

Meeting	Executive
Date	7 February 2022
Present	Councillors Aspden (Chair), Ayre, Craghill, Cuthbertson, D'Agorne, Runciman, Smalley, Waller and Widdowson
In Attendance	Councillor Kilbane

Part A - Matters Considered Under Delegated Powers

86. Declarations of Interest

Members were asked 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, that they might have in the business on the agenda. No additional interests were declared.

87. Minutes

Resolved: That the minutes of the Executive meeting held on 13 January 2022 be approved, and signed by the Chair as a correct record.

88. Public Participation

It was reported that there had been one registration to speak at the meeting under the Council's Public Participation Scheme.

Flick Williams had registered to ask a question of the Executive Member for Transport. She queried the rationale of remediation works being carried out in the footstreets, specifically dropped kerbs, and raised concerns about vandalism and assault of Shopmobility staff after closure of the Coppergate car park.

The Chair indicated that these comments would be passed to relevant officers for a response.

89. Forward Plan

Members received and noted details of the items that were on the Forward Plan for the next two Executive meetings at the time the agenda was published.

90. 2021/22 Finance and Performance Monitor 3

The Chief Finance Officer presented a report which provided details of the council's overall finance and performance position for the period 1 April 2021 to 31 December 2021, together with an overview of any emerging issues.

The Covid-19 pandemic continued to have a significant effect on the financial position, particularly in social care, and on performance against some indicators. The gross financial pressures facing the council were projected at £10m. Through mitigation and further action to bring spending under control, it was considered this could be reduced to £4.5m by the end of the financial year. The council had £6.9m of general reserves to call on should the out-turn not be within the approved budget, and it was estimated that £500k from other earmarked reserves could be released this year. The position within each directorate was summarised in Table 1 at paragraph 18 of the report and detailed in Annex 1. Executive approval was sought to allocate £5k from Brexit funds to establish an Anti-Racist group, in line with a motion approved by Council in October 2021, and £99.6k from Covid-related funds to Make it York, in line with a referral from Shareholder Committee on 22 November 2021, as set out in paragraphs 23-25.

With regard to performance, progress was reported against the core set of strategic indicators in the Council Plan. Indicators with an improving direction of travel were summarised in paragraph 30 and those with a worsening direction of travel, mainly due to the adverse effects of Covid-19, in paragraph 31. Further details were provided in Annex 2.

In commending the report to Members, the Executive Member for Finance & Performance highlighted the lack of certainty with regard to future government support, work carried out to minimise variances in the mental health budget, and the positive direction of footfall and employment in the city.

Resolved: (i) That the finance and performance information and the actions needed to manage the financial position be noted.

(ii) That the financial support for Make it York outlined in paragraphs 24 and 25 of the report be agreed.

(iii) That the funding for the Anti-Racist City working group outlined in paragraph 23 be agreed.

Reason: To ensure that expenditure is kept within the approved budget.

91. **Capital Programme 2021/22 Monitor 3**

[See also under Part B]

The Chief Finance Officer presented a report which set out the projected out-turn position on the council's capital programme for 2021/22, including any over or under-spends, along with requests to re-profile budgets to and from current and future years.

A decrease of £15.678m was reported on the approved capital budget, resulting in a revised programme of £127.584m, funded from £41.946m external and £85.638m internal funding. Variances in each portfolio area were outlined in Table 1 at paragraph 6 of the report, and detailed in paragraphs 7-47. The effect of the revisions was shown in Table 2, at paragraph 48.

Officers confirmed that there were no major issues to report and there continued to be a significant level of investment in the programme.

Resolved: (i) That the 2021/22 revised budget of £127.584m, as set out in Table 1 at paragraph 6 of the report, be noted.

(ii) That the restated capital programme for 2021/22 – 2025/26, as set out in Table 2 at paragraph 48, be noted.

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

92. **Financial Strategy 2022/23 to 2026/27**

[See also under Part B]

The Chief Finance Officer presented a report which asked Executive to recommend to Council the financial strategy for 2022/23 to 2026/27, including detailed revenue budget proposals for 2022/23. The report also sought Executive approval for increases to the council tax premium for empty properties and to social housing rents, as a result of changes in government policy.

