



Notice of meeting of

Executive

To:	Councillors Waller (Chair), Ayre, Steve Galloway, Moore, Morley, Reid and Runciman
Date:	Tuesday, 17 November 2009
Time:	2.00 pm
Venue:	The Guildhall, York

AGENDA

Notice to Members - Calling In:

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

10:00 am on Monday 16 November 2009, if an item is called in *before* a decision is taken, *or*

4:00 pm on Thursday 19 November 2009, if an item is called in *after* a decision has been taken.

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

1. **Declarations of Interest**

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

2. Minutes (Pages 3 - 12)

To approve and sign the minutes of the Executive meeting held on 20 October 2009 and the Executive (Calling In) meeting held on 27 October 2009.

3. Public Participation

At this point in the meeting, members of the public who have registered their wish to speak regarding an item on the agenda or a matter within the Executive's remit can do so. The deadline for registering is **5:00 pm on Monday 16 November 2009**.

4. Executive Forward Plan (Pages 13 - 14)

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

5. Lord Mayoralty 2010/11 (Pages 15 - 18)

This report asks the Executive to decide which of the political groups should be invited to appoint the Lord Mayor for the municipal year 2010/2011, on the basis of the agreed points system.

6. 'Quality and Access for all Young Children' - Allocation of Early Years Capital Grant (Pages 19 - 24)

This report seeks a decision on applications received from early years and childcare providers in the Private, Voluntary and Independent (PVI) sector for amounts of £50,000 or more from the local authority's allocation of the 'Quality and Access for All Young Children Capital Grant'.

7. Economic Masterplan and York Renaissance Team (Pages 25 - 40)

This report seeks approval to undertake an economic masterplan for the City, to establish a York Renaissance Team and to create a York Renaissance Academy providing training and development in place-making for existing staff and the new team, to be funded by Yorkshire Forward.

8. Introduction of a Quality Contract for Bus Service Provision in York (Pages 41 - 58)

This report outlines the process by which a Quality Contract might be introduced and identifies benefits and disadvantages of so doing, in accordance with a motion approved by Council on 2 April requesting that the Executive apply to take up the available powers to impose a Quality Contract scheme under Section 124 of the Transport Act 2000.

9. Second Performance and Financial Monitor for 2009/10 (Pages 59 - 76)

This report provides details of the headline performance issues from the second performance monitor of 2009/10, covering the period from 1st April to 30th September 2009, with further up-to-date data where possible.

10. Capital Programme Monitor 2 (Pages 77 - 102)

This report presents the likely outturn position of 2009/10 Capital Programme, based on the spend profile and information to October 2009, and seeks approval for changes to the programme, applications for contingency funding and slippage of funding, where required.

11. Treasury Management Monitor 2 Report (Pages 103 - 118)

This report provides an update on the Treasury Management performance for the period 1 April to 30 September 2009, compared against the budget presented to Council on 21 February 2009.

12. Draft Revised Contract Procedure Rules (Pages 119 - 152)

This report presents a set of draft revised Contract Procedure Rules (CPRs) and asks the Executive to recommend the draft CPRs to Council for approval.

13. Corporate Debt Policy (Pages 153 - 172)

This report presents a draft Corporate Debt Policy, setting out a framework for a consistent 'fair but firm' approach to collecting debt, and asks the Executive to recommend the draft Policy to Council for approval.

14. Urgent Business

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

Democracy Officer:

Name: Fiona Young

Contact details:

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

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

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

Contact details are set out above.

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- 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

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Holding the Executive to Account

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

Scrutiny Committees

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

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

Who Gets Agenda and Reports for our Meetings?

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

Committee Minutes

MEETING	EXECUTIVE
DATE	20 OCTOBER 2009
PRESENT	COUNCILLORS WALLER (CHAIR), AYRE, STEVE GALLOWAY, MOORE, MORLEY, REID AND RUNCIMAN

PART A - MATTERS DEALT WITH UNDER DELEGATED POWERS**92. DECLARATIONS OF INTEREST**

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

Cllr Moore declared a personal and prejudicial interest in agenda item 7 (Provision of the Breathing Space Scheme), as his sister might be making an application under the scheme.

93. EXCLUSION OF PRESS AND PUBLIC

RESOLVED: That the press and public be excluded from the meeting during consideration of Annex 6 to agenda item 6 (More for York – Blueprints), on the grounds that it contains information relating to the financial or business affairs of particular persons, which is classed as exempt under paragraph 3 of Schedule 12A of the Local Government Act 1972 (as revised by The Local Government (Access to Information) (Variation) Order 2006).

94. MINUTES

RESOLVED: That the minutes of the Executive meeting held on 6 October 2009 be approved and signed by the Chair as a correct record.

95. PUBLIC PARTICIPATION / OTHER SPEAKERS

It was reported that there had been no registrations to speak at the meeting under the Council's Public Participation Scheme.

With the consent of the Chair, Heather McKenzie, of UNISON, addressed the meeting in relation to agenda item 5 (More For York – Blueprints). She noted that UNISON had not been involved in the blueprinting work so had had little opportunity to consult its members. At this stage, she wished to highlight some general concerns about various aspects of the proposals, including the potential threat to jobs, the lack of Employment Impact

Assessments, the effect upon low paid staff of the proposed transfers to monthly pay, and the contractual arrangements with NKA. With regard to the latter, she drew attention to the problems experienced by a number of other local authorities as a result of similar contractual arrangements with consultants and urged that safeguarding measures be implemented to ensure this did not happen in York.

96. EXECUTIVE FORWARD PLAN

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

97. MORE FOR YORK - BLUEPRINTS

See also under Part B Minutes

Members considered a report which informed them of the outcomes of the recent blueprinting exercise undertaken as part of the More for York improvements and efficiencies programme (involving efficiency partners Northgate Kendric Ash) and proposed a series of decisions required to initiate work on delivering the programme benefits.

On 7 July, the Executive had received a review report on the programme and had approved further work to complete detailed business cases, or 'blueprints', for ten work streams. Since then, intensive work had been carried out on nine of the work streams to baseline costs and performance, explore options and develop firm proposals to deliver efficiencies. The results of this work were summarised in paragraph 22. Full details of the blueprints had been made available on the Council's website as Annex 1 to the report. With regard to the Adult Social Care stream, work was still ongoing to finalise the reviews of Home Care and Elderly People's Homes, the results of which would be reported to the Executive in November 2009 and January 2010. Details of the Organisational review stream, which would incorporate the outcomes of the other nine work streams, would be reported to the Executive in the next few months.

The gross savings predicted from each work stream were summarised at paragraph 31 of the report. The capital and revenue investments required to deliver the programme efficiencies were set out in Annexes 2 and 3 respectively. Annex 4 detailed savings and investments made in the Housing Revenue Account (HRA), while Annex 5 presented for Members' approval a log of decisions arising from the blueprinting exercise.

In response to questions from Members, Officers agreed to provide further information on the process for all decisions associated with the proposals, including those that did not require Executive approval.¹ With regard to the advice of the Shadow Executive and the points raised by the UNISON representative under Public Participation / Other Speakers, Officers confirmed that:

- There would be over 100 collection points across the City where residents could pay by cash if they wished

- Equality Impact Assessments (EIAs) had been carried out on every work stream and the process of consulting on and 'embedding' this work was ongoing.

RESOLVED: (i) That the decisions set out in Annex 5 to the report be approved, subject to Executive Members' comments at the meeting, as set out in the annex to these minutes.²

(ii) That authority be delegated to the Director of Resources to agree any eventual redundancy and pension costs and to report these costs, which will be funded from savings arising from the programme, through the quarterly budget monitoring process.³

(iii) That the Director of Resources be requested to inform the Executive Member for Resources and the Executive Leader of the redundancy and pension costs on a monthly basis throughout the process.⁴

(iv) That a full Equality Impact Assessment be undertaken.⁵

(v) That a Sustainability Review be undertaken of how the changes will impact on the Council's commitment to a 25% cut in CO₂ emissions, as detailed in the Carbon Management Programme, and that it be demonstrated that this is a 'golden thread' running through the More For York programme.⁶

(vi) That Officers meet with Post Office Counters Ltd. to examine how the implementation of the scheme for external payment points can assist local Sub Post Offices following the Government's closure programme.⁷

(vii) That Procurement changes be reviewed in the light of Council support for local firms and small businesses to trade with the Council.⁸

(viii) That negotiations for moves from weekly pay include the offer of budgeting training and contacts with the Credit Union, to ensure that members of staff are not adversely affected by the moves, should they be agreed with staff representatives.⁹

(ix) That details of a clear programme of engagement with unions, and a suggestion scheme open to all members of staff to bring forward suggestions and ideas for the More For York programme, be made available.¹⁰

(x) That the Chief Executive be asked to:
a. ensure that there are regular meetings with all political groups to ensure that there is a clear understanding of the process across the Council,

- and that all-party meetings are arranged for briefings and
- b. issue an indicative timetable of the process to all Group Leaders.¹¹

(xi) That a record be maintained of the value added to the process by the engagement of the efficiency partner to demonstrate the effective use of council taxpayers' money in the fees being paid.¹²

(xii) That further briefings be provided before any proposals relating to Home Care and reconfiguration of Elderly People's Homes provision are progressed.¹³

REASON: To enable the Council to commence work on delivery of the strategic objective to be an Effective Organisation, to deliver service improvements and create efficiency savings of £15m over the next three years, subject to appropriate provision for equalities and sustainability requirements, staff protection and Member involvement.

Action Required

- | | |
|---|----|
| 1. Circulate this information to Members as requested | SA |
| 2. Note Members' comments and Implement the approved decisions | SA |
| 3. Take action to ensure redundancy and pension costs are reporting via the budget monitoring report | SA |
| 4. Ensure that pension and redundancy costs are reported to the Executive Member on a monthly basis | SA |
| 5. Make arrangements to conclude work on the EIAs | SA |
| 6. Make arrangements to undertake a Sustainability review | SA |
| 7. Set up a meeting with Post Office Counters Ltd. | SA |
| 8. Review Procurement changes | SA |
| 9. Arrange budgeting training and contacts with the Credit Union for staff moving to monthly pay | SA |
| 10. Draw up details of a programme of engagement with unions and a staff suggestion scheme | SA |
| 11. Arrange a timetable of cross-party meetings and circulate to Group Leaders | SA |
| 12. Make arrangements to record and maintain details of value added to the process by efficiency partners | SA |
| 13. Ensure that briefings are provided on any proposals relating to Home Care and reconfiguration of Elderly People's Homes | SA |

98. PROVISION OF THE BREATHING SPACE SCHEME

Members considered a report which sought approval for the City of York Council's participation in a Regional Mortgage Assistance Loan Scheme called 'Breathing Space'.

The Breathing Space loan was an interest-free secured loan to assist homeowners in difficulty with their mortgage or secured loan repayments. Wakefield Council would be the Accountable Body for the scheme, which would work in a similar way to the existing regional home improvement loans scheme administered by Sheffield Council on behalf of Yorkshire and Humberside local authorities.

To enable Wakefield to act as the Accountable Body, participating authorities were required to delegate certain functions to Wakefield Council. Members were invited to decide whether to approve the policy to provide the Breathing Space scheme and allow Wakefield to discharge these functions (Option A) or not (Option B). Option A was recommended, on the basis that it would add another, more flexible option to the Council's tool box in tackling re-possession and, ultimately, homelessness. A draft policy for the scheme was attached as Annex 1 to the report.

Officers confirmed at the meeting that the Wakefield Scheme (on which the Breathing Space scheme was based) had already helped about 28 households in its first year, as compared to a total of 7 York households assisted to date by the Golden Triangle Mortgage Rescue Scheme and the Government's National Mortgage Rescue Scheme

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

RESOLVED: (i) That Option 1 be approved and that Wakefield Metropolitan District Council be nominated to act as the administrative body and banker for the scheme.

