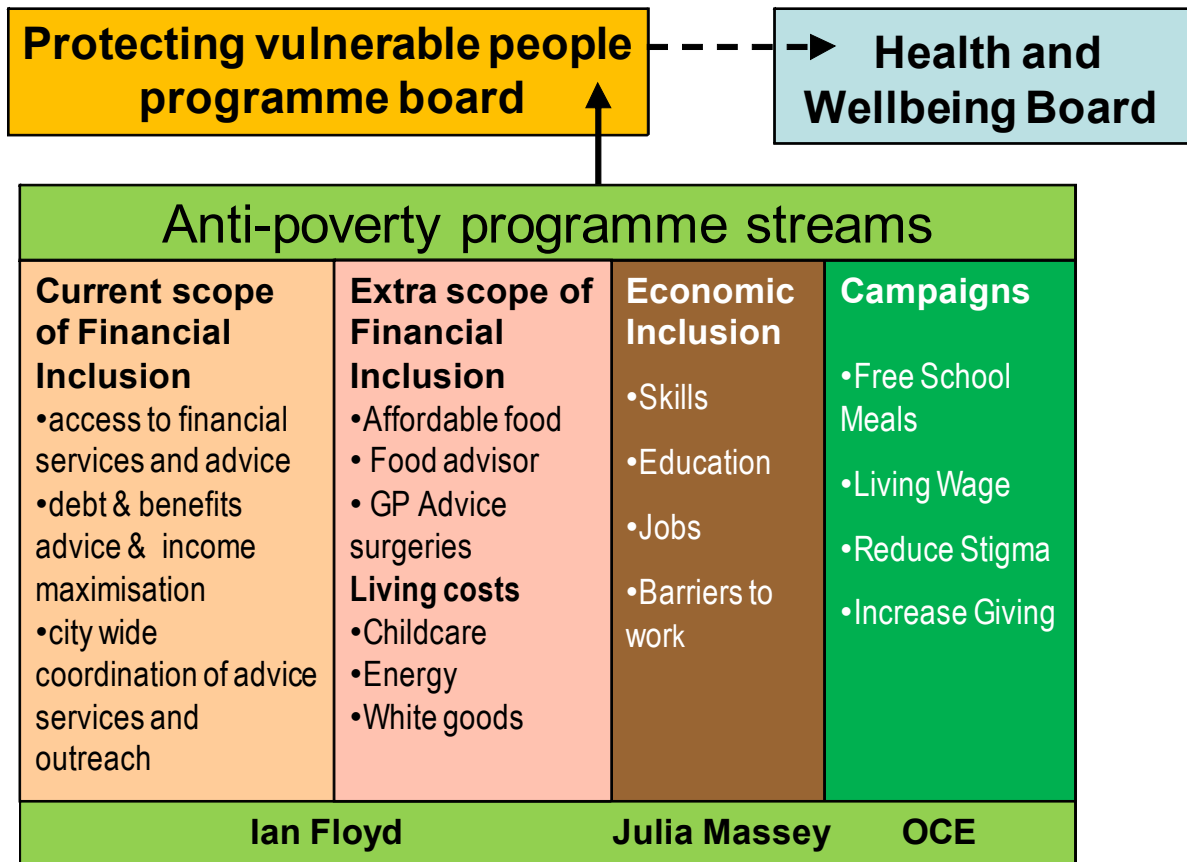
26. Partners were particularly keen to recognise and harness the generosity of the people of York and as part of an overall approach provide the opportunity for businesses and individuals to be more community-minded.

27. The relative affluence of the majority of York residents who will give if they know where the money is going is a unique opportunity for a York charitable giving scheme that could benefit those facing real hardship in the city. The overwhelming response recently experienced by the York Foodbank appeal for donations provides powerful evidence of this at work.
28. The options we want to explore in partnership with the faith sector and businesses in the city are to:
  - develop a 'York Poverty Action fund' that can be used to supplement funding to Your Consortium and support anti-poverty work through a Call to Action
  - set up a York Giving/Fairer York accreditation scheme for local businesses who support the York Poverty fund with an optional extra charge on their goods/services
  - encourage individual to individual giving by promoting Archbishop's charity

### **Governance Arrangements**

29. The strategy on poverty is cross cutting in its nature. Careful Governance of this work is required to ensure that work is managed efficiently and decision making lines are streamlined. We are currently undertaking a review of how cross cutting projects are governed, including how the Protecting Vulnerable People Group oversees the work on poverty.
30. We also want to continue to benefit from the valuable input of the partners who have supported the Poverty Action Steering Group. Members of the steering group will be invited to join the most relevant Board or Steering Group within the governance structure in line with their expertise and areas of interest.
31. For the Governance of more detailed projects:
  - New areas of work around cost reduction and a more affordable city will be consolidated within the remit of the existing Financial Inclusion Steering Group.

- One-off campaign work (eg. the affordable meals campaign) will be led by OCE policy and communications staff in partnership with internal and external teams.



### Council Plan

32. Addressing poverty is a key priority and this work was outlined in the council plan refresh, presented to Cabinet in June. Whilst this work sits under Protecting Vulnerable People, there are many areas of the council plan that this programme of work supports including Growing the Economy and Jobs and Building Strong Communities.

### Implications

33. Financial –  
There are already a number of funding streams that have been approved to deliver against our poverty strategy. This includes the York Financial Assistance Scheme and the Economic Inclusion Fund (£200k) and the Financial Inclusion Fund (£300k). To fund the additional projects identified in the anti-poverty programme additional funding of £100k is required. We recommend that this funding is delivered from the Delivery and Innovation Fund. This will help us

make developments on free school meals take-up, affordable eating and the living wage.

34. Those proposals which come within the revised remit of the Financial Inclusion Steering Group, which will extend the existing remit of the group to include measures relating to living costs. Measures will be considered by the Financial Inclusion Group in more detail with a view to agreeing the best way to tackle individual issues.
- Human Resources (HR) – no implications
  - Equalities – the anti-poverty programme proposals are designed to alleviate the financial hardship of York’s most deprived residents.
  - Legal - no implications
  - Crime and Disorder – no implications
  - Information Technology (IT) – no implications
  - Property – no implications
  - Other - no other known implications
35. The governance arrangements proposed at paras 26-29 are designed to ensure that proper programme management and financial controls are in place to manage the proposed initiatives and deliver them within the requested resources.

### **Recommendations**

36. Members are asked to:

i. Agree the vision for a poverty-free York

Reason: To ensure effective delivery of the Protecting Vulnerable People objective in the council plan.

ii. Agree £100,000 funding from the Delivery and Innovation Fund.

Reason: To ensure effective delivery of the Protecting Vulnerable People objective in the council plan.

iii. Agree a work programme to develop longer term measures to address poverty in York.

Reason: To ensure effective delivery of the Protecting Vulnerable People objective in the council plan.

iv. Agree the proposed Governance arrangements described in paragraphs 29 to 31.

Reason: To ensure effective delivery of the Protecting Vulnerable People objective in the council plan.