The strategy would deliver a balanced budget for 2022/23, with savings proposals totalling £6.4m. Overall, £16.135m additional revenue funding would be added to the budget to meet continuing pressures on adult social care and children's services, support the council's response to the Covid-19 pandemic and maintain progress on the objectives of the Council Plan. The proposals were predicated on a basic council tax increase of 1.99% in 2021/22, plus an additional increase of 1% in line with the government's social care precept. The net revenue budget of £135.384m would be funded by council tax income of £102.043m and retained business rates of £33.341m

The report included statutory advice from the s151 Officer, at paragraphs 245-269. A summary of the budget expenditure and savings proposals was provided in Annexes 1 and 2, with HRA growth and savings proposals in Annexes 6 and 7. Results of consultation with residents and businesses were detailed in Annex 4.

The Chair commented on the major financial pressures faced by councils across the country and efforts to seek more funding from government. Against this background, the budget sought to stabilise the council's financial position and provide extra support to vulnerable people.

Resolved: (i) That the charge of a 300% premium on Council Tax for properties empty for over 10 years, as described in paragraph 130 of the report, be approved.

(ii) That approval be given to apply the average rent increase of 4.1%, based on national formulas linked to RPI and CPI, to all rents for 2022/23, with the exception of shared ownership tenants, as described in paragraphs 188 and 190.

(iii) That approval be given to apply the average rent increase of 5.4%, based on national formulas linked to RPI and CPI, to shared ownership tenants that have held an equity share in their property for more than 12 months as at 1 April 2022, on the portion of the property owned by City of York Council, as described in paragraph 191.

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

Part B - Matters Referred to Council

93. Capital Programme 2021/22 Monitor 3

[See also under Part A]

The Chief Finance Officer presented a report which set out the projected out-turn position on the council's capital programme for 2021/22, including any over or under-spends, along with requests to re-profile budgets to and from current and future years.

A decrease of £15.678m was reported on the approved capital budget, resulting in a revised programme of £127.584m, funded from £41.946m external and £85.638m internal funding. Variances in each portfolio area were outlined in Table 1 at paragraph 6 of the report, and detailed in paragraphs 7-47. The effect of the revisions was shown in Table 2, at paragraph 48.

Officers confirmed that there were no major issues to report and there continued to be a significant level of investment in the programme.

Recommended: That Council approve the adjustments resulting in a decrease of £15.678m in the

2021/22 budget, as detailed in the report and contained in Annex A.

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

94. Financial Strategy 2022/23 to 2026/27

[See also under Part A]

The Chief Finance Officer presented a report which asked Executive to recommend to Council the financial strategy for 2022/23 to 2026/27, including detailed revenue budget proposals for 2022/23. The report also sought Executive approval for increases to the council tax premium for empty properties and to social housing rents, as a result of changes in government policy.

The strategy would deliver a balanced budget for 2022/23, with savings proposals totalling £6.4m. Overall, £16.135m additional revenue funding would be added to the budget to meet continuing pressures on adult social care and children's services, support the council's response to the Covid-19 pandemic and maintain progress on the objectives of the Council Plan. The proposals were predicated on a basic council tax increase of 1.99% in 2021/22, plus an additional increase of 1% in line with the government's social care precept. The net revenue budget of £135.384m would be funded by council tax income of £102.043m and retained business rates of £33.341m

The report included statutory advice from the s151 Officer, at paragraphs 245-269. A summary of the budget expenditure and savings proposals was provided in Annexes 1 and 2, with HRA growth and savings proposals in Annexes 6 and 7. Results of consultation with residents and businesses were detailed in Annex 4.

The Chair commented on the major financial pressures faced by councils across the country and efforts to seek more funding from government. Against this background, the budget sought to stabilise the council's financial position and provide extra support to vulnerable people.

Recommended: That Council approve the budget proposals outlined in the report and annexes; in particular:

- a) The net revenue expenditure requirement of £135.384m;
- b) A council tax requirement of £102.043m;
- c) The revenue growth proposals as outlined in the body of the report;
- d) The 2022/23 revenue savings proposals as outlined in Annex 2;
- e) The fees and charges proposals as outlined in Annex 3;
- f) The consultation feedback as set out in Annex 4;
- g) The Housing Revenue Account (HRA) savings proposals set out in Annex 6 and the HRA 2022/23 budget set out in Annex 7;
- h) The dedicated schools grant proposals outlined from paragraph 194;
- i) The use of £650k New Homes Bonus to fund one-off investment, as outlined in paragraph 118.