(ii) That the draft policy at Annex 1 to the report be approved.¹

(iii) That Wakefield Metropolitan District Council be allowed to discharge the following functions for City of York under the provisions of the Local Government Act 2000 and the Local Authorities (Arrangement for the Discharge of Functions) (England) Regulations 2000, in accordance with the authority's well-being powers under Section 2 of the Local Government Act 200:²

- Offering loans to the owners of properties who are in mortgage difficulties
- Agreeing regional arrangements for deciding whether the amount of the loan to be paid on redemption of the mortgage should be deferred or repaid in instalments, or waived in whole or in part.

(iv) That the policy to provide loan support to cover the costs of setting up the loan be approved.³

REASON: To enable the Council to participate in a regional scheme which will assist homeowners in difficulty with their mortgage or secured loan repayment and will provide another option for the Council in tackling house repossession and, ultimately, homelessness.

Note: Cllr Moore, having declared a prejudicial interest in the above item, left the meeting during consideration of the item and took no part in the discussion or decision thereon.

Action Required

1. Make arrangements to implement the agreed Policy SB
2. Carry out any further action required to enable Wakefield
to discharge these functions SB
3. Carry out any further action required to implement the
policy to provide loan support SB

PART B - MATTERS REFERRED TO COUNCIL

99. MORE FOR YORK - BLUEPRINTS

[See also under Part A minutes]

Members considered a report which informed them of the outcomes of the recent blueprinting exercise undertaken as part of the More for York improvements and efficiencies programme (involving efficiency partners Northgate Kendric Ash) and proposed a series of decisions required to initiate work on delivering the programme benefits.

On 7 July, the Executive had received a review report on the programme and had approved further work to complete detailed business cases, or 'blueprints', for ten work streams. Since then, intensive work had been carried out on nine of the work streams to baseline costs and performance, explore options and develop firm proposals to deliver efficiencies. The results of this work were summarised in paragraph 22. Full details of the blueprints had been made available on the Council's website as Annex 1 to the report. With regard to the Adult Social Care stream, work was still ongoing to finalise the reviews of Home Care and Elderly People's Homes, the results of which would be reported to the Executive in November 2009 and January 2010. Details of the Organisational review stream, which would incorporate the outcomes of the other nine work streams, would be reported to the Executive in the next few months.

The gross savings predicted from each work stream were summarised at paragraph 31 of the report. The capital and revenue investments required to deliver the programme efficiencies were set out in Annexes 2 and 3 respectively. Annex 4 detailed savings and investments made in the Housing Revenue Account (HRA), while Annex 5 presented for Members' approval a log of decisions arising from the blueprinting exercise.

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

RECOMMENDED: (i) That Council agree a capital investment budget of £700k (£475k in 2009/10, £200k in 2010/11) to deliver the efficiencies, to be financed through prudential borrowing, with associated revenue

implications being funded from savings arising from the programme, as set out in Annex 2 to the report.

(ii) That Council agree to a one-off revenue spend of £215k (£15k in 2009/10, £200k in 2010/11) and ongoing revenue investments of £410k (£128k in 2009/10, £82k in 2010/11, £200k in 2011/12), as set out in Annex 3 to the report, to be funded from savings arising from the programme.

REASON:

To enable the Council to commence work on the delivery of this strategic objective to be an Effective Organisation, to deliver service improvements and create efficiency savings of £15m over the next three years.

A Waller, Chair

[The meeting started at 2.00 pm and finished at 2.50 pm].

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MEETING	EXECUTIVE (CALLING IN)
DATE	27 OCTOBER 2009
PRESENT	COUNCILLORS WALLER (CHAIR), AYRE, STEVE GALLOWAY, MOORE, MORLEY, REID AND RUNCIMAN

8. DECLARATIONS OF INTEREST

Members were invited to declare at this point in the meeting any personal or prejudicial interests they might have in the business on the agenda. No interests were declared.

9. PUBLIC PARTICIPATION

It was reported that there had been no registrations to speak at the meeting under the Council's Public Participation Scheme.

10. CALLED-IN ITEM: GREEN JOBS TASK FORCE

Members re-considered the decisions they had taken at the Executive meeting on 6 October 2009 in relation to the recommendations of a task group set up to consider the scope to develop 'green jobs' within the City.

The Executive's decisions on this item had been called in by Cllrs Scott, Gunnell and Potter and subsequently considered by the Scrutiny Management Committee (SMC) (Calling In) at a meeting on 26 October. The SMC (Calling In) had resolved:

"That Option B be approved and that the decisions be referred back to the Executive for reconsideration, with a recommendation that they set clear SMART objectives for the Council's contribution to the development of green jobs in the City."

Having reconsidered their original decisions in the light of the advice offered by the SMC (Calling In), the Executive

RESOLVED: That Resolution (iv) of the decisions made on this item at the Executive meeting on 6 October 2009 be amended to read as follows:

"That a further report be received on this action plan within three months, building on the Carbon Management Programme, including a programme for implementation together with a clear set of objectives and performance indicators."

REASON: In accordance with the calling-in procedure and taking account of the advice offered by the Scrutiny Management Committee (Calling In).

11. CALLED IN ITEM: SWIMMING FACILITIES

Members re-considered the decisions they had taken at the Executive meeting on 6 October 2009 in relation to a report produced in response to a motion approved by Council on 9 July that had asked for information on a range of issues relating to swimming facilities in York.

The Executive's decisions on this item had been called in by Cllrs Scott, Crisp and B Watson and subsequently considered by the Scrutiny Management Committee (SMC) (Calling In) at a meeting on 26 October. The SMC (Calling In) had resolved:

"That Option B be approved and the decisions be referred back to the Executive for reconsideration."

In response to Members' questions regarding the suitability of the Hungate site for a city centre pool, as suggested by the Calling-in Members, the Director of City Strategy advised that the section of the site in the Council's ownership was currently earmarked for employment use and furthermore was not an ideal shape or size to accommodate a swimming pool.

Having reconsidered their original decisions in the light of the advice offered by the SMC (Calling In), the Executive

RESOLVED: That the following decisions be substituted for those made on this item at the Executive meeting on 6 October 2009:

"The Executive:

- (i) Notes the lack of a current identified city centre site in Council ownership with the necessary finances set aside to deliver a pool and agrees to continue to plan for a future city centre pool by developing an affordable delivery model.*
- (ii) Re-affirms its support for continued engagement with the University to deliver a pool in partnership, utilising the resources identified by the Council as its contribution to the delivery of a publicly accessible University Pool."*

REASON: In accordance with the calling-in procedure and taking account of the advice of the Scrutiny Management Committee (Calling In) and relevant Officers.

A Waller, Chair

[The meeting started at 2.00 pm and finished at 2.10 pm].

EXECUTIVE FORWARD PLAN

Table 1: Items scheduled on the Forward Plan for the Executive Meeting on 1 December 2009		
Title & Description	Author	Portfolio Holder
<p>Mercury Abatement of Flue Gases – York Crematorium</p> <p><i>Purpose of report: To advise members of the statutory requirement to abate mercury in flue gases from crematoria and to seek support and guidance in respect of action to be taken at York Crematorium.</i></p> <p><i>Members are asked to: Consider the options for the abatement of 2 or 3 cremators and offer advice to support the budget process.</i></p>	Dick Haswell	Executive Member for Neighbourhood Services
<p>Corporate Fairness and Inclusion Strategy</p> <p><i>Purpose of report: To summarise the Corporate Fairness & Inclusion Strategy and Single Corporate Equality Scheme 2009-12.</i></p> <p><i>Members are asked to: Approve the Corporate Fairness & Inclusion Strategy and Single Corporate Equality Scheme 2009-12 and recommend it to Council.</i></p>	Evie Chandler	Executive Member for Corporate Services
<p>Report back on Changes to the Constitution</p> <p><i>Purpose of report: To set out details of the changes to the constitution resulting from the abolition of the Shadow Executive agreed at Full Council on 15 October 2009.</i></p> <p><i>Members are asked to: Receive details of the changes in accordance with article 16 of the constitution.</i></p>	Alison Lowton	Executive Leader
<p>National Service Planning Requirements</p> <p><i>Purpose of report: This report requests Members to consider a decision referred by the Executive Member for Neighbourhood Services on the 15 September 2009. This referral was made in accordance with the delegation scheme detailed in the Council's Constitution.</i></p> <p><i>Members are asked to: Consider the Executive Member's recommendation.</i></p>	Laura Bootland	Executive Member for Neighbourhood Services

Table 2: Items scheduled on the Forward Plan for the Executive Meeting on 15 December 2009

<p>14-19 Reforms</p> <p><i>Purpose of report: The report will summarise the LA's 14-19 Plan (a statutory appendix of the CYPP) which sets out priorities for developments to 2015 and takes account of the transfer of 16-19 funding and associated commissioning role to the LA in April 2010.</i></p> <p><i>Members are asked to: 1. Endorse the strategic approach set out in the 14-19 plan and arrangements associated with the 16-19 funding transfer.</i></p> <p><i>2. In support of a major strand of the 14-19 plan, agree that the Council play a leading role in the development of an enlarged Apprenticeship programme for 16-19 year olds in the City.</i></p>	<p>John Thompson</p>	<p>Executive Member for Children and Young People's Services</p>
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Table 3: Items slipped on the Forward Plan with the agreement of the Group Leaders

Title & Description	Author	Portfolio Holder	Original Date	Revised Date	Reason for Slippage
<p>Review of the Council's Reserves</p> <p><i>Purpose of report: To present to Members a comprehensive review of both earmarked and general reserves held by the Council, including the purpose for which they were established.</i></p> <p><i>Members are asked to: Reconfirm their holding and purpose.</i></p>	<p>Janet Lornie</p>	<p>Executive Member for Corporate Services</p>	<p>3 November 2009</p>	<p>16 February 2010</p>	<p>The report will now be incorporated as part of the financial strategy/budget report in February.</p>

Executive**3 November 2009**

Report of the Head of Civic, Democratic & Legal Services

LORD MAYORALTY 2010/2011**Summary**

1. The purpose of this report is to ask the Executive to consider which of the political groups should be invited to appoint the Lord Mayor for the municipal year 2010/2011.

Background

2. Members will be aware that the system for nominating the Lord Mayor is based on an accumulation of points determined by the number of seats held by each particular group on the Council. The party having the largest cumulative total of points on Lord Mayor's Day each year is invited to nominate the Lord Mayor for the following year. A party loses 47 points when nominating the Lord Mayor. It should be noted that a nominee for Lord Mayor requires at least five years' service as a Councillor. Service on the former District or County Councils also count towards the five years.
3. Members agreed an amendment to the 1996 policy to allow a party which loses all its seats on the City Council to have any accumulated points frozen until seats are once again gained by that party on the council.
4. Under this current scheme the points system is as follows :

PARTY	POINTS FOR 2009/2010	LOSS FOR LM	POINTS FOR 2010/2011
Labour	7		7 + 18 = 25
Lib Dem	26		26 + 20 = 46
Green	12		12 + 2 = 14
Conservatives	36	-47	36 + 7 - 47 = -4

- 5 The above table shows that the Liberal Democrat group with a total of 46 points qualify for the Lord Mayoralty in 2010/2011.

Consultation

- 9 A draft of this report has been circulated to the political groups for their information.

Options

10 Option 1

To invite the Liberal Democrat group to nominate the Lord Mayor for 2010/2011.

Option 2

To revisit the procedure for nominations.

Analysis

- 11 **Option 1** is in accordance with the agreed procedure.

Option 2 would require implementation of a new process which would represent a change in the Council's agreed procedure.

Corporate Priorities

- 12 The appointment of the Lord Mayor forms part of the Council's civic leadership and assists in the improvement of leadership at all levels to provide clear, consistent direction to the organisation.

13 Implications

1 **Financial** – None

2 **Human Resources (HR)** – None

3 **Equalities** – None

4 **Legal** – The function of selecting the Lord Mayor is a function of full council as is the agreement of any change to the system of selecting which Group will make the nomination in any particular year.

5 **Crime and Disorder** – None

6 **Information Technology (IT)** – None

7 **Property** – None

8 **Other** – None

Risk Management

- 14 Failure to properly appoint a Lord Mayor would have a significant impact on the Council's reputation in terms of undertaking its important civic functions.