### Contact Details

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**Report Approved**



**Date** 3 July 2013

Jane Collingwood OCE  
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### Specialist Implications Officer(s)

Implication: Financial

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**Wards Affected:** *List wards or tick box to indicate all*

**All**

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

Annex A – Vision for a Poverty Free York

Annex B – Proposals for Immediate Action to Tackle Poverty

## Annex A: Vision for a Poverty Free York

Objective	Vision
<b>Healthy city</b>	<p><b>Where we:</b></p> <ul style="list-style-type: none"> <li>• break the cycle between poverty, ill-health and reduced life expectancy</li> <li>• reconnect the 20% most deprived communities to the healthy life expectancy of the rest of the population</li> <li>• improve the health of the poorest fastest</li> <li>• Halve the gap in life expectancy to 5 years</li> <li>• Reduce overall health inequalities</li> </ul>
<b>Job-rich city</b>	<p><b>Where, through excellent skills training and the promotion of a thriving local economy:</b></p> <ul style="list-style-type: none"> <li>• everyone who is able to work has the opportunity to secure employment</li> <li>• more employers pay the Living Wage</li> <li>• families have an income that meets the Minimum Income Standard</li> <li>• there is an end to in-work poverty</li> </ul>
<b>Money-wise city</b>	<p><b>Where:</b></p> <ul style="list-style-type: none"> <li>• everyone is able to access joined-up information, advice and support services</li> <li>• financial awareness is part of education from an early age</li> <li>• everyone can access their full benefit entitlement, financial services and affordable credit</li> <li>• everyone understands how to avoid debt and make the most of their money</li> </ul>
<b>Affordable city</b>	<p><b>Where:</b></p> <ul style="list-style-type: none"> <li>• families can afford what they need</li> <li>• everyone has access to a city-wide offer to help reduce living costs on a range of essential goods and services that can benefit anyone on a low income</li> <li>• there is an adequate supply of affordable housing and childcare</li> <li>• affordable transport options exist to help people get to work</li> </ul>
<b>Supporting and Giving city</b>	<p><b>Where:</b></p> <ul style="list-style-type: none"> <li>• tackling poverty is everybody's business</li> <li>• poverty is not stigmatised</li> <li>• everyone knows where to go for support at anytime in their life</li> <li>• we enable people who cannot work because of age, caring responsibilities, ill-health or disability to maintain independent and engaged lives</li> <li>• the generosity of York people and visitors is harnessed for the benefit of local people</li> </ul>

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**Annex B: Detailed proposals immediate action to tackle poverty that require additional funding in the next two years**

Initiative	Why?	What?	When?	Resources needed
Extend GP advice surgeries	<p>Life event triggers to poverty lead people to their GP – illness, disability, bereavement and relationship breakdown</p> <p>People suffering mental health problems because of unemployment or debt also look to their GP for help</p> <p>Co-located advice currently achieves additional benefits of £284k pa.</p>	<p>Extend the existing GP-based advice model into 2 additional GP surgeries</p> <p>Target the areas most in need as identified in the Health and Wellbeing Strategy.</p>	Maintain 2 existing schemes and add 2 more in 2014/15	Business case to be developed for FI Steering Group
Campaign on affordable eating	<p>Fresh, healthy food at a reasonable price not available for all.</p> <p>Obesity is a growing health problem in York as elsewhere.</p> <p>Food waste costs families £50 pcm, accounts for 19% of waste that goes to landfill and costs the council £603k pa</p>	<p>Affordable food campaign with the Press and local supermarkets</p> <p>Assess the best way to coordinate existing and initiate new healthy eating/affordable food projects across the city and develop a business case for funding to FI Steering Group</p>	Campaign in summer and other new work to start in September	£6k to support affordable eating campaign

<p><b>Campaign on the Living Wage</b></p>	<p>20% of jobs in York are in the retail, accommodation and food services sectors where the minimum wage prevails</p>	<p>Develop a Living Wage resource pack to support a city-wide campaign based on the impact of living wage.</p> <p>Develop a Living Wage city brand and sign-up scheme</p> <p>Work with Fairness &amp; Equalities Board and Business Engagement Group to promote LW on a business to business basis</p>	<p>Business Engagement Group is just being formed.</p> <p>Campaign to target 2nd meeting in Sept</p>	<p>Living Wage. resource pack and campaign materials £5k</p>
<p><b>Support for SYCU and developing a shark-free city</b></p>	<p>Poverty forces people into debt to meet their day-today needs</p> <p>The sources of finance available to people without a good credit reference are at very high rates of interest and create a 'debt-trap'</p> <p>People need access to affordable credit for the things they need to buy</p>	<p>Promotion of affordable credit from South Yorkshire Credit Union</p> <p>Awareness campaign about the cost of borrowing</p> <p>Financial education in schools</p> <p>Promotion of the work of the Illegal Money Lending Team</p> <p>Restricting access on CYC network, Wi-Fi and public access PCs to payday loan companies and gambling sites</p>	<p>Action has already begun on many of these strands including loan shark training for CYC contact centre provided by trading standards.</p>	<p>£50k support to SYCU (already financed through FI budget)</p>
<p><b>White goods</b></p>	<p>The cost of essential new or replacement household goods and furniture is often unaffordable. This can lead to debt through high-cost credit</p>	<p>Explore with SYCU and others city-wide discount buying schemes with affordable credit.</p>	<p>Appraisal over the summer and aim to roll out from the Autumn.</p>	<p>To be developed as part of the financial inclusion workstream.</p>

<b>Free School Meals</b>	<p>Take-up of FSM in York is 75%</p> <p>Schools missing out on pupil premium.</p> <p>Follows representations from the York Youth Council.</p>	<p>Streamline CYC claim process – develop joint claim with HB/CTS</p> <p>Reduce stigma by implementing cashless systems in schools</p> <p>develop tailored take-up campaigns with schools and providers</p>	<p>Initial activity needs to be targeted over the next year to maximise take up.</p> <p>Following this, further push to boost school meal take up in secondary and primary schools.</p>	<p>£80k - cashless systems</p> <p>£5k - campaign materials</p>
<b>Energy costs</b>	<p>More than 20% of households are in fuel poverty in our most deprived areas</p> <p>In York 16% of pensioners are in fuel poverty across the city</p>	<p>Continue to look for the best deals we can broker for residents through Energy Switch Schemes</p> <p>Maximise the impact of the Energy Company Obligation (ECO) to reduce fuel costs in the most deprived areas of the city and hardest to heat homes</p>	<p>Beginning in September for 2 years</p>	<p>Business case to be submitted to Financial Inclusion Steering Group</p>

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**Cabinet**

**16 July 2013**

**Report of the Cabinet Member for Health, Housing and Adult Social Services**

**COMPULSORY PURCHASE OF A LONG TERM EMPTY PROPERTY**

**Summary**

1. This report seeks Cabinet approval for the initiation of compulsory purchase proceedings in relation to a particular long-term empty property.