Reason: To ensure that a legally balanced budget is set.

95. Capital Budget 2022/23 to 2026/27

The Chief Finance Officer presented a report which set out the Capital Strategy for 2022/23 to 2026/27; in particular, proposals to prioritise investment in the economy, housing and transport and to invest to save.

The council's main focus was to build back better from the pandemic. The scheme outlined in the report continued the transformational programme to drive regeneration and accelerate the city's economic recovery. It included £70.176m of new investment over the 5-year period, of which £22.475m was externally funded, £10.090m was met from the Housing Revenue Account (HRA) and £37.611 would be funded by the council. A summary of the new proposals was provided in Table 2 at paragraph 13 of the report, with further details in the following paragraphs and in Annex A. The full re-stated programme for the 5-year period was detailed in Annex B

Members welcomed the proposals and commented on schemes within their individual portfolio areas, highlighting in particular investment in major schemes such as York Central, as well as in highway maintenance, housing stock and libraries.

- Recommended: (i) That Council agree the revised capital programme of **£459.625m**, reflecting a net overall increase of **£70.176m** (as set out in Table 2 at paragraph 13 of the report and in Annex A), key elements of which include:
- a) New schemes funded by prudential borrowing totalling £1.9m, as set out in Table 3;
 - b) New schemes funded by a combination of prudential borrowing and external funds totalling £16.300m, as set out in Table 4;
 - c) Extension of prudential borrowing funded Rolling Programme schemes totalling £31.411m, as set out in Table 5;
 - d) Extension of externally funded Rolling Programme schemes totalling £10.475m, as set out in Table 8; and
 - e) An increase in HRA-funded schemes totalling £10.090m, funded from a combination of HRA balances and Right to Buy receipts, as set out in Table 9.
- (ii) That Council note that the total increase in council borrowing as a result of new schemes being recommended for approval is £37.611m, the details of which (schemes) are considered within this report and the financial strategy report.
- (iii) That Council approve the full re-stated programme totalling **£459.625m**, covering financial years 2022/23 to 2026/27, as set out in Table 13 at paragraph 72 of the report, and in Annex B.

Reason: In accordance with the statutory requirement to set a capital budget for the forthcoming financial year.

96. Capital Financing and Investment Strategy

The Chief Finance Officer presented a report which asked Executive to recommend the capital and investment strategy to Council for approval, in accordance with the Prudential Code 2017.

The strategy, attached as Annex A to the report, set out the council's approach to business case development and risk. It remained unchanged from the previous year.

It was noted that the revised Prudential Code published by CIPFA on 20 December 2021 could have an impact on future reports; Members would be updated on the effects of this.

Recommended: That Council approve the capital and investment strategy at Annex A to the report.

Reason: To meet the statutory obligation to comply with the Prudential Code 2017.

97. Treasury Management Strategy Statement and Prudential Indicators for 2022/23 to 2026/27

The Chief Finance Officer presented a report which asked Executive to recommend to Council the treasury management strategy and prudential indicators for the 2022/23 financial year.

The report covered the council's capital plans (including prudential indicators), the minimum revenue provision policy, the treasury management strategy and the annual investment strategy.

Officers confirmed that there were no significant changes to note. The report would be considered by Audit & Governance Committee at their meeting in March.

Recommended: That Council approve:

- a) The proposed treasury management strategy for 2022/23, including the annual investment strategy and the minimum revenue provision policy statement;
- b) The prudential indicators for 2022/23 to 2026/27 in the main body of the report;

- c) The specified and non-specified investments schedule at Annex B; and
- d) The scheme of delegation and the role of the section 151 officer, in Annex D.

Reason: To enable the continued effective operation of the treasury management function and to ensure that all council borrowing is prudent, affordable and sustainable.

Cllr K Aspden, Chair

[The meeting started at 5.31 pm and finished at 6.11 pm].