Recommendations

15. To invite the Liberal Democrat group to nominate the Lord Mayor for 2010/2011.

Reason: To ensure that the Council secures the necessary leadership to undertake it's civic functions and provides continuity for future selection

Contact Details

Author:

Anne Platt
Civic Services Manager
Civic, Democratic & Legal
Services

Chief Officer Responsible for the report:
Dawn Steel
Democratic & Civic Services Manager

Report Approved

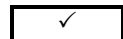


Date 16 October 2009

Specialist Implications Officer(s)

None

All



For further information please contact the author of the report

Background Papers:

None

Annexes

None

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Executive

17th November 2009

Report of the Director of Learning, Culture and Children's Services

'Quality and Access for all Young Children' – Allocation of Early Years Capital Grant

Summary

1. This paper seeks a decision on applications for amounts of £50,000 or more from early years and childcare providers in the Private, Voluntary and Independent (PVI) sector from the local authority's allocation of the 'Quality and Access for All Young Children Capital Grant'. A consultative panel was established for this purpose this paper reports its recommendations. They have also been considered by the Executive Member, who has approved a number of applications below the £50,000 limit.

Background

2. In November 2007 the Department for Children Schools and Families (DCSF) announced the '**Quality and Access for all Young Children – Early Years Capital grant**'. This grant has three aims:
 - a) To improve the quality of the learning environment in early years settings to support delivery of the Early Years Foundation Stage, with a particular emphasis on improving play and physical activities; and Information, Communications and Technology resources;
 - b) To ensure all children, including disabled children, are able to access provision;
 - c) To enable PVI providers to deliver the extension to the free offer for three and four year olds and to do so flexibly.
3. While the Maintained sector was not precluded, the DCSF has emphasised that the majority of this capital grant should be used for the private, voluntary and independent (PVI) early years and childcare settings.
4. This capital grant must be used for the three broad purposes set out above, but it is for the Local Authority to decide how best to deploy the grant for maximum impact and value for money. For example, the grant can be used to fund 100% of the cost of work/equipment or any proportion as appropriate.

5. On 17th July 2008, the Executive Member and Advisory Panel (EMAP) approved a process for inviting all eligible providers to bid into the fund. Three dates were announced as closing dates for batches of bids to be considered. 96 bids have already been approved in the first two batches, none of which was over £50,000. The total sum allocated in the first two rounds was £730k. Most of the funding has been for outdoor play equipment – 52%. Building works received 13%; another 13% went for IT equipment, and 11% for canopies. The rest was for resources, furniture, etc. Robust monitoring arrangements have been set in place to ensure that funds allocated have been properly spent.
6. At her Decision Session on 13 October 2009, the Executive Member for Children and Young People’s Services approved a further 115 bids that had been submitted under the third funding round. Some were approved in principle, but officers were invited to seek further information or clarification before finalising the approval on her behalf. Full details, including a Ward breakdown of schemes approved in the first two rounds, are available online. This paper seeks Executive approval for 4 bids that exceed £50,000.

Consultation

7. The criteria for application into the funding stream has always emphasised the need for applicants to provide clear evidence of consultation with key partners, particularly through their Shared Foundation Partnerships – York’s community-based partnerships of local private, voluntary and maintained sector service providers. The bids must also be consistent with the local Child Care Sufficiency Assessment for York, a document produced following major consultation with all stakeholders including users of childcare services.
8. The assessment panel convened to consider the bids was drawn from membership of the ‘places sub-group’, which is part of the Early Years and Extended Schools Partnership. Members of the panel included the Pre-School Learning Alliance, the National Childminding Association, the National Day Nurseries association, as well as representatives from Education Planning, Finance, the Training and Development Unit and the Early Years and Children’s Centre Service. All bids were assessed against a set of agreed criteria.

Options

9. The Executive has the option of approving or rejecting the recommendations in this paper on applications from the Private, Voluntary and Independent sector for amounts of £50,000 or more.

Analysis

10. Research shows that children will only benefit fully from early education and care if it is of high quality: a high quality setting also needs the right built environment and adequate and appropriate resources. This means providing enough space for larger group sizes, which can also be used flexibly, and up-to-

date facilities and equipment to support children's learning and development. This Quality and Access grant is allowing City of York Council to invest strategically to ensure that the PVI sector is able to deliver high quality learning and development for all children. This is particularly important for York given that most of the city's three and four year old children are in the non-maintained sector, which had not previously been able to access similar types or levels of funding.

11. The four applications for £50,000 or more are set out below. Each of these schemes has been visited by the Head of Early Years and Children's Centres, and we are confident that they represent high quality and innovative projects that are consistent with our strategic aims. Executive Members will note that in all four cases, planning permission will be needed before the project can commence.

Table 1

Ref no	Setting	Post code	Ward	Recommendation	Amount (£)	Application Summary
207	The Wendy House	YO24 1HR	Dringhouses and Woodthorpe	Approval	77,100	Alterations to premises to create new creative area and staff facilities. Alterations will develop free flow and self-selective play plus IT equipment. Subject to planning permission
168	Home to Home - Fulford	YO10 4DZ	Fishergate	Approval	50,000	Support moving outdoor equipment to new premises and some internal changes. All subject to planning permission being granted for new premises
215	Ladybirds Kinder Class Ltd	YO32 9PY	Huntington & New Earswick	Approval	170,171	Log Cabin' style build to develop Forest School. Subject to planning permission plus written confirmation of landlord's permission.
166	Home to Home - Strensall	YO32 5TD	Strensall	Approval	120,000	Remove old pre-fabricated building and replace with 'log cabin' build. Subject to planning permission and detailed costings
Total					417,271	

The Executive is invited to approve these schemes in principle.

Corporate Objectives

12. This paper clearly contributes to the Corporate Priority aimed at ensuring that local people have access to world-class education and training facilities and provision, helping them to develop the skills and aspirations they need to play an active part in society and contribute to the life of the city.

Implications

13. The table below indicates the total number of applications received and considered under all three rounds, allowing for a £90k contingency fund, and assuming the Executive approves the four schemes above £50k.

Table 2

	Total number applications	Number approved	Amount approved
Round 1	43	41	£302K
Round 2	46	41	£428K
Round 3	125	119	£1,298K
Contingency			£90K
Total			£2,118K

14. We recommend that we maintain this contingency fund, based on experience of a small number of unforeseen events in some of the projects that were supported within tranches 1 and 2, as well as advice from Planning & Resources and the consultant firm Atkins.
15. If the Executive agrees with these recommendations, we will have committed almost all of the available funding rather sooner than we had at one time anticipated. This should be regarded as a sign of success – and we have been encouraged by DCSF contacts to commit as much of the funding as possible, given that some of the projects will take a while to get off the ground, particularly if they involve planning permission. We will keep open the possibility of a final small scale bidding round in the New Year, using the contingency monies if they are unspent, plus any other funds that may have become available, eg because a project falls through or is underspending. That said, our contacts with the local PVI sector suggest that everyone who has had a project in their minds has in fact made a bid into the current tranche, which is why it has been so heavily subscribed.
16. The DCSF has allocated York £706k for each of the three years 2008-09, 2009-10 and 2010/11. The following table explains the **financial implications** in more detail.

	2008/09 £k	2009/10 £k	2010/11 £k	Total £k
Quality & Access Capital Grant Allocation	706	706	706	2,118
Brought Fwd		404	15	
Available in Year		1,110	721	
Phase 1	302			302
Phase 2		428		428
Phase 3				
Annex E		329		329
Annex F		338		338
Annex G			214	214
Table 1			417	417
Contingency			90	90
Total	302	1,095	721	2,118
Carry Fwd	404	15	0	0

There are no Human Resources, Equalities, Legal, Crime and Disorder, IT or Property implications.

Risk Management

17. Risks will be minimised by the application of recommended and clear criteria, by the transparent process of bidding and by the level of consultation undertaken around the use of the capital-funding stream. The additional capital work such funding stimulates will carry some risks but they are minimised given the relative scale of the developments, through clear project management and through regular reporting arrangements. There will also be a three-staged payment system linked to the project management. It is recognised that working through the PVI sector will require particular support arrangements and these are in place within the Early Years and Children's Centre Service.

Recommendation

18. **That the Executive should:**

Approve in principle the four applications for amounts of £50,000 or more from early years and childcare providers from the authority's allocation of the "Quality and Access for All Young Children" capital grant that are set out in Table 1, paragraph 11.

Reason: to enable the further development of early years provision in York, in accordance with government guidelines and to manage the fund within the available budgets.

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Chief Officer Responsible for the report:

Paul Murphy
***Assistant Director of Learning, Culture and
Children's Services***

Report Approved **Date** 14 October 2009

Approved by Pete Dwyer, Director, Learning
Culture and Children's Services.

Report Approved **Date** 15 October 2009

Specialist Implications Officer(s)

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Wards Affected: *(All wards are affected by the totality of the proposals, including schemes already approved by the Executive Member.)*

All

For further information please contact the author of the report

Background Papers: For more details on the schemes already approved by the Executive Member, copies of the letters to potential applicants, and a Ward breakdown of the schemes approved in the first two rounds, please see the online papers for the Decision Session on 13 October 2009.

Annexes: None



Executive**17th November 2009**

Report of the Director of City Strategy

Economic Masterplan and York Renaissance Team**Summary**

1. This report seeks the approval of the Executive to a proposal to undertake an economic masterplan for the city for the delivery of major projects, to establish a York Renaissance Team and to create a York Renaissance Academy to provide a programme of training and development in place-making for existing staff and the new team, to be funded by Yorkshire Forward.
2. The report has a good strategic fit with the long term aspirations of the city, particularly in relation to the Thriving City themes within the Sustainable Community Strategy.

Background

3. One of the recommendations contained in the Future York Group report was that the City of York Council should prepare a Masterplan, reflecting the Future York vision, to guide development and investment decisions, and to promote development. The Group identified this recommendation on the basis that a detailed plan was required to show how their vision could be implemented with information about developments in particular areas and timescales and phasing required. Since the work of the Future York Group, their considerations around the vision have been considered as part of the review of the Sustainable Community Strategy, subsequently approved by the Without Walls Local Strategic Partnership and the Council last year. The York Economic Partnership has also been established as the strategic thematic partnership with responsibility for the objectives set out for “Thriving City” and to consider how best to take forward the recommendations of the Future York Group. Economic conditions have changed since the Future York Group report and a further insight into the prospects for a prosperous local economy has been provided by the Centre for Cities report on York. This report has been considered by the York Economic Partnership and a number of key actions have been identified in response to this.
4. The need for an economic masterplan and a positive approach to attract investment to development sites in the City has therefore only exacerbated in recent times. There are an unprecedented number of major projects underway or in the pipeline in York which will shape the city for generations to come. These include the expansion of the University of York, major city centre mixed use schemes, the York Northwest sites and an Area Action Plan for the City Centre that will seek to improve the quality of the public realm and accessibility. The city is likely to grow and change significantly in the forthcoming years, and it is important to ensure that new developments leave a positive legacy in terms of both economic impact and high standards of design. The importance of this initiative has also been recognised in the Geographic Programme for York established by Yorkshire Forward. Discussions have taken place with Yorkshire Forward and English Heritage over how best to take forward this initiative. Approval from both these organisations has now been given to a programme for

the renaissance of the city, encompassing three distinct but related elements:

- an economic masterplan and visioning exercise, to be funded by Yorkshire Forward;
- the creation of a York Renaissance Team consisting of 6 additional posts for 3 years, with part funding to one post by English Heritage and the remainder of funding for these posts to be provided by Yorkshire Forward; and
- the development of a renaissance academy in York which will enhance staff skills in “place-making”, again to be funded by Yorkshire Forward.

5. The purpose of the economic masterplan is essentially to examine the economic potential of the city and consider how the various major projects, current and proposed, can be pulled together into a coherent strategy that will provide greater certainty for future investment. It is intended that this work will have a strong focus on the delivery of major developments, ensuring these take account of York’s attractiveness and heritage, as well as maximise their economic, social and environmental potential. This visioning and masterplanning work will also help to inform future work with the preparation of the Local Development Framework, particularly in relation to the City Centre Action Plan. The Local Development Framework will set the land use and planning framework for planning future developments in the City; the economic masterplan will help the delivery of major projects and give a physical expression to the policies and proposals set out in the LDF. Further details of the visioning and economic masterplanning work to be commissioned by Yorkshire Forward is attached in Annex A to this report. Yorkshire Forward are proposing to appoint Professor Alan Simpson to lead this work with a view to the economic masterplan being completed by May next year. A programme for significant consultation and engagement with a wide range of stakeholders is currently being prepared.