**Background**

2. At its meeting on 27<sup>th</sup> September 2011, the Cabinet Member for Health, Housing and Adult Social Services approved the Council's new Empty Homes Strategy and Action Plan 2012-2015. The aim of the strategy is to maintain low numbers of empty properties in the city by encouraging and assisting owners of such properties to achieve their re-occupation.
3. The Strategy also provides for the use of compulsory purchase powers in respect of long term empty properties in the city, as a last resort when all other endeavours to persuade, encourage, or enforce action to facilitate re-occupation have failed.
4. The property concerned has been empty for approximately 15 years and has been the source of nuisance to, and complaints from local residents and local councillors.
5. Anti-social and criminal activities at the property have necessitated repeated attendance by North Yorkshire Police.
6. All informal means of encouraging the owner to take action to bring the property back into use voluntarily have so far failed to achieve reoccupation.

7. In the absence of an acceptable response it is considered that there is a compelling case in the public interest for enforcement action.
8. The property identified in confidential Annexes C and D, has been unoccupied for a considerable period of time, and will require investment to bring it up to a habitable condition.
9. The Council is willing to assist the owner to achieve a market value sale in order to avoid the need for compulsory purchase.
10. The proposed action is considered as the only reasonable means available to achieve renovation and reoccupation.
11. The market value of the property as realised at the auction sale should substantially cover the compensation claim of the current owner, as reviewed in confidential Annex A.

### **Consultation**

12. In the summer of 2011, a consultation exercise was carried out with the owners of long-term empty properties in the city. Questionnaires were sent to 110 owners asking them whether a more robust approach by the council would alter their approach. Whilst only 16 owners responded, the responses received indicated that the use of Compulsory Purchase Orders would have a positive effect on owner's decisions.
13. Residents and Residents Groups in the area where the property is situated have made known their views through representations to council officers, elected members and independently through the local media.

### **Options**

14. There are a number of options available in relation to the compulsory purchase of this long term empty property.
15. Option 1 – Take no further action with regard to the use of this power
16. Option 2 – Explore the use of alternative powers

17. Option 3 – Authorise the use of a Compulsory Purchase Order in the event that purchase by agreement cannot be achieved.

### **Analysis**

18. Option 1: No Further Action

Making use of compulsory purchase powers could be considered a draconian measure that will restrict the individual rights of the property owner. However, doing nothing is not considered to be an appropriate option in the case of the reported property. In its present condition the property would remain a waste of good housing accommodation, continue to be a source of blight for local residents and put the reputation of the council at risk.

19. Option 2 – Explore Alternative Legal Remedies

- a) Enforced Sale –The Law of Property Act1925 empowers local authorities to enforce the sale of a property where it holds a Local Land Charge against it. However, the property to which this report refers does not have a Local Land Charge applied to it and any that could potentially exist in the future are unlikely to be sufficient to substantiate the use of enforced sales procedures.
- b) Empty Dwelling Management Orders (EDMO's) - Local Authorities can consider making such Orders under the Housing Act 2004 to secure the improvement and future use of empty dwellings. The Council would be required to take over the Management of the property or appoint a Registered Housing Provider to manage it on its behalf. The ongoing financial; legal; administrative and housing management issues associated with EDMO's mean that this is not considered an appropriate option in relation to this property.
- c) Other Enforcement Powers – Various legal powers are available to a local authority, for example, to deal with structural danger, statutory nuisance or other environmental problems. However, in this particular case these powers alone would not address the suitability of the property for occupation; influence ongoing maintenance and future management arrangements, or achieve reoccupation.

20. Option 3 – Make use of Compulsory Purchase Orders

The proposed action is considered as a last resort, in the public interest, as the only reasonable means remaining available to ensure acceptable improvements to the property and provide a good standard of housing accommodation in response to the increasing housing needs and demands in the city.

The encouragement of voluntary action by the owner will continue, including the offer of voluntary sale to the Council, but it is considered that the Compulsory Purchase Order should be made in order to secure the improvement and re-occupation of the property, should those efforts prove unsuccessful.

Sufficient safeguards are in place within the legislative framework for owner to make formal representations to challenge the appropriateness of the Council's action (see Annex B).

The property can be withdrawn from the compulsory purchase proposals, or the Compulsory Purchase Order not implemented in respect of them, if satisfactory progress by the owner is evidenced in the meantime.

Upon acquisition of the property, either through negotiation or compulsorily, the Council has a number of options:

- (i) Disposal at auction in its unimproved condition
- (ii) Renovation followed by immediate sale
- (iii) Renovation followed by management by the Council as part of its wider housing stock through the Housing Revenue Account

**Council Plan**

21. The report objectives are in line with key outcomes identified within the Building Strong Communities section of the Council Plan but also contribute to Creating Jobs and Growing the Economy theme.



## **Implications**

### Financial

22. The options set out in the report can be funded from within existing budgets. Further detail is set out in confidential Annex A.

### Human Resources (HR)

23. There are no Human Resource implications.

### Equalities

24. Increasing housing supply by bringing empty homes back into use will help meet the needs of vulnerable residents in the City.

### Legal

25. Part XVII of the Housing Act 1985 allows the Council to implement the actions proposed in this report. This legislation in turn applies, with modifications, to Acquisition of Land Act 1981 (compulsory purchase procedure), The Compulsory Purchase Act 1965 (post confirmation procedure) and the Land Compensation Act 1961 (amount and assessment of compensation). These powers are summarised in Annex B.
26. The Human Rights implications are also summarised in Annex B.

### Crime and Disorder

27. The re-occupation of the property in question will reduce occurrences of anti-social behaviour and fear of crime, and remove the cause of attendance by emergency service personnel.

### Information Technology (IT)

28. There are no IT implications.

### Property

29. The proposal will return a presently wasted property back to the useful housing stock of the city.
30. In the first instance Property Services will seek to negotiate a purchase price directly with the owner.
31. Where the Council takes possession, either by negotiation or compulsorily, one of the following options are available:
  - (i) Immediate disposal at auction in its current condition. The sale will include a condition that the accommodation is brought up to a standard no less than the minimum standards prescribed under Housing and other relevant legislation and statutory guidelines, and to provide its occupation within twelve months of transfer, or such other period considered reasonable.
  - (ii) Renovation to the standard set out in (i) above through the General Fund, followed by immediate disposal through sale.
  - (iii) Renovation to 'Decent Homes Standard' through the Housing Revenue Account and let as part of the Council's wider housing stock.