6. The economic masterplan will also provide the context within which a newly established York Renaissance Team will function. This new team will consist of 6 newly established dedicated posts for a three year period, namely:

- Head of Renaissance;
- Senior Regeneration Architect;
- Urban Designer;
- Landscape Architect;
- Heritage Renaissance Officer;
- Renaissance Assistant.

The post of Heritage Renaissance Officer is part funded by English Heritage with Yorkshire Forward providing the funding for salary and on costs for all other posts. The Council will be required to provide accommodation and other support costs for the team; this will need to be found from existing budgets. Job descriptions have been prepared for these posts and gradings are currently being evaluated; an update on gradings will be given at the meeting.

7. The York Renaissance Team will lead on the delivery of major developments in the City, in line with the economic masterplan. It will also help to deliver the key projects emerging from the work on the City Centre Action Plan, including public realm, accessibility improvements and proposals to enhance gateway streets. This team will work closely alongside existing staff, particularly those involved with the LDF, Action Plans, conservation and development control. The programme has been specifically designed to complement existing activity within the Directorate of City Strategy, with initiatives to enhance skills of existing staff alongside the York Renaissance Team. The new team will add value by bringing in additional capacity in relation to major development projects and will also bring additional design skills (architecture, urban and landscape design) to supplement the very experienced but limited in house resource. This will enable the achievement of both maximising economic impact as well as high design quality across a significant range of major projects and

initiatives in the pipeline, such as existing major developments, projects emerging from the economic masterplan and the City Centre Action Plan.

8. A significant element of the programme is the renaissance academy which will focus on enhancing staff skills to leave a longer term legacy from the initiative. The recent Centre for Cities report on York identified a gap in “place-making” training for key staff and recommended that the Council should increase the capacity and core skills of staff involved. The renaissance academy will provide a tailored programme of training and development for City of York Council staff involved in place making. It would aim to build multi-disciplinary working across professionals and encourage staff to think in new ways about ensuring that major developments maximise their potential, both in terms of economic impact and good quality design. The academy will also help to embed the new York renaissance Team within the Council by bringing them together with existing teams who work on major projects around a shared agenda of maximising economic impact, quality development and place-making.
9. The approval of Yorkshire Forward and English Heritage has now been given to this programme. The Council will work alongside both the consultants engaged to undertake the economic masterplanning work and the York Renaissance Team. A strategic board involving the Leader of the Council, Chief Executive and the Director of City Strategy with representation from Yorkshire Forward, English Heritage and the York Economic Partnership will be established to oversee the development of this programme.

Options

10. The Executive are requested to either endorse the proposal to undertake the economic masterplan, the creation of the York Renaissance Team and the establishment of the renaissance academy, or not to do so. It is recommended that the first option is adopted.

Corporate Priorities

11. The actions in this report support the Thriving City element of the Sustainable Community Strategy and the Council's Corporate Strategy.

Implications

Financial

12. The costs associated with undertaking the economic masterplan and the salary and on costs for the York Renaissance Team are to be fully funded by Yorkshire Forward and English Heritage. There are some associated costs in relation to provide accommodation and associated costs for the staff which will need to be borne by the Council. These will need to be found from existing budgets.

Human Resources (HR)

13. The council will be responsible for the employment of the 6 new posts to be created within the York Renaissance Team on a 3 year fixed term basis. Job descriptions have been prepared and posts have been evaluated under the Council's pay and grading system. Council procedures will be used for the recruitment of all new posts.

Equalities

14. This initiative will seek to address equalities issues, particularly through examining the potential for accessibility improvements in the city centre and through major developments.

Legal

15. There are no direct legal implications arising from this report, although the funding arrangements between Yorkshire Forward and the City of York Council will be set out in a contract.

Crime and Disorder

16. This initiative will seek to address crime and disorder issues through consideration of crime prevention through good quality of design in the city centre and major developments.

Information Technology (IT)

17. There are no strategic IT implications.

Property

18. There are no direct property implications, although the outcome from the work of the economic masterplan and renaissance team may enhance the Council's commercial portfolio.

Risk management

19. The purpose of this initiative is to seek to provide greater certainty to the development industry with the planning of major developments within the City which will enhance the future local economy. This programme will therefore look at risks regarding all aspects associated with the viability of major developments in the city.

Recommendations

20. That the Executive endorses the proposal set out in this report and agrees to:
 1. the preparation of an economic masterplan for the city, to be funded by Yorkshire Forward and completed by May 2010;
 2. the creation of the York Renaissance Team of 6 officers on three year fixed term contracts, employed by the City of York Council and funded by Yorkshire Forward and English Heritage;
 3. the establishment of a York Renaissance Academy to enhance staff skills in "place-making", to be funded by Yorkshire Forward.

Reason: To provide greater certainty for future investment in the City.

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Chief Officer Responsible for the report:

Bill Woolley
Director of City Strategy

Report Approved

For further information please contact the author of the report

Wards affected – ALL

Specialist implications officer

Financial: Patrick Looker, Finance Manager, 551633

Annexes

Annex A: York Visioning and Economic Masterplanning commission

York Visioning and Economic Masterplanning

The following responds to an invitation made by Yorkshire Forward (YF) to Professor Alan J Simpson to (i) engage with the City of York Council (CYC) and YF in leading the York Visioning and Economic Masterplanning project 2009-2010; (ii) the meeting held with YF and CYC on 27AUG09; and (iii) the brief for the York Visioning and Economic Masterplanning project issued 27AUG09.

The visioning and economic master planning work will cover three key elements:

- The 'core' visioning which will inform the economic master plan.
- The role of advocate and 'stimulator' in relation to the emerging City Centre Area Action Plan (CCAAP).
- The role of 'facilitator' with regard to how the major projects and initiatives and new thinking can tie into a wider economic master plan through the role of the new Renaissance Team in York, who will ultimately lead the progress of the major projects and initiatives.

In pursuit of the project objectives Professor Alan J Simpson will lead a panel of some six experts in urbanism and masterplanning, urban planning and design, landscape design, urban conservation and sustainable development, economic planning, cultural planning, and highway, transportation and movement planning and design.

It is recommended that two members of the Panel be drawn in part from the Urban Design Associates + Urban Design Skills (uda + uds) Team which have supported Prof Alan Simpson for several years in similar areas of work including the Yorkshire Renaissance Towns Program. Skilled in urbanism and masterplanning, urban planning and design, landscape design, urban conservation, and sustainable development. The (iv) economic, (v) cultural and (vi) highway, transportation and movement planning inputs are to yet be identified. List of suggested individuals and their core expertise to be agreed.

We understand the importance of developing an overarching vision and master plan for York that pulls together the various ongoing initiatives, and paints a compelling picture of the future economic potential of the city. To do this our response, building on the briefing note (27aug09), sets out our approach to the development of the York Visioning and Economic Master Plan, the expert panel and the Renaissance Team.

Context – Strategic thinking

There has been much activity in recent years in analysing the key issues facing York, developing a vision for the city and planning its future growth:

- The Future York Group report (2007) – a report by the council and key stakeholders which looked at the economic issues, and the city's potential and the barriers to achieving this.
- The Sustainable Community Strategy was adopted in 2008.
- The LDF Core Strategy is out to consultation on its preferred options for meeting the city's future development needs.
- The York Northwest Area Action Plan, covering the York Central and British Sugar sites, was subject to Issues and Options consultation in late 2007, and is now moving towards preferred options.
- The City Centre Area Action Plan, subject to Issues and Options consultation in summer 2008, is now moving towards preferred options including production of a Vision Prospectus.
- The Centre for Cities report *York: prioritising prosperity* was published in 2009.

We are not starting with a clean slate: the team will draw on the various strands of work carried out to date. However, there is no overarching economic master plan that seeks to pull the various initiatives together, or that paints a compelling and picture of the future economic potential of the city. That will be the key outcome from this commission.

Context – York Renaissance

YF is working with CYC to help deliver a programme of renaissance, targeting major transformational projects across the city and enhancing delivery skills focused on placemaking. This is currently going through the business case process and should be finalised soon.

The York Renaissance project will have three strands:

- Visioning and Economic Masterplanning. Through a visioning and economic masterplanning exercise, involving work streams to inform the emerging City Centre Area Action plan and Core Strategy, a more cohesive approach to the city's development will be delivered. The role of the major sites in delivering this economic master plan will also be considered.
- Creation of a dedicated renaissance team. This project will fund a new dedicated team that will sit within CYC for a three-year period, supplementing the existing CYC planning team and concentrating on the delivery of the major projects and employment sites emerging across the city, which are seen as economic drivers for the city and sub-region.
- Working with Integreat Yorkshire to enhance the existing development capacity and skill delivery by partnering CYC in a Regen Academy York.

The (core) team has undertaken project meetings and site visits. These initial information-gathering exercises have highlighted the level of activity in recent years in analysing the key issues facing the city, developing a vision for the city and planning its future growth.

The Commission

The Visioning and Economic Master Planning commission will comprise three parts:

- Principal role: Visioning and economic master planning: considering the city as a whole and its future role and potential, and considering how the various major projects planned or in the pipeline can be pulled together to tell a coherent story about the city and its economic potential, and how this can be delivered in a way that strengthens the city's attractiveness and sense of place. This includes the role that its partners (such as the universities and colleges) would play in maximising its economic, cultural, social and environmental potential.
- Secondary role: Acting as an advocate and a 'stimulator' in terms of the work carried out to date on the City Centre Area Action Plan (CCAAP) flowing out of the workshops, including advice on how to embed its aspirations with key stakeholders in the city, raise its profile and ensure that it is led by a clear vision.
- Secondary role: Providing a connecting role as 'facilitator' in consideration of the major projects planned or in the pipeline, working closely with the new Renaissance Team and reporting to the steering group, on how the long-term delivery proposals for the economic master plan can be implemented in terms of the major sites and key projects within the CCAAP; and setting the context within which the Renaissance Team can work.

The Economic Master Plan

We can understand that CYC and YF are looking for a Vision and Economic Master Planning Document for York, which will set out where the city wants to be in 20 years time.

The output will be a statement of intent on the part of the council. This should be ambitious and raise the profile of the city, attracting international interest and investment. It will give clear direction about where and how growth in jobs will be stimulated (with the aim of 26,000 extra jobs by 2030), and also how the social and cultural life of York residents and visitors will be improved (with 40,000 additional residents by 2030) through projects that will transform specific places.

We see this work as informing the vision for the city centre and the ongoing work on the CCAAP. The ‘stimulator’ role in terms of the CCAAP work will therefore be the key.

CYC aspects to be informed by the visioning.

The objective of the economic visioning and master planning is to ensure that the future physical form of York provides full opportunity to support the city’s economic potential. CYC led aspects to be informed by the visioning.

The City Centre Area Action Plan

We understand that the City Centre Area Action Plan needs to be a vision-led document for York city centre. For the first time since the Esher Report of 1968, it will set out a comprehensive strategy for defining the city centre over the next 20 years.

The city centre vision will ensure that the historic core – ‘the jewel of York’- will continue to play a significant local, national and international role in the 21st century.

- The CCAAP will need to excite and draw in contributions from urban designers, architects, artists, planners and community leaders, as well as developers, retailers, and other investors
- It will look to showcase the city and identify where there may be further opportunities for small and large area improvement, redesign and new development
- The vision will provide the platform for (and prompt) detailed design proposals. These will inform the development of a Preferred Options and then Submission document as part of the CCAAP.
- Following on from formal adoption of the CCAAP Plan, it will provide the framework for guiding public and private sector investment and funding bids, and provide continuity and a constant reference point for planning the city.

We will provide creative input on the city centre visioning. It will begin with a review of recent progress on the City Centre Vision Prospectus and the other CCAAP work to date, ensuring that principles of place are embedded in our approach.

A strong focus of the CCAAP will be on enhancing the public realm framework or ‘spatial master plan’. This spatial master plan will tie in with the spatial strategy (including the public realm and access strategy), bringing together pedestrian and vehicular movement strategies.

The City Centre Vision Prospectus (currently in draft) follows on from the CCAAP (Issues and Options report, 2008) and which started the discussion about what we want for the city centre over the next 20 years. We intend to take it to members for comment in the autumn.

The Vision Prospectus has been drafted following local community and stakeholder consultation on the CCAAP last year. It aims to address the big issues facing the city through creative and ambitious ideas to provide new development, activity and revitalised streets and spaces in the city centre.

The CCAAP forms part of the Local Development Framework (LDF), a statutory planning document that will be submitted to the Secretary of State for approval. Its comprehensive evidence base includes the Sustainable Community Strategy, Regional Spatial Strategy, Local Transport Plan, and Economic Strategy.

The objective of the economic visioning and master planning of York will be to ensure that the future physical form of the city provides full opportunity to develop, flex and support its future economic potential. The work will inform the vision for the city centre and the ongoing work on the CCAAP. CYC Renaissance Team led aspects to be informed by the visioning.

CYC Renaissance Team led aspects to be informed by the visioning.

Major projects in the pipeline and the role of the new Renaissance Team

This element of the commission would be to consider the key outcomes of the visioning and economic masterplanning work and the major transformational projects, and consider how these could be delivered in a way that supports the wider master plan.

A summary of the major transformational projects is set out in Annex 2 to this note. There will clearly be other projects that will come out of the CCAAP work. There are many separate initiatives underway, planned or proposed in an on the edge of the city centre. Key issues to address in the city centre have been identified from the CCAAP work to date. These are set out as Annex 1 to this note.

Project Advocate

Professor Alan Simpson will act as project advocate for the York Visioning and Economic Masterplan. In carrying out this role, Alan and his team (the core team) will ensure that the project will:

- Draw in contributions from urban designers, architects, artists, planners and community leaders, as well as developers, retailers and other investors.
- Showcase the city and identify where there may be further opportunities for small and large area improvement, redesign and new development.
- Provide a connecting role as ‘facilitator’ in consideration of the major projects planned or in the pipeline, working closely with the new Renaissance team and reporting to the steering group, on how the long-term delivery proposals for the economic masterplan can be implemented in terms of the major sites and key projects.

This work by Alan Simpson and the expert panel will inform the City Centre Area Action Plan (CCAAP), setting the context for the work of the Renaissance team.

Expert panel

The expert panel will act as a key resource and hands-on development team that works with Alan Simpson on the development of the York Visioning and Economic Master Plan.

It is proposed that the panel will include two members of UDA+UDS team who will work through Integreat to develop a skills and learning programme suitable to move forward the visioning process and help inform the delivery programme to implement the final agreed Vision. This will help inform the long term approach adopted within the regen academy is consistent with this investment in York. These members who have worked together on a number of previous renaissance projects across the UK, have the skills and experience to deliver the outputs required by the York Visioning and Economic Masterplan and will provide Alan Simpson with support in analysis and scoping, project development, workshop facilitation, skills training, drawing production and supporting written documentation.

The core team will draw in additional support on movement, economics, transport, and culture (by others, and to be determined with YF & CYC – still to be agreed)

Alan Simpson

Professor Alan Simpson MSc RIBA MRTPI is an architect urbanist, teacher and writer. He has worked in the UK and Europe, the USA, Russia, Australia and New Zealand with multi-disciplinary teams and community and business interest groups engaged on urbanism, strategic urban design and urban regeneration, housing, community planning, and urban and architectural conservation projects, in collaboration with government agencies, local authorities and consultants across the UK. He has also led major research programmes, published and taught on urban planning and design, urban renaissance and community planning issues at the universities of Newcastle upon Tyne, Liverpool, University College London, Carnegie Mellon University Pittsburgh PA, and The Mackintosh School of Architecture GSA University of Glasgow.

The two members from UDA / UDS will be drawn from below.

David Chapman

Is internationally recognised for creating distinctive and successful places, which are born out of interdisciplinary working and community involvement. With over two decades of design experience, David's approach is grounded in advancing placeplanning through practice, research and academia. He has played a leading role in a range of urban design, masterplanning and design guidance projects throughout Britain and Europe. David's approach is grounded in his architectural and planning background, which allows him to work seamlessly between strategic development principles and detailed implementation matters.

Scott Adams

Has 10 years' experience within the design and development fields, ranging from architecture and urban design to planning and development. While his most recent experience focuses within the UK, he has worked on projects that have been built in the USA, China and Costa Rica. His work includes urban regeneration and masterplanning, light rail corridor and station design, citywide comprehensive planning, community art facilitation, public engagement and participation, and sustainable design.

Rob Cowan

Is the author of The Dictionary of Urbanism and editor of Context, the journal of the Institute of Historic Building Conservation. His other publications include The Connected City, The Cities Design Forgot and Urban Design Guidance. He was a joint author of Re:urbanism and the CLG/CABE design guide By Design, and the author of three design guides for the Scottish Government: Designing Places, Housing Quality and Masterplanning. He devised the community audit method Placecheck and the urban design skills appraisal method Capacitycheck.

The Steering Group

The expert panel will report back to a Steering Group. This will include Jan Anderson of YF and senior politicians. The panel will work with stakeholders York including the city council, businesses, retail, tourism, the cultural sector, politicians, the university and colleges, and other important stakeholders identified during the analysis and scoping stages.

Stages of work

In alignment with the briefing note, we recommend that tasks be broadly split into two stages (i) Sept-Dec 2009; and (ii) Jan-March 2010 with a final reporting back late March and the delivery of final documentation early May 2010.

- (i) This stage will project initiation, analysis and scoping, preliminary workshops and stakeholder meetings, and expert panel appointment.
- (ii) This stage will include information production, masterplanning, workshops, training and skills development (through detailed consultation with Integreat) dissemination and reporting back.

Detailed work stages

Submit revised brief to Yorkshire Forward

- Revised brief to Yorkshire Forward on 09 September 2009. **We recommend a follow up meeting between CYC, YF, and uda+uds, which should take place in Sep09 in Leeds (tbc)**
- Appointment of economist

Agree delivery plan and outputs

- Outputs will be central to the final York Visioning Strategy. Direct outputs of the findings will include a coherent, strategic open space framework or Public Realm Strategy; key development areas and sites, enabling works and infrastructure, planning guidance and the role of the CYC Renaissance Team.
- Outputs will be agreed with CYCYF and Integreat as part of the inception of the project.
- The final report will identify a series of detailed next steps and outputs that will lead to the delivery of the vision over the next 20 years. This will form the basis of the delivery plan.

Information gathering and data analysis

- A clear understanding of the city, its districts and neighbourhoods will be essential from the start of the project. The core team will gather mapping and past and present studies. Mapping will highlight recent developments and current initiatives in spatial form. Other initiatives will be identified in corresponding text.
- The identification of stakeholders within the local authority, the business community and those who help shape and maintain the city. This will assist in understanding the existing organisational structures and knowing who does what.
- Analysis of strengths and areas of opportunity will set the scene for the York Visioning and Economic Master Plan. This information gathering and data analysis will be undertaken during October 2009. Background information to be provided by CYC.
- A list of stakeholders to be identified by CYC.

Site visits and preliminary stakeholder meetings

- The core team will identify key sites throughout the city and will visit each to document urban design attributes, such as movement, hard and soft sites, landmarks and gateways, uses and building heights. The site visits along with the desktop study will provide the base information. This work will begin from the starting point using what analysis has already been prepared.
- Stakeholders will be contacted and dates will be arranged to meet and discuss the developing project. Stakeholders will also be encouraged to participate in the project workshops.

Scoping report (including panel recommendations)

- The scoping report will include the key findings and overview – mapping, identification of key stakeholders, analysis of place and site investigations, stakeholder meetings, key sites and urban design analysis, and key stakeholder interviews.

- The scoping report will confirm all panel members, roles and responsibilities, time requirements and a schedule of meetings.
- The scoping report will be submitted to CYC and YF on 26 October 2009 (is this date still achievable?) for review. Sign-off on the scoping report will allow the core team to progress to the next stage of work.

Panel appointments

- The sign-off of the scoping report will allow the core team to begin work on the facilitation and design stage.
- A formal appointment of the panel members will begin this second stage of development. This next stage of work will commence in November 2009.

Master Plan

- The Visioning and Economic Master Plan will build on the existing assets and opportunities over the next 20 years; and create a unique sense of place through commercial, business, tourism, cultural and housing opportunities, and associated facilities and spaces.
- The Master Plan will identify spatial strategies to better connect places and enhance neighbourhoods and key locations and districts. A strategy will be developed from the scoping report, interviews with stakeholders, input from the core team and panel members, and through workshops with stakeholders and local authority officers.
- Opportunities will be tested and refined during this stage of development to identify the 'forward plan' from October through January. They will be presented to CYC and YF prior to be taken forward to the stakeholder and local authority team.

Plan refinement

- Following selection of 'ways forward' with the local authority group, additional meetings will further refine and develop the plan during February and early March 2010.

Preparation of final master plan information and report

- The final Master Plan report will summarise the process and the 'plan', consider its further development and profile strategic phasing. The Visioning Strategy report will be created during March 2010.

Renaissance team training

The Academy supports all skills development to enhance delivery of the CYC shared and agreed vision including the existing and new Renaissance team.

The Renaissance team will be the main facilitators within the local authority, charged with realising the master plan. Their training and education during the project development will be augmented with project workshops (hands-on training) during afternoon sessions following the mornings' wider local authority training sessions. The content for these sessions will be agreed between CYC, YF and Integreat Yorkshire. They will engage team members in facilitated workshop sessions that will not only promote an understanding of key themes, but also promote competences in place making that will deliver a greater appreciation and understanding of the master plan and the overall Renaissance of York.

Report back

- The final draft master plan will be submitted to YF for review in March 2010. A legacy plan for mentoring the Renaissance team should be discussed with CYC and YF. The Academy will work alongside CYC + YF core team to grow and support the skills and learning opportunities and capabilities to activate the agreed liaison and deliver the key outcomes.

Report back to Renaissance team

- The final draft master plan will be submitted to the Renaissance team with a presentation by the core team at the end of March 2010.

Following adoption of the CCAAP Plan, the master plan will provide the framework for guiding public and private sector investment and funding.

Timescales and alignment

Timescales will ensure that the Vision Plan be delivered at stages appropriate to inform ongoing work on York's LDF, as advised.

A March 2010 delivery will ensure its availability before:

- The Core Strategy pre-submission consultation in March 2010.
- The City Centre AAP Preferred Options consultation in April 2010 and pre-submission consultation in November 2010.
- The York Northwest AAP Preferred Options consultation in Spring 2010, and then pre-submission consultation in late 2010.

To ensure that these timescales are achieved, we envisage the following broad timescales for the commission:

- Scoping and analysis: September 2009.
- Key meetings and workshops: October/November/December 2009 and January 2010.
- Key outputs (reporting and master plan): March 2010.
- Submission: March 2010

Project outputs – subject to scoping exercise (i) above

Outputs to be agreed and endorsed on the appointment of the economists whose views will also be sought on this brief.

We understand the importance of developing a clear vision and economic master plan for York that can be taken forward and delivered by CYC and the Renaissance Team.

To achieve this, our team will develop a high-level public realm framework or 'spatial master plan' that sets out:

- The future role and potential of York
- How the various major projects planned or in the pipeline can be pulled together to tell a coherent story about the city and its economic potential
- How this vision can be delivered in a way that strengthens the city's attractiveness and sense of place.

The vision and economic master plan will be ambitious in scope and will give clear spatial direction:

- About where and how growth in jobs will be stimulated (with the aim of 26,000 extra jobs by 2030)
- On how the social and cultural life of York residents and visitors will be improved (with 40,000 additional residents by 2030) through projects that will transform specific places.

Final documentation is expected to include a series of spatial master plan drawings and illustrations with supporting written statements.