### Risk Management

32. The following risks are identified with this course of action:
  - (i) objections to where funding is spent
  - (ii) delays and costs of protracted legal procedures
  - (iii) applications for permission to acquire houses compulsorily being refused by the Secretary of State
  - (iv) the potential for appeal to the Upper Tribunal (Lands Chamber) to determine a true market value over the transfer/auction sale price
33. The above risks have been mitigated by the following considerations:

- (i) doing nothing is not considered an appropriate option
- (ii) other alternative actions have been discounted as unachievable or inappropriate
- (iii) favourable publicity gained as a result of the Council taking action
- (iv) costs are offset by other savings or incomes
- (v) procedural delays are unavoidable, but acceptable in relation to the progress made
- (vi) the existence of extensive and robust evidence for a compelling case in the public interest
- (vii) working with Legal Services to prepare convincing submissions that the Council's actions are appropriate
- (viii) the unlikely risk of market value exceeding those realised by way of statutory appeal is mitigated by:
  - a close and effective working relationship with the Council's Legal and Property Services Departments
  - an effective working relationship with the Council's Legal and Property Services Departments
- (ix) the cost of options being considered are fully contained within the Empty Homes Programme line of the Housing Capital Programme

## **Recommendations**

34. That Cabinet consider:

- (i) Approving the use of Compulsory Purchase Orders under section 17 and Part XVII of the Housing Act 1985, and the Acquisition of Land Act 1981 for the purchase of the property and associated land identified in confidential Annexes C and D, for the purposes of their renovation and reoccupation as residential accommodation.
- (ii) Authorising the Head of Asset and Property Services to seek the purchase of the reported property by agreement in the first instance.
- (iii) Authorising the Deputy Head of Legal Services to take the following steps in the event that purchase by agreement cannot be achieved:
  - a) Take all necessary steps to secure the making, confirmation and implementation of the Compulsory

- Purchase Orders including the publication and service of all notices and the presentation of the Council's case at any public enquiries.
- b) Suspend the Compulsory Purchase Order proceedings, or withdraw an Order, on being satisfied that the reported property will be satisfactorily renovated and re-occupied without the need to continue the purchase proceedings.
  - c) Dispose of the property in accordance with the proposals set out in this report
  - d) Take all other necessary action to give effect to these recommendations
- (iv) Authorising the purchase (if necessary), renovation and management of the property through the Housing Revenue Account (HRA).

Reason:

The property concerned has been vacant for a considerable number of years and continues to have a detrimental impact on the neighbourhood and individual residents. All alternative avenues open to the Council to encourage the owner to bring the property back into use voluntarily have proved unsuccessful. Acquisition followed by renovation and reoccupation through the Housing Revenue Account will help the Council respond to increasing housing need within the city and improve the quality of life for local residents.

**Contact Details**

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**Report** ✓ **Date** 3 July 2013  
**Approved**

**Specialist Implications Officer(s)**

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**Wards Affected:** *List wards or tick box to indicate all* **All**

**For further information please contact the authors of this report**  
**Background Papers**

York Private Sector Housing Strategy  
York Empty Property Strategy and Action Plan 2011-2015  
Decision Session - Cabinet Member for Health, Housing and Adult  
Social Services (27/09/2011)

**Annexes**

- A – Financial Implications **CONFIDENTIAL**
- B – Legal Implications
- C – Property Details and History **CONFIDENTIAL**
- D – Location Maps **CONFIDENTIAL**

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of the Local Government Act 1972.

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## **Annex B – Legal Implications**

1. Part XVII of the Housing Act 1985 applies to the compulsory purchase. This in turn applies, with modifications, the Acquisition of Land Act 1981 (compulsory purchase procedure), the Compulsory Purchase Act 1965 (post confirmation procedure) and the Land Compensation Act 1961 (amount and assessment of compensation).
2. Compulsory Purchase Orders must be advertised locally and copies served on all owners, lessees or reputed lessees, tenants or reputed tenants (other than lessees), and occupiers (except tenants for a month or less). If any statutory objector (a statutory objector can be an owner, lessee or occupier, not a licensee or tenant for one month or less of land within the Order) has objected within the stipulated period and not withdrawn the objection, the Secretary of State can:
  - (i) cause a public inquiry to be held
  - (ii) afford the objector an opportunity of appearing and being heard by a person appointed by the Secretary of State, or
  - (iii) with the consent of the objector, follow a written representations procedure, and then consider his finding before determining whether or not to confirm, quash or modify the order
3. In the event that there is no objection, the Secretary of State may, in certain circumstances, permit the Council to confirm the Order.
4. The confirmation of the Order may be challenged on a point of law within 6 weeks of the publication of such confirmation. Any dispute as to the amount of compensation to be paid is referred for determination by the Upper Tribunal (Lands Chamber).
5. The Council is obliged to act in a way which is compatible with the European Convention on Human Rights. The Convention Rights relevant to Compulsory Purchase are as follows:-
  - a) Article 1 (of the First Protocol) - This protects the right of everyone to the peaceful enjoyment of possessions. No one can be deprived of possessions except in the public interest and subject to the relevant national and international laws.

b) Article 6 - This provides that in determining civil rights and obligations everyone is entitled to a fair and public hearing within a reasonable time by an independent and impartial tribunal established by law.

c) Article 8 (of the Convention) - This protects private and family life, home and correspondence. No public authority can interfere with these interests except if it is in accordance with the law and is necessary in the interests of national security, public safety or the economic well being of the country.

d) Article 14 (of the Convention) - This protects the right to enjoy rights and freedoms in the Convention free from discrimination on any ground such as sex, race, colour, language, religion, political or other opinion, or national or a social origin.

6. These rights are qualified rights and may be interfered with provided such interference is prescribed by law, is pursuant to a legitimate aim, is necessary in a democratic society and is proportionate. In this case, Compulsory Purchase of land is permitted under the terms of the Housing Act 1985 and is subject to a statutory procedure (giving rights to consultation and to be heard at a Public Inquiry) which is being followed. In addition, compensation is payable making the action fair and proportionate. Furthermore, in relation to Article 14, everyone is treated equally in the context of the policy covering the relevant issues and is subject to the same process/procedure.
7. It is considered that there is a 'compelling case in the public interest' for the purchase of the property, considering the benefits it will bring to the City which would not be achieved by agreement and far outweigh the loss that will be suffered by the current owner. The proposed Compulsory Purchase Order is therefore considered to be compatible with the Convention.

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of the Local Government Act 1972.

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of the Local Government Act 1972.

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**Cabinet**

**16 July 2013**

**Report of Cabinet Member for Transport, Planning & Sustainability**

**Feasibility Report – Cycle Hire Scheme for York**

**Summary**

1. This report outlines a case for a full city-wide trial of a public cycle hire scheme within York, using examples of various schemes in other cities to evidence the type of scheme suitable to York.
2. A citywide scheme would also work towards providing a long-term legacy following the Yorkshire staging of Le Grand Départ of The Tour de France in July 2014, as well as reinforcing York's position as lead Cycling City in the region.

**Background**

3. Over the decades York has naturally grown and embraced its cycling culture and never more so than over the last few years with programmes such as Cycling City York and now i-Travel which have invested in dozens of infrastructure improvements and initiatives promoting cycling as a sustainable transport choice. The Council remains committed to reducing the growth in traffic congestion, promoting sustainable travel as an alternative within our city.
4. With the ongoing programme of completing the strategic cycle network, working with our businesses, schools, universities and colleges, and local residents we will continue to see increases in cycling that adds to the culture we have, which makes York the top city in the North for cycling and within the top 3 in the country. For example at the last census<sup>(2011)</sup> over eleven thousand York residents (aged 16 to 74) chose cycling as their primary mode of travel to work.