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09.09.09

Annex 1 York City Centre – Initiatives, Projects and Key issues

We need to say which of these are the focuses for YF

There are many separate initiatives underway, planned or proposed both in and adjoining the city centre. They include:

- **Castle-Piccadilly** – a retail-led mixed use development adjacent to existing shopping scheme (Coppergate), open car park next to scheduled monument Clifford’s Tower, Eye of York, river Foss, and premises along Piccadilly)
- **Hungate** – a housing-led mixed use urban quarter, under construction, adjacent to the River Foss, Stonebow and Layerthorpe, and close to the heart of the city centre.
- **York Northwest** – a huge swathe of brown-field land behind York railway station (York Central) and extending north-westwards to now redundant British Sugar site along A59- proposals are for a new officer quarter, enhanced National Railway Museum and new residential. Major retail also being considered on York Central.
- **New Council offices** – two alternative sites in the Toft Green area between the historic core and the railway station
- **Cultural Quarter** – the area between the National Railway Museum and York Minster, including Museum Gardens, Kings Manor and St. Leonard’s Place
- **Peripheral Streets** – gateway streets into city centre – including Bootham, Gillygate, Goodramgate, Walmgate, Micklegate and others – where economic vitality and environmental quality is now struggling
- **‘Songlines’** public realm – important public / private spaces and linkages within city centre, including public spaces, streets, snickleways, riversides and parks
- **Minster Piazza** – public realm enhancements; also need to consider enhancements of Duncombe Place
- **Accessibility study** – a review of transport, traffic and movement in the city centre to support the CCAAP
- Legibility Study including Gateways is such a study proposed or included within any of the above?
- **The Footstreets review** – current review of the city centre “Footstreets” zone including potential to expand.
- **York Forward funded initiatives** – Science City, Tourism Partnership, Lighting, City Centre Partnership/BID, Minster Piazza etc

The key challenge is to pull them all together into a coherent strategy and Masterplan for the city centre. The draft City Centre Vision Prospectus referred to above is a step towards providing that co-ordinated strategy.

York City Centre – Key Issues to Address

The CCAAP Issues and Options report identifies a comprehensive range of issues to be addressed.

Some of the headline issues to be considered include:

- How we link new retail at Castle Piccadilly with the wider city centre
- How we link potential new retail at York Northwest with the wider city centre
- How we integrate the new Hungate developments into the wider city centre
- How we can develop the ‘cultural quarter’
- As new Transport interchange at York Railway Station – linked to YNW?
- New CBD at York Central and how to integrate with existing office areas in the City Centre (e.g. around Toft Green)
- Public transport access (including review of existing Ouse Bridge – Pavement – Stonebow link)
- Potential for new pedestrian/cycling bridges (including from York Northwest)
- Better access/opening up of the potential of the riversides
- Access by cycle and for pedestrians into and through the city centre
- The role of the gateway streets (many of which fulfil a secondary role)
- Scope to extend the footstreets
- ‘Songlines’ public realm issues – linking key public spaces
- Creating distinctive and lively public realm to support a vibrant City Centre
- Enhancing lighting in the city centre
- Developing the early evening and night time economy
- Combining the Retail and Tourism economy
- Station / Gateway Legibility
- How we can animate and increase activity in the city centre

The Major Transformational Projects in York

York Northwest

York's biggest brownfield regeneration opportunity covering the York Central and British Sugar sites. New retail, offices, leisure and residential proposed including a new city centre quarter next to the railway station.

Castle Piccadilly

A major extension to York's retail core and creation of new world class civic space around the Eye of York.

Hungate

A major new city centre residential, business and leisure quarter including new community focal building.

University Expansion

A major expansion of York University onto a sensitive site on the edge of York.

Nestle South

Delivery of a major new residential and business quarter to regenerate former factory buildings and support Nestle's ongoing role in the city.

Terry's

Delivery of an employment-led mixed use development that protects the character of the former listed factory buildings and is of exemplary design.

New community stadium

A new community stadium for York as the home for York's rugby league and football clubs.

New Council offices

On a site close to York railway station.

Derwenthorpe

A model new residential community developed in partnership with the Joseph Rowntree Housing Trust.

Germany Beck

A major residential urban extension on the edge of York.



Executive17th November 2009

Report of the Director of City Strategy

Introduction of a Quality Contract for bus service provision in York**Summary**

1. The meeting of Full Council on 2nd April 2009 passed a motion requesting that the Executive make an application to take up the available powers to impose a Quality Contract scheme as set out in Section 124 (see annex 1) of the Transport Act 2000.
2. This report outlines the process by which a Quality Contract might be introduced and identifies benefits and disadvantages of so doing.

Background

Operational Regime

3. Prior to the Transport Act of 1985, bus services in York and across the United Kingdom were largely operated by publicly owned bus operators in a regulated environment.
4. The motion proposed at Full Council does not seek a 're-nationalisation' of bus services, but rather seeks to address the issue of re-regulation through the introduction of a Quality Contract Scheme.
5. The City of York has long been held up as an example of good, sustainable public transport planning with bus operators providing a high quality service and a local authority that understands that bus priority measures are required for the effective operation of the bus network.
6. The voluntary quality bus partnership (which can be most closely aligned to a 'voluntary partnership agreement' as described in the Local Transport Act 2008) has assisted with these objectives. The Council motion, however, presents the case that York's travelling public would benefit from greater local authority control over the network of bus services in the City.
7. The Government, through the Transport Act (2000) and as amended in the Local Transport Act (2008), introduced a means to better control bus services through either:

- a Voluntary Partnership Agreement (between local authorities and bus operators)
 - a Statutory Quality Partnership scheme
 - a Statutory Quality Contract scheme (QCS).
8. The last of these measures would equate to the re-regulation of the York bus network. A majority of bus services in the City currently operate on a commercial basis and are outside Council control. The introduction of a QCS would enable the Council to issue contracts for routes (or a combination of routes), specifying service levels, monitoring contract performance and regulating frequencies and fares.
9. The Department for Transport issued a consultation document on the draft regulations and guidance that would support the delivery of re-regulation through a QCS (as established in the 2000 Act and amended in the 2008 Act). The draft guidance indicates that an independent panel (including the Traffic Commissioner and two independent experts) be satisfied that the introduction of a QCS would be the best means of serving the 'public interest'. In short, the five measures of 'public interest' as outlined in the consultation document are as follows:
- Increased bus patronage in the scheme area.
 - Improved quality of local bus service.
 - Contribution to the policies of the Local Transport Authority (LTA).
 - That the scheme contributes in an economic, efficient and effective manner to the LTA policies.
 - Any adverse effects of the scheme on operators are proportionate to the improvement in the well being of persons living or working in the scheme area.
10. The public interest measures, in theory, make the introduction of a QCS more achievable. The 2000 Act, in contrast, only permitted the introduction of a QCS if there was no other means of supplying a workable bus network in an area. For this reason, there are currently no Quality Contract Schemes in operation. If York were to introduce a scheme we would be leading the way with no UK example to follow.
11. Whilst the Transport Act made provision for introducing a QCS, until the results of the consultation and subsequent regulations are made available the approved mechanism for introducing a QCS remain unclear. Publication of this guidance by the Department for Transport is likely to be in early 2010.
12. Bus Operators are statutory consultees in the process and it is not the case that the Council can simply impose a QCS without a detailed proposal

submission to Quality Contract Scheme Board, the Board's endorsement and extensive consultation.

Stability

13. The introduction of a QCS to York would bring stability to the bus network and would enable the introduction of a number of passenger-focussed initiatives, including multi-operator ticketing products.
14. Currently bus service routes and schedules are changed on a frequent basis, undermining the ability for the Council to invest in bus stop infrastructure and bus priority schemes, safe in the knowledge that they will be used in perpetuity.
15. The principal bus operator in York focuses its attention on those corridors which can be operated without Council subsidy (or with support at the margins of the day and Sundays). The introduction of a QCS for the bus network in York would allow the local authority to better plan for a sustainable, comprehensive bus network, ensuring that profitable services subsidise those which are less profitable but which still play a very important accessibility role in the local community.
16. In addition to the regular network changes, year-on-year increases to bus fares have served to make bus travel less attractive when compared to the private car.
17. The Council has been unable to reach agreement with bus operators to launch an integrated ticketing product. With the exception of the poorly used 'PlusBus' product and the statutory Concessionary Fares Scheme, there is no integrated ticketing between the various bus operators in York. A QCS, would enable the Council to insist on such a product being accepted on all bus services within the area and would better allow for the control of bus fares.

De-regulation

18. The factors listed in the section above help to make the case for the introduction of a QCS in York, however de-regulation has brought some positive elements to the bus network.
19. The re-organisation of the bus network in 2001, largely concerning bus services operated by the major city operator, transformed a confusing array of bus services with a multitude of infrequent services (often with a number of route variants, eg 6A, 6B, 6C, etc) into a simplified, colour coded network. The Council and the operator has been able to build on this base and, through the Quality Bus Partnership, introduce a colour coded bus route map which appears in every York bus shelter.
20. Some variations have been made to this network, but it has remained largely in tact with a number of high frequency services operating at every ten to fifteen minutes for most of the day. There is a possibility that removing

the need for services to be commercially viable may result again in a pre-2001 network with a less attractive range of services.

21. Further, the overwhelming majority of the York based bus fleet is still under ten years old, significantly more modern than many towns and cities with an equivalent passenger base.

Alternative courses of action

a) Voluntary Quality Partnership

22. The existing voluntary Quality Bus Partnership has delivered a number of initiatives which have benefited the bus travelling public in York, including the recent 'Car Free Day' which gained active support from a majority of bus operators in the city. A comprehensive summary of the Partnership's achievements is included as annex 2 to this report.
23. In spite of the completion of a number of 'easier' initiatives, the voluntary partnership has not been able to reach agreement on some of the more difficult issues facing bus passengers in York, principally the inter-acceptance of tickets between bus operators. In some part, this has resulted from the close attention paid by the Office of Fair Trading (OFT) to ensure that collusion between bus operators does not take place, hampering competition, on either timetabling or fares levels. Bus operators are wary of discussions which might compromise their commercial integrity, even when chaired by the Council.
24. The voluntary partnership does, however, provide a forum for bus operators to openly discuss operational concerns and problems with Council officers. If the existing voluntary partnership working between the Council and bus operators is to continue, the arrangements could be enhanced to reflect more formal cooperation and targets. This could include the introduction of one or more Punctuality Improvement Partnerships with identified targets for both the operators and the Council to meet for the improvement of bus services.

b) Statutory Quality Partnership Scheme

25. If followed through, the Council motion as adopted in April, would see the network of bus services move from an entirely unregulated system to a regulated system. It is possible that many of the aims of a QCS could be implemented through a third solution, a statutory quality partnership.
26. The statutory Quality Partnership Scheme (QPS) model was introduced by the 2000 Transport Act. Under such a scheme the Council (or a number of councils) agree to invest in improved facilities at specific locations along bus routes (e.g. bus stops or bus lanes) and operators who wish to use those facilities undertake to provide services of a particular standard (e.g. new buses, or with specified driver training standards).

27. Only those operators prepared to provide services to the standards specified in the scheme are permitted to use the facilities. Whilst other operators are not generally prevented from providing local services in the area covered by the scheme, they cannot use the facilities provided by the LTA for the scheme. The 2000 Act, associated regulations and guidance, set out the procedure for introduction of a QPS. The QPS model is flexible in that schemes can be route or corridor specific, or could cover larger networks of routes (i.e. the whole of York).
28. The Local Transport Act (2008) extended the scope of a QPS, allowing the LTA to specify requirements as to frequencies, timings or maximum fares as part of the standard of service, in addition to quality standards. The Act also provides important safeguards to ensure that unrealistic conditions are not imposed on operators, and that their legitimate right to a fair commercial rate of return on their investment is not denied.
29. A bus operator can object to particular standards included in a scheme relating to frequencies, timings or maximum fares. The responsibility is placed on the operator to justify the grounds for their complaint, thus minimising the scope for vexatious or frivolous objections. The QPS model is intended to be used as a true partnership between consenting parties.
30. As with the Quality Contract Scheme, the making of a QPS would be subject to a period of formal consultation and its implementation would be decided by the Traffic Commissioner.
31. The introduction of a QPS would require a significant level of funding to be identified to deliver the capital measures required to effectively 'balance' the demands the Council might make of bus operators through the scheme. Under the rules of the scheme, a number of these measures may already be in place (installed no longer than ten years ago). The Council would be bound to maintain the facilities installed for such a period as the scheme was to continue. The cessation of this maintenance would also equate to termination of the scheme.
32. Such a scheme would support and underpin the existing voluntary partnership and would complement rather than replace the existing work. Bus operators, whilst not necessarily in favour of the implementation of such a scheme, would be more accepting of its introduction than they would of a QCS which would have far more wide reaching implications for their commercial freedom.
33. A QPS has the potential for agreements to be reached more easily with operators, would reduce the risk of removing an existing operator from the city and raise standards. However, it would not necessarily reshape the bus network in the city.
34. A QPS could be introduced in a staged manner e.g. on a route or corridor basis and need not necessarily cover the whole city as is the case in Sheffield where one QPS exists and two more are proposed. (It should be

noted that this is currently the only statutory QPS in England, reflecting the difficulty in implementing such schemes.)

Proposal

35. The meeting of Full Council on 2nd April 2009 passed a motion requesting that the Executive make an application to take up the available powers to impose a Quality Contract scheme as set out in Section 124 of the Transport Act 2000.

Analysis

36. The introduction of a Quality Contract Scheme (QCS) would give City of York Council regulatory powers for the bus network in the local area. This responsibility would not come without significant cost, as outlined in table 2 at paragraph 55, but would deliver benefits for the bus travelling public.
37. The scope of a City-wide QCS would include all of the bus routes operating wholly within York (currently 17 services excluding Park & Ride) and possibly to include services operating to nearby towns for example Easingwold (a further 14 services)
38. Routes would be contracted on an individual or package basis and it is assumed and the Council would seek to retain services from all of the eight major bus companies operating services in York.
39. The scope of a trial, corridor or area based, QCS could potentially include all of the bus services operating within or to and from a specific area or corridor. By example, an A59 area QCS could potentially include some or all of the services outlined in the following table 1:

Table 1 Service which might be included in an A59 QCS

Poppleton Park & Ride	Poppleton P&R site via A59 to York
Route 10	Poppleton - A59 - York
Routes 24 & 26	Askham Lane - Acomb - A59 – Leeman Road – York
<i>Routes 142/143 (if scheme included longer distance services)</i>	<i>York – A59 – onwards to Ripon</i>
<i>X54 (if scheme included longer distance services)</i>	<i>York – A59 – onwards to Harrogate</i>

40. It is unclear as to whether or not the existing Park & Ride network (5 routes) could be accommodated into a QCS. An exclusive licence agreement with

First Group commenced in February 2009 to run for a period of five years, with a possible two year further extension period to 2016.

Benefits

41. Residents and visitors to York would benefit from a more easily accessible network of bus services through a series of measures which, with the necessary finance, might include:
 - Integrated ticketing. Passengers could make through-journeys on the services provided by a number of different operators. The only passengers currently able to achieve this in York are those who are in possession of a concessionary bus pass, either because of age or disability, or those who have a 'PlusBus' add on to their rail ticket.
 - Contracting/franchising services. Passengers would benefit from routes remaining in operation for at least the length of the contract period (probably five years). Quality standards for service delivery, performance, bus cleanliness, etc would be set and monitored by the Council in much the same way as the York Park & Ride network of services is let currently (and London's Quality Incentive Contracts system).
 - Services would operate outside the sphere of purely commercial interests. Bus services could be tendered with high and low patronage routes packaged together (eg an Acomb area package). This could ensure that rural communities as well as those requiring bus services in the evening and on Sundays would benefit from an improved bus service compared to that currently on offer. It would also ensure that smaller bus operators were still able to compete with the major national operators
 - Local bus fares have increased on a regular basis, with the principal local operator's day-pass product increasing in price from £2.20 in April 2004 to £3.70 by January 2009. Under the terms of a QCS fares would be regulated and any changes could be justified in a transparent manner and would result from changes to operational cost or priority at a local level.
 - The Council would be able to plan bus stop infrastructure and bus priority measures with confidence that the services impacted by any changes would continue for a significant period of time without alteration to the route or timetable at just fifty-six days notice (the existing period required for de-registration or alteration of a bus service).
42. In recent years a number of major service changes and fare increases have hampered Council efforts to encourage modal shift across the city and achieve Local Transport Plan objectives. There have been twelve significant alterations to service levels across the network and seven occasions on

which routes (or sections of routes) have been withdrawn, four of which have been within the last two years.

43. Whilst a Council decision to introduce a QCS is unlikely to be met with favour by bus operators, the contract would provide bus operators with a guaranteed revenue stream, allowing them to focus more closely on operational and performance issues.

Disadvantages

44. Since 2007 there has been an increase in the number of services provided by different bus operators. This has been very good for local bus industry competition, in some cases providing the passenger with a choice of operators. Whilst it remains to be seen whether the current levels of competition are sustainable, it is possible that the competition between commercial operators on the corridor between the University and the City Centre will drive down fares for intending passengers.
45. The introduction of a QCS would take the commercial incentive away from bus operators to provide a variety of ticketing and service initiatives to attract new customers. Under a QCS, operator interest in the quality aspect of their services could be retained through the introduction of Quality Incentive Contracts, with operators being financially rewarded for achieving certain standards, but this would be at the expense of the Council.
46. The third, significant disadvantage is that nowhere in Great Britain has, to date, introduced a Quality Contract Scheme. This does not mean that it is unachievable and in many respects, York could win plaudits for 'leading the way'. However, there is a commonly held view amongst transport professionals that the difficulty and cost of introducing a QCS, even with the 2008 legislation, outweighs any possible benefits.
47. It is possible that a QCS needn't be applied to the whole city. It may be that there are specific areas of York which would benefit from a QCS whilst the service in others is satisfactory at present (for instance, it may be felt that a QCS would be of benefit for bus passengers on the A59 corridor between Poppleton and York but would not be of as great value on the Haxby – York corridor). Whilst the administrative and legal costs of introducing a corridor based scheme are still likely to be high, the initial funding for capital infrastructure works and ongoing revenue support would be significantly lower than a network wide QCS. It is anticipated that the publication of scheme guidance would better inform officers as to the budget necessary to deliver both corridor-specific and area wide schemes.

Procedure

48. The earliest date work could be started to establish the case for introduction of a QCS would be 2010, once the necessary guidance has been issued by the Department for Transport. It is anticipated, however, that it could be 2012/13 before a Quality Contract was introduced. This is due to the significant amount of work which would be required on the part of the Council in order to present a business case for formal public consultation,

consideration by the independent 'Quality Contract Scheme Board' and if approval is granted, the 'making' of the scheme.

49. Table 2 at paragraph 55 demonstrates the costs and timescales of the principal elements of the scheme and is based on the process defined by the Department for Transport for the establishment of a QCS.
50. It is important to note that there is no alternative route by which local authorities are able to fully regulate bus services.
51. The Traffic Commissioner is currently responsible for ensuring that bus operators run services according to their timetable. Were a QCS to be launched, these powers would transfer to City of York Council. Consultation with neighbouring Councils and the Commissioner would be required to understand the geographic limits of the QCS and to ascertain their views on the transfer of responsibilities. Furthermore, a significant amount of work would be required to put the necessary measures in place for the Council to fulfil the monitoring requirements as set out in legislation.

Funding

52. The financial implications of introducing a QCS should not be underestimated. The current bus network is sustained through a combination of fare-box revenue, Bus Service Operators Grant (from Central Government), Concessionary fares reimbursement and Council subsidy. If the Council decided that an increase in the level of service (or reduction in fares) was required, then there would be likely to be an increase in cost.
53. In the event of budgeting for re-regulation, the Council would need to consider if a rationalisation of the bus network would be possible to achieve savings without disadvantaging the passenger (i.e. establishing whether there are corridors served by two bus operators' services currently which would only require one service).
54. The Council would also need to assign funding to increase its staff establishment for the purpose of introducing the scheme, letting contracts and monitoring the services, which would become a legal responsibility (see paragraph 51) for the Council rather than the Traffic Commissioner.
55. The introduction of a QCS would require significant funding be made available. Officers anticipate that the process for introduction of the QCS would be likely to take four to five years. Whilst specific details cannot be identified at this stage, table 2 provides an approximation of the funding and timescales required.

Summary of process for implementing a Quality Contract Scheme

Table 2

The Department for Transport has not yet issued statutory guidance confirming the exact process to be followed. The following provides an indication but this will not be confirmed until, earliest, Spring 2010.

Local Authority actions	QCS Board / Tribunal actions	Minimum timescale	Estimated cost
Establishment of a QCS project team		13 weeks	£5,000
Preparatory work to develop a proposal for consultation – including discussions and data collection with local bus operators, transport users, bus company employees & other interested parties and network design.		39 weeks	£400,000 (est staff cost for scheme implementation)
LTA gives notice and carries out public consultation on its proposals	Copying consultation document to the senior traffic commissioner triggers the setting up of a QCS board. The Board can advise LTA and consultees on procedural questions, and may also begin familiarising with early consultation responses.	12 weeks	£75,000
Send copies of responses to QCS Board. LTA considers consultation responses and decides whether, and if so how, it intends to proceed. Seek Member approval on determined course of action LTA submits scheme to QCS Board, with request to prepare an opinion.		10 weeks	
	Board prepares and publishes opinion and any recommendations	6 weeks	
LTA finalises its proposals in light of QCS Board's opinion and any recommendations. Seek Member approval if required.		9 weeks	
<i>LTA may choose to ask QCS Board for further opinion based on a revised proposal</i>	<i>Board prepares and publishes opinion and any recommendations</i>	<i>6 weeks?</i>	
Having published its response to QCS Board, LTA may make its scheme	<i>Depending on QCS recommendation, any objections may go to tribunal. The LTA must act on any outcomes from the tribunal.</i>	52 weeks	£20,000 (legal contingency)
LTA issues invitation to tender for service, assesses bids and enters into quality contracts with successful bidders. This process is likely to take a minimum of 9 months.			£2,500,000 (to finance capital works/tendering)
Scheme comes into operation (either on a single date or phased in)			
Total		147 weeks	£3,000,000

56. With such a degree of up-front expenditure required, the risk element cannot be ignored. Adoption of a 'gross cost' contract approach, in addition to the capital investment, would result in the Council adopting the risk associated with fluctuating bus patronage from the private sector. Any operational risks, however, would remain with the private sector as the proposal is not for the establishment of a Council owned and managed transport operation. A 'net cost' contract approach would leave the revenue risk with the operator, but that risk would be considered in the submission of contract tender prices. Again, publication of DfT guidance on the introduction of a QCS will allow officers to provide a clearer indication of the necessary procedures and associated costs.
57. It is estimated that in addition to the cost of scheme implementation, an ongoing revenue cost of £500,000 per annum would be required to adequately manage the contract and maintain the infrastructure.
58. Further investigation into a possible scheme can be carried out prior to the Department for Transport (DfT) issuing its scheme guidance in Spring 2010. This would be accommodated within the existing budget for 2009/10. There are, however, currently no identified sources of funding for the detailed preparation and introduction of a QCS. Whilst additional capital funding to the Local Transport Plan might be achieved through a regional funding allocation, such a scheme is not currently a regional priority.
59. On the basis of the cost estimates outlined in table 2 above and in light of the budgetary pressures currently faced by the Council, it is thought at this stage that the cost of the scheme could be prohibitive. A 'corridor' approach to The DfT guidance may show that the costs are significantly lower. Officers will update members in a further report when the guidance has been published.

Consultation

60. The implementation of this proposal would require formal consultation as part of the process outlined in table 2. As well as consulting with bus users groups and the general public at large, neighbouring authorities and the traffic commissioner would need to be included in any discussions.
61. No consultation has been carried out with bus operators in the creation of this report. The planning of a Quality Contract Scheme would require input from bus operators but the decision to actually seek to implement one or other of the schemes would be one for the Council to take and it is likely that a vast majority, if not all, of the bus operators would be opposed to a QCS.