5. Despite these high cycling levels, in addition to the initiatives in place to give people access to a cycle or affordable opportunities to own one, there still remains a gap in cycle provision for those living and working in York who require a quick and flexible service to meet a variety of needs.
6. For those residents who would like to cycle but currently do not do so, this appears to be due to a number of reasons. Two of these are affordability and storage of a cycle, especially for those living in flats with little or no cycle storage available to them. Also those residents who may consider *ad hoc* cycling for some occasional journeys but do not consider purchase of a bike a worthwhile investment. Easily available access to a bicycle would also appear to be attractive to students studying in York; commuters; and visitors wishing to undertake short one-way journeys.
7. A significant step towards making cycles readily available to everyone is through the introduction of a city-wide cycle hire scheme, which is the focus of this report.
8. Advocates of cycling generally acknowledge that the more costly (and arguably potentially more risky) projects can only be successfully implemented where higher cycling numbers are already established and there is a prevalent cycling culture, such as in many continental cities. It is judged that York now displays such numbers, with 11.5% of working-age residents cycling. Comparably, Munich – Germany’s “*Bicycle Capital*” – has their cycling-to-work figure at approximately 15%, which has grown considerably since the 1990’s when it was only 5%.
9. The possibility of a cycle hire scheme, aimed primarily at residents currently without access to a bicycle (but also the potential for some commuter and visitor use) had been proposed during the Cycling City York programme but had been dismissed as too costly and potentially a revenue burden if requiring a subsidy from the Council.
10. However with recent technological advancements which make operating costs significantly cheaper, in addition to recent expressions of interest regarding potential corporate sponsorship, it has since been considered that implementing a city wide cycle hire scheme in York may now be very much feasible, although consideration should be given to the size of the scheme required.
11. Discussions are being held with a range of potential stakeholders and if sponsorship is secured for a cycle hire scheme, the costs



associated with setting up and rolling out a full city-wide initiative will be significantly reduced, at least from a Council perspective. Further discussion will be required with interested sponsors following the tendering exercise (should Cabinet agree to proceed with this scheme).

12. The scale and density of any scheme is proven to be critical to its likely success. A small scale trial (with a particularly limited coverage of a city) must not be used to estimate the potential strategic demand of a full-scale scheme due to the network effect of increasing returns, and any such trial will almost certainly fail. Any trial in York needs to be on a comparable level with any future permanent scheme, i.e. a fully-rolled out large scale scheme.

### **Examples from other towns / cities**

13. Such fully implemented schemes have proven to be a public success. The well known and vast TfL Barclays Bike Hire scheme has undoubtedly proved a success in London, although it's implementation and operation has been costly despite a heavy subsidy through their corporate sponsor, predominantly due to the expensive infrastructure required (i.e. for the many special *Bixi* docking stations). From usage data, it has been observed that the Londoners who use the scheme tend to be 9am to 6pm commuters; midday errand runners; and fair-weather cyclists who take the tube or the bus when it's a cold and/or wet. The greatest demand comes from 'after-rail commuters' who have travelled in by train then continue the final part of their journey by bike instead of what would normally have been by foot, tube, bus or taxi. This particular demand for after-rail facilities is also expected to be prevalent in York.
14. In recent years and in some cases within the last few months, other towns and cities within the British Isles have rolled out or announced their intention to introduce cycle hire schemes (of varying sizes) illustrating the nation's appetite for embracing the cycle hire culture. These include Manchester, Cardiff, Oxford, Northampton, Peterborough, Sunderland and Galway. Liverpool are due to introduce a large-scale scheme shortly, once a provider has been sourced.
15. Large non-UK citywide schemes have been an overwhelming success in Europe including the cities of Paris, Barcelona, Amsterdam, Stuttgart, Berlin and Copenhagen – although again it

should be noted that many of these receive corporate sponsorship or are subsidised by the respective city/transport authority, primarily through revenue raised from on-street car parking (Barcelona) or from the federal *Deutsche Bahn* (Munich, Stuttgart & Berlin etc).

16. Medium-scale schemes have had mixed fates. Newcastle operates Scratchbikes, which was a Newcastle University born venture for students but which proved so successful that 18 months ago it expanded the service and opened up the service to all residents. Currently with approximately 150 bikes located in 20 different locations, the scheme does not require specialised docking stations and is quicker and cheaper to install than the heavy infrastructure systems deployed in some of the towns and cities across the UK and the world. Bike locations can readily be altered once demand has been tested, so more popular sites can see an increase in bike numbers, with the lesser used locations seeing reductions.
17. *Hire-a-Bike with Cycle Blackpool* started off with nine separate locations (approximately 50 bikes) for several months before rolling out to over 30 locations with many more bicycles. However this came at a cost of £1 million over a three year period (2009-2012), mostly funded by their then Cycling England grant and the local PCT. Following the council's decision to withdraw financial support for its operation at the end of 2012 however, the scheme has been mothballed for the immediate future with new sources of funding being sought. A recent update has established that a tendering process is currently underway to find a new commercial operator which they hope will bring it back into operation during the summer.
18. Evidence however shows that wherever a small scale trial, to gauge potential use, has been implemented, it has always failed. This can be evidenced by such pilot schemes as *Hourbike Bristol* where only seven hubs and 18 bicycles were used which resulted in a very limited take-up and the scheme being subsequently withdrawn after 18 months. The consensus was that there had been far too few hubs / bicycles for such a scheme to be useful for residents, as the only realistic journeys a user could make was limited to between two of the seven hubs. Therefore appeal to the wider population failed.

### **Lessons learnt**

19. For a trial scheme to be a proven success in York, we would need to take on board many of the lessons-learned from other towns and

cities with similar schemes, avoiding similar mistakes, and seizing on essentially what has worked.

20. The criticisms of certain cycle-hire projects usually revolve around the complexity of initially accessing the bikes. In some of the earlier schemes, tickets or pre-paid cards needed to be purchased from a vendor followed by a phone call to a customer service number, in order to gain access by then inputting a pin number into one of the bikes. In some examples, users then had to call customer services again when they had deposited the bike. Essentially, the more long-winded the process was to hire a bike, the less the scheme got used.
21. It is recognised that access to a scheme needs to be fast and easy for it to attract users, especially the potential for impulse, *spur of the moment* use. In order to maintain a certain level of security, any scheme would require website registration with a credit/debit card as deposit and payment for use. Newcastle's cycle hire scheme includes a smartphone app which then gives a pin to enter onto the solar-powered unit on the handlebar in order to unlock the security-tagged bike lock. All bikes communicate wirelessly with a cloud management system and on-board GPS is used to ensure that the bike is returned to a designated hire location and to measure how far the bikes are being ridden. Accelerometers will inform the operator when a bike moves without authorisation. Certainly this type of system is something which any similar scheme in York should strive to emulate.
22. The main criticism of London's scheme, at least in its initial year, was that with cycles having to be returned to special *Bixi* docking stations, if one was full the user would have to search around for another nearby one with spaces. The more popular destinations were regularly oversubscribed leading to user frustration when there was either no bike there to be hired out, or else no spaces left to deposit it back.
23. Another issue is that specialized docking station hubs require a power source, usually mains electricity as well as only accommodating one bicycle, whereas existing cycle parking ("sheffield stands") can accommodate 2 per hoop. Additionally, other infrastructure intensive *Bixi* schemes such as London's have experienced problems with defective docking stations. Any scheme in York would need to avoid these infrastructure-heavy, obtrusive and expensive docking stations, not least due to the sensitive public

realm. Ideally, existing cycle parking locations would be used with little alterations required other than perhaps a flagpole-type sign to highlight that it is a location for hire bikes. Ideally, the technological element of the bike hire would be incorporated onto individual bicycles as opposed to docking station (like it is in Newcastle).

24. Although Blackpool's scheme is currently on hold, it should be noted that this scheme had been primarily aimed at the town's millions of annual visitors as opposed to local residents (and any potential commuters). With Blackpool's tourist trade being extremely seasonal, with the perception that the town 'closes down' during winter, it may not be surprising that the scheme was subsequently closed over winter. A scheme in York, with full coverage of the city, attractions, universities, park & ride sites, residential areas and outlying retail parks, would be far less dependent on visitor usage – and even then – York's tourist trade is fairly constant all year round.
25. In terms of scale, Bristol had the issue that there were far too few bikes and a very limited number of docking station / hub locations to generate the type of casual *ad hoc* use which the likes of London succeeded to attract. In order for any cycle hire scheme in York to be effective, locations need to be plentiful and in key places. An initial quick appraisal of these locations can be seen in **Annex A**, although some of these 38 locations are potentially less important than others so could perhaps only feature a minimal number of bikes until demand has been fully understood. A live up-to-the-minute online map and mobile/tablet *app* would be required showing the specific locations of each docking station as well as the numbers of bikes currently available. This is common to all cycle hire schemes seen in other cities.
26. How respective cycle hire schemes are funded varies widely. London's scheme is predominantly funded by TfL, with a significant sponsorship contribution from Barclays. Oxford's scheme is funded from their LSTF grant. Sunderland and Galway's schemes are both funded by their respective Universities. Liverpool's planned scheme will be funded by its city council for an initial 3 years with sponsorship being sought during this time. Newcastle's scheme however is completely funded through a partnership arrangement (through a Business Improvement District). This was set up by the businesses of Newcastle city centre as a commercially-run, private, independent, not-for-profit company whose remit was to enhance the business environment and deliver improvements in the area.

Experience shows that cycle hire schemes are unlikely to make a profit, but with backing by a partnership of council and other organisations, and/or large sponsors, they are affordable.

### **Who, what, why, how & when**

27. The target audience for a cycle hire scheme in York will be primarily those living and working in the city and not necessarily the tourist trade, and it is expected that rental periods will be short. Due consideration will need to be given so as not to negatively impact on local organisations that already offer bike rental, therefore York would aim to offer charges which are at a competitive rate for the first 30 minutes / one hour, but after this the hourly rate increases to well above other bike hire organisations' hire prices. This is similar to how public cycle hire works in Barcelona and also in London. This along with having to join as a member of the scheme will help to keep the focus on those living, working and studying within York and avoids any negative impacts and criticism from local businesses who currently rent bikes. Consideration could also be given to handing out free-use trials of a York cycle hire scheme to local residents who may be persuaded to start cycling as part of the LSTF personalised travel planning work.
28. Regarding numbers of bikes per location, this will be very much based on trial and error and close observation of demand. Any scheme needs to be flexible enough to easily allow redistribution of bikes to locations with higher use. An initial conservative estimate of overall numbers (with around 38 docking station locations) would indicate that 150 bikes would be an appropriate number to operate with in York. However, a bare minimum of 100 bikes could perhaps suffice initially until demand had been fully gauged, with scope to increase numbers incrementally where appropriate. It's certainly the case that there is a balancing act to be struck between enough bikes and locations being available for the scheme to prove attractive to users, without over-providing and thus increasing costs.
29. With York hosting the start of day two of the *Grand Départ* of The Tour de France in July 2014, there is a strong emphasis on ensuring a strong cycling legacy both within the city and also regionally throughout Yorkshire. It has been suggested that if successful in York, a cycle hire scheme could be rolled out into the wider Yorkshire region, with York leading the way. Working with partners a long-term vision is for every main town and city in the

region to have cycle-hire, thus enabling better linkages between urban areas and key trip attractors. This would be achieved through working with business and rail operators to take this forward with Legacy partners and Local Authority members.

### **How a scheme could be financed**

30. The costs associated with setting up and providing a cycle hire scheme could be met through any combination of a number of potential revenues:

- Overall scheme sponsorship from a private company/companies taking a proactive approach to corporate, social responsibility;

*[At least one major potential sponsor has expressed an interest in this project]*

- Sale of advertising on a temporary basis to both small and large companies, as well as organisers of large events;

*[Advertising space on the bicycle may of course be restricted, should we secure a single corporate sponsor who wishes the hire scheme to be complete with their own branding]*

- External grant funding, as part of a Community Partnership;

*[The universities & colleges partnership 'Higher York' has recently submitted a bid for the NUS Students Green Fund, to help York to establish / augment a local cycle hire scheme which would benefit their students]*

- Direct revenue from the bike hire itself through the tariffs charged.

*[It will be unclear exactly what level of revenue will be recouped through tariff charges until a scheme has been operating for a period of time, hence the requirement to trial a scheme initially]*

### **Can we provide this through local sources?**

31. With little spare resources available at this time, it would be recommended that the Council buy in the services of a cycle hire provider rather than try to provide and operate any resource-intensive in-house run scheme. Operating via a third-party means

that all aspects of the scheme from provision of the infrastructure to bookings, and from collection of fares to maintenance of the bicycles, would be fully delivered with minimal resources required from the Council. Most cycle hire providers in UK towns/cities also work in partnership with a local company or companies who can maintain the bicycles for them and operate the scheme locally, thus helping to add to the local economy. In York, there have already been a couple of expressions of interest from local businesses in doing this.

32. Consideration has been given to the possibility of working in partnership / a co-operative with local cycle retailers to establish a cycle hire scheme as a social enterprise. However, local businesses have been consulted (please see 'Consultation' section of this report) and the clear consensus is that some of the cycle retailers would like *some* involvement in the scheme, be it through a maintenance contract for the fleet of bicycles or as operating partners, but are not in a position to establish a citywide scheme themselves, principally due to the sheer scale of the scheme proposed and it's inferred cost.