Corporate Objectives

62. The Sustainable Communities Strategy identifies a number of strategic aims and actions which would be supported by the re-regulation of bus services in the City:

- To build on York's established role as a strategic transport hub by developing sustainable means of travelling to, from and within York that meets the needs of residents, visitors and the economy.
 - To reduce, by progressive planning, the distances people need to travel for all purposes and to promote walking and cycling.
 - To create an integrated network of public transport that is of the highest quality, priced in the public interest and given priority in use of road space to achieve maximum operational reliability.
 - To substantially reduce the volume, speed, noise, pollution and visible intrusion of motor traffic.
63. The introduction of statutory Quality Contract or Quality Partnership schemes would not only assist the Authority in the introduction of integrated ticketing in the City but would also ensure that the public transport network is better co-ordinated, ensuring that bus routes do not duplicate one another, reducing the number of vehicles on the road and protecting less commercially viable services. A Quality Contract scheme could also enable the Authority to ensure that fares are better controlled and more attractive (as is already the case on the Park & Ride network where fares are considerably lower than on service buses) if the necessary funding was available.
64. A reduction of vehicles on specific corridors and the ability to stipulate vehicle emissions standards would assist the Authority to meet its Local Area Agreement (LAA) target (NI186) of reducing the per capita CO2 emissions in the local area. A more attractive bus service would also encourage residents to use the bus rather than drive and would assist the Authority in meeting LAA target NI167, to reduce congestion, demonstrated by the average journey time per mile during the morning peak (LAA).
65. The introduction of either a Quality Contract or Statutory Quality Partnership would also assist in the delivery of the Local Transport Plan, in particular:
- Indicator 3B and 1B, the reduction of traffic levels and a reduction in the modal split of car trips used to travel to work (through increased bus usage)
 - Indicator 3A, increase bus passenger trips (through a more comprehensible and accessible bus network)

Implications

66. **Financial** – Initial investigation work into the introduction of a Quality Contract Scheme can be undertaken within the existing budget for 2009/10. A further report should be taken to members to further progress this scheme once the financial pressures of introduction of such a scheme are better understood. To place the scheme in context, the current Council investment in the bus network is outlined in table 3 below.

Table 3 2009/10 Council expenditure on the York bus network

Area of expenditure	Cost (£)
English National Concessionary Travel Scheme (bus passes)	4,000,000
Support for bus services	710,000
Monitoring of bus services	60,000
Provision of bus information (inc. telephone/internet service, Real Time Passenger Information and printed information)	53,000
Provision of new bus stop infrastructure/bus priority measures	300,000
Maintenance of existing bus stop infrastructure/priority measures	140,000
Annual total	5,263,000

67. **Human Resources (HR)** – The introduction of a Quality Contract Scheme will require a significant increase in staff levels, in the short term for the introduction of the scheme and in the longer term for contract and service management purposes.
68. **Equalities** – The introduction of this proposal will remove the opportunity for bus operators to make commercial decisions within the boundaries of the Quality Contract Scheme area.
69. **Legal** – Significant. The implementation of a QCS will demand a great amount of legal advice in the preparation of the documentation for the scheme and subsequently to address any admissible objections from third parties. In addition, there would be likely to be ‘TUPE’ implications for bus operator staff moving from companies as a result of the QCS
70. **Property** – N/A
71. **Crime and Disorder** – N/A
72. Information Technology – N/A

Risk Management

73. In compliance with the Councils risk management strategy the main risks that have been identified in this report are those which could lead to the inability to meet Corporate (e.g. Local Transport Plan) objectives (Strategic) and to deliver an effective range of public transport services (Operational), leading to financial loss, which might result from the adoption of public transport revenue (fares) risk (Financial), non-compliance with the

legislation laid out for introduction of a Quality Contract (Legal & Regulatory), damage to the Council's image and reputation and failure to meet stakeholders' expectations (Governance). Measured in terms of impact and likelihood, the risk score all risks has been assessed at less than 16, This means that at this point the risks need only to be monitored as they do not provide a real threat to the achievement of the objectives of this report.

Recommendations

The Executive is requested to:

- a) Note the contents of this report.
- b) Consider the benefits, disadvantages and costs of introducing a Quality Contract Scheme and advise officers as to whether or not to proceed with the first stages of enquiry into a possible launch.

and/or

- c) Ask officers to consider whether introduction of a Quality Contract Scheme on specific bus routes or corridors might be possible and if so, identify a corridor(s) which might form the basis of a trial Quality Contract Scheme. Request that officers report findings back to a future meeting.

Contact Details

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Chief Officer Responsible for the report:

Damon Copperthwaite
Assistant Director, City Strategy

Report Approved



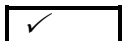
Date 04.11.2009

Specialist Implications Officer(s)

Financial

Patrick Looker
Finance Manager, City Strategy
01904 551633

Wards Affected: all

All 

For further information please contact the author of the report

Background Papers:

None

Transport Act 2000, section 124**Quality contracts schemes**

- (1) A local transport authority, or two or more such authorities acting jointly, may make a quality contracts scheme covering the whole or any part of their area, or combined area, if they are satisfied that—
- (a) making a quality contracts scheme is the only practicable way of implementing the policies set out in their bus strategy or strategies in the area to which the proposed scheme relates, and
 - (b) the proposed scheme will implement those policies in a way which is economic, efficient and effective.
- (2) A quality contracts scheme may not be made unless the authority or authorities—
- (a) have complied with the notice and consultation requirements imposed by section 125, and
 - (b) have obtained the approval of the appropriate national authority in accordance with section 126.
- (3) A quality contracts scheme is a scheme under which—
- (a) the authority or authorities determine what local services should be provided in the area to which the scheme relates and any additional facilities or services which should be provided in that area, and
 - (b) local services may only be provided in that area in accordance with quality contracts (subject to section 127(4)).
- (4) In this Part “quality contract”, in relation to a quality contracts scheme, means an agreement entered into under section 130 or 131 under which—
- (a) the authority or authorities grant to another person the exclusive right to operate the local services to which the contract relates, and
 - (b) that person undertakes to provide the services on such terms (including in particular as to frequency, fares and standard of service) as may be specified in the agreement.
- (5) A quality contract may be made on terms—
- (a) which include provision for the making of payments by the authority or authorities to the person undertaking to provide the local service, and
 - (b) requiring one or more of the parties to provide additional facilities or services.
- (6) Section 88(1) of the [1985 c. 67.] Transport Act 1985 (application to subsidy agreements of sections 89 to 92 of that Act) does not apply in relation to quality contracts.
- (7) The authority or authorities must keep under review the extent to which quality contracts entered into by them are complied with.
- (8) In carrying out their functions under this Part in relation to quality contracts schemes, local transport authorities must co-operate with one another.
- (9) In considering whether to make a quality contracts scheme, a local transport authority must have regard to the desirability, in appropriate cases, of making a scheme jointly with another authority.

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York's Quality Bus Partnership

The York Quality Bus Partnership (QBP) operates on a voluntary and largely informal basis and has been in existence since 2001. The QBP was re-launched in August 2007 to officially recognise the new chair, John Carr (ex West Yorkshire PTE director), to provide increased publicity for the group and to provide new stimulus to take the partnership forward. City of York Council provides administrative support to the partnership, which consists of the following companies, organisations and people.

City of York Council Officers	First West and North Yorkshire
Yorkshire Coastliner / Blazefield	Transdev York
Arriva	York Pullman
Reliance Motor Services	East Yorkshire Motor Services (EYMS)
Executive Member for City Strategy	Shadow Executive Member for City Strategy
Confederation for Passenger Transport (Yorkshire Region)	Bus Users UK

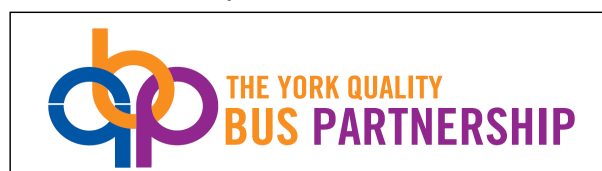
This membership offers comprehensive coverage of the bus services in the city and whilst some of the smaller operators do not attend, the Confederation of Passenger Transport is able to speak regarding the issues they may have. Political representation is important to the partnership in order to maintain the high status accorded to pro-bus schemes in the city and also to highlight any operational or strategic bus issues to the members.

The main Quality Bus Partnership group meets quarterly and in addition to this the three sub-groups - the performance group, the marketing group and the bus users group, meet on a similar basis prior to the main group meeting. The sub groups do meet more regularly when working on 'task and finish' projects.

Recent achievements of the partnership:

Branding:

The majority of buses running in the city now carry the QBP brand in order to publicise the cooperation and commitment to improvement of the partnership members. Most operators display the logo on their timetables and it is also prominent on the York Bus Route Map.



Bus Route Map:

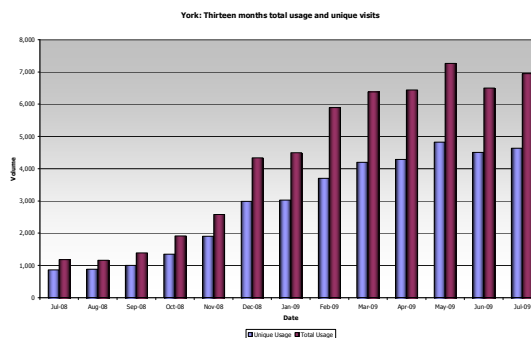
Operators were consulted through the partnership to produce the first York Bus Route Map in two years in 2008. The marketing group was also integral to the delivery of the map. This is revised twice a year and is proving a popular addition to the sustainable travel information offered by City of York. The launch of the map was held using a modified events bus in the heart of the city centre to ensure a high profile was given to the product.

Car Free Day:

York will be holding it's first Car Free Day on the 22nd September. The Quality Bus Partnership has been a vital part of working towards this being a success. The events bus will again be used to provide sustainable travel information so the marketing group has had input into this. Three of the bus companies in the city are also offering a free day ticket for travel in the city on the 22nd.

Real-time Information:

The partnership, mostly through the performance sub group has dedicated significant effort towards improving the quality and quantity of real-time information offered in the city. A QBP led workshop was held with all operators that had an interest in real-time information, neighbouring authorities and the real-time information supplier. This highlighted several issues with the system, enabled organisations to take responsibility for actions that require their attention and as a result, has improved the information provision to the public. Yournextbus, the sms-messaging component of real-time information, has also seen a significant increase in use since 2008 as shown by the graph below:



Bus Users:

A successful meeting was held with representatives of Bus Users UK, both local and national, which has led to the formation of a 'bus users' group. The items from this group are put to the full partnership and allow for both greater interaction between bus users and bus operator managers and also for a broader cross section of users opinions to feed into the partnership rather than having one representative as was previously the case.

Other items are high on the agenda of the QBP, such as, integrated ticketing, improving access for disabled bus users, the YOzone concessionary pass for secondary school pupils and getting input from bus operators into the third Local Transport Plan for the city



Executive

17th Nov 2009

Report of the Director of Resources

Second Performance and Financial Monitor for 2009/10

Purpose

- 1 This report provides details of the headline performance issues from the second performance monitor of 2009/10 covering the period from 1st April to 30th September 2009, with further up-to-date data where possible. Three areas of performance are covered in this report:
 1. *Finance* – which covers service and corporate budgets.
 2. *Performance* – which examines how well the council is performing across a wide range of performance indicators, at both corporate and directorate level.
 3. *Key projects and priorities* – providing an update on progress against the council's corporate priorities and the key projects that support their improvement.

Summary

- Following an extensive review of activity across all areas of the organisation, the council is forecasting that it will out-turn on budget in 2009/10. This forecast is predicated on directorates continuing to identify options to achieve savings equating to 1.5% of their net budgets.
- National Performance Indicators (NPIs) – 56% of NPIs (with data available) are improving, with 62% on track to hit their 09/10 target. 75% of the LAA indicators (with data available) are improving and on track to hit their 09/10 target. Areas of poor performance are also being reviewed and benchmarked for improvement and action is being taken where appropriate.
- Corporate Strategy – 6 of the 54 milestone actions have now been completed and just under three quarters are on track to hit their agreed deadline. Slippage