### **Implementing a trial scheme**

33. This proposal seeks a phased approach to establishing a city wide cycle hire scheme:-

- Stage 1:
- i) Market testing (through tendering) to establish the exact costs associated with introducing a scheme (see *paragraph below*);
  - ii) Securing private sponsorship to part/fully fund the costs of setting up and running the scheme, and/or any other local partnership funding contributions;
- Stage 2:
- i) Subject to Cabinet approval, award contract(s) for supply / delivery / operation / maintenance, etc.
  - ii) Full roll out of pilot scheme, learn lessons and establish user demand and needs.
- Phase 3: Scaling of the scheme – either scaling up or down, depending on the outcomes of Phase 2.

34. The leasing of a cycle hire scheme will require revenue funding. This could be mitigated against in part or in full by securing corporate sponsorship by a private business (or businesses) and/or through other external funding (such as grants). CYC has already received an expression of interest by a potential major sponsor. It is currently unclear what level of revenue will be recouped through tariff charges from users of the cycle hire until a scheme has been operating for a period of time.
35. The cost of establishing a scheme is currently not clear-cut and will only become apparent once the tender exercise has been undertaken (if approval is given). However, indicative costs have been sought using Newcastle as the closest example to what York should strive to emulate:-
- Using Scratchbikes (as they do in Newcastle), a system with 100 bikes in 38 locations would cost approximately £157K per annum / ~£13K per month if leased over 36 months. This would be for the entire package including delivery / operation / local maintenance etc.
  - Because much of the costs to the operating company come from the initial purchase of the equipment etc which is repaid throughout the lease period, if the timescale for lease is reduced, the costs subsequently increase. For example, a 24 month lease would cost approximately £187K per annum / ~£15½K per month.
  - For a short 12 month period this would be approximately £277K per annum / ~£23K per month.
36. It is Officers' view that a 24 month trial, using approximately 130 bicycles and 38 locations would establish the potential level of use for a permanent cycle hire facility in York in the future. Estimates are that this would cost in the region of £200K per annum.
37. The level of revenue funding required from the Council is of course dependant on how much corporate sponsorship the scheme attracts, any external grant funding, and future tariff income.

### **Consultation**

38. No public consultation has been undertaken to date. Other cities with cycle hire schemes have reported little corroboration between



early public market testing (prior to a scheme being implemented), to the overall level of take-up once a scheme had been introduced.

39. Local cycle retailers and companies in York that already offer some cycle hire have been consulted in order to mitigate against any trade being potentially taken away from them. Responses are supportive and are detailed below:-

Cycle Heaven (who offer cycle hire for visitors)

*"I fully support the initiative and appreciate the efforts to design the scheme so as not to undermine our existing [hire] business in York. It may help to boost the number of cyclists in York and that can only be a good thing. A word of caution however - Any efforts to achieve significant modal shift will continue to be hampered by the ban on cycling in the city centre. In many northern European cities, cycles and pedestrians mingle freely without any issues. York needs to address this problem at some point. The fact of the matter is that the city centre is a hub of cycling journeys, so it seems very strange to many of our cycle hiring visitors that cycling is banned in this so-called cycling city. Efforts need to be made to overcome the antediluvian attitudes of many businesses and residents on this matter."*

Bike Rescue

*"Sounds like it could work fine..."*

*In Barcelona it is clear that the system works because of the large number of bikes and docking stations being close together so that if one was full it was a short ride to another one that was still near your apartment to make it worth using a bike rather than other forms of transport.*

*Crucially people need to be able to make one way journeys.*

*To operate as a viable alternative to the car or bus, it must be suitable for our users – given that York is a cycling city i'm just not sure how many people will use it – obviously without trialling it how can we tell.*

*I can see a scheme working well at the University to/from the city centre; and from the P&R sites to the city centre.*

Get Cycling

*"We know the Scratchbikes scheme pretty well and have recommended it to some of our public sector clients. We know the people behind Grand Scheme (Scratchbikes) and believe strongly in the concept. It is not clear whether you are set on appointing GS for York, in which case, possibly, no tendering would be necessary since they are the only people with the technology you require."*

## Options

40. There are two options available to Cabinet:

- Option A – Give approval for Officers to undertake a tendering exercise with interested companies which would establish the

costs associated with undertaking a full city-wide trial for 24 months, delivered in its entirety by a third-party. Secondly, secure corporate sponsorship and/or any other potential external funding of the scheme to offset some of the revenue costs to the Council. Return to Cabinet at a future date to present the outcome of this exercise with a conditional view to awarding the tender and the full roll out of a scheme.

- Option B – To not have a cycle hire scheme for York due to the recognised limitations that have been experienced in other towns/cities.

### **Analysis**

41. It is the view of Officers that Option A – Introducing a full city-wide cycle hire scheme to York on a trial basis – would be an effective way of promoting cycling, particularly in view of the desire to secure a legacy to the Tour de France visiting the city. However with the extent of potential (external) funding currently not determined, it would be prudent to finalise funding options prior to awarding a contract and rolling out a full scheme. Hence the recommendation to bring an update to a future meeting of Cabinet for a final decision to be made.

### **Council Plan**

42. The outcome of this report will contribute to the following aspects of the Council Plan:
  - Create jobs and grow the economy – provision of ad hoc use cycles would make it easier for staff to access their workplace safely by cycle or journey between places of work. By encouraging more people to cycle to work or to access leisure / retail destinations, this should reduce congestion in the city which then makes the movement of other vehicles more efficient thus saving businesses money in lost time.
  - Get York moving – providing a cycle hire scheme and promoting cycling as a more attractive and efficient mode of travel should reduce residents' reliance on motorised transport thus reducing congestion and helping the remaining traffic to move better.

- Build strong communities – provision of a cycle hire scheme which residents would have access to should help connectivity between different communities and access to workplaces, education and retail.
- Protect vulnerable people – cyclist are one of the most vulnerable types of road user and any large-scale roll-out and use of a recognisable distinctive York cycle hire scheme will help raise awareness of cyclists by other road users.
- Protect the environment – cycling is one of the most sustainable forms of transport so the more people who can be encouraged to cycle the better it will be for the local environment both in terms of air quality and the visual impact of parked vehicles.

### Implications

43. The outcome of this report will have the following implications:

- **Financial** – The leasing of a cycle hire scheme will require revenue funding for which there is currently none allocated. This could be mitigated against in part or in full by securing corporate sponsorship of a scheme by a private business (or businesses) and/or other external funding.

It is estimated that a 24 month trial of a full scheme would establish the potential level of use for a permanent cycle hire facility in York in the future.

Estimates are that this would cost approximately £200K per annum to lease and operate.

- **Human Resources (HR)** – there are no HR implications.
- **Equalities** – there are no equalities implications.
- **Legal** – the Council's powers under section 1 of the Localism Act 2011 are sufficient to provide for a cycle hire scheme. If the project progresses then there will be further legal implications – in particular relating to procurement and ensuring proper conditions of hire are prepared mitigating any risk to the Council.
- **Crime and Disorder** – there are no crime & disorder implications.

- **Information Technology (IT)** – there are no IT implications
- **Property** – There are no property implications.
- **Highways** – Nearly all proposed docking station locations are on adopted-highway and are already in use currently as cycle parking.

### **Risk Management**

44. There is of course the risk that any cycle hire scheme rolled-out in York could not gain the level of usage which the council would like to see and therefore remain mostly unused, thus risking reputational damage to York.
45. Another potential risk is that should a cycle hire scheme be established in York and corporate sponsorship and/or other external funding subsequently be withdrawn at a later date, the Council would be burdened with finding the additional revenue in order to support the continuation of operating the scheme.

### **Recommendations**

46. Cabinet is asked to:
  - 1) Agree to the general principle of introducing a public cycle hire scheme within York;
  - 2) Give approval for Officers to undertake further development of a business model for a scheme, including seeking external sources of funding and tendering for a potential provider;
  - 3) Receive a further report at a future meeting of Cabinet setting out the full financial implications and potential funding sources, and further consider at that point the introduction of a full city wide trial of a public cycle hire scheme for 24 months.

Reason: To continue to promote cycling within York as a sustainable transport option and offer a low-cost alternative to private transport for short journeys. This would be primarily aimed at residents of the city and its suburbs, but would also appeal to commuters as well as some visitors.

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**Report Approved:**

**Wards Affected:** All

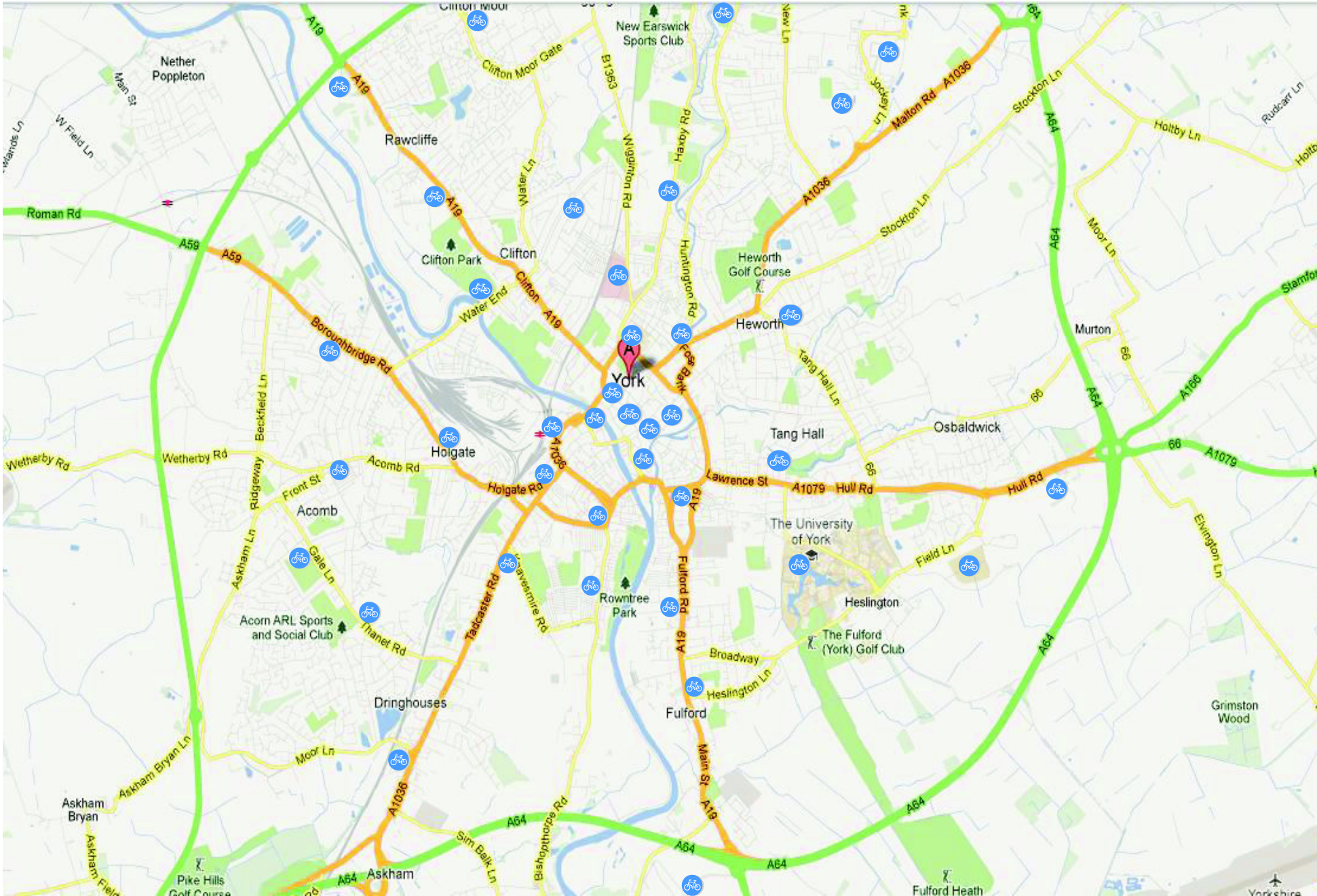
**Background Papers:** None

**Annexes:** Annex A – Potential cycle hire locations in York

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

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# Map of suggested cycle hire locations



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**Suggested cycle hire / docking station locations**

	<b>Location</b>	<b>No. of bikes</b>	
1	Askham Bar P&R site	5	
2	Rawcliffe Bar P&R site	5	
3	Monks Cross P&R site	5	
4	Grimston Bar P&R site	5	
5	Designer Outlet P&R site	5	
6	York Railway Station	10	
7	Blake Street / Duncombe Place	5	
8	Davgate (Debenhams)	5	
9	Piccadilly (White Swan)	5	
10	Tanner Moat	5	
11	Peasholme Green (Black Swan / Hiscox)	5	
12	Castlegate Car Park	3	
13	University of York (Main Campus)	5	
14	University of York (Heslington East)	2	
15	York St. John University (Main Campus)	5	
16	Haxby Road YSJ Sports Pitches / Yearsley Pool	2	
17	Energise Sports Centre, Acomb	2	
18	Clifton Moor retail area	4	
19	Monks Cross retail area	4	
20	York Hospital	4	
21	Tadcaster Road / Knavesmire Road	2	
22	The Barbican / Fishergate Bar	2	
23	Blossom Street (Reel Cinema)	3	
24	Poppleton Road (Holgate Park)	2	
25	Shipton Road (Rawcliffe / Clifton Business Park)	2	
26	Youth Hostel, Water End	3	
27	Front Street, Acomb	3	
28	Thanet Road (Lidl)	2	
29	Boroughbridge Road	2	
30	Bishopthorpe Road shops	2	
31	South Bank (Bishopthorpe Road / Butcher Terrace)	2	
32	Imphal Barracks (Fulford Road / Hospital Fields Rd)	2	
33	Fulford (Main Street / Heslington Lane)	2	
34	Tang Hall (Melrosegate Post Office)	2	
35	Heworth Village / Heworth Road	2	
36	Huntington Road / Monkgate roundabout	2	
37	Crichton Avenue	2	<b>TOTAL</b>
38	Huntington / New Earswick	2	<b>130</b>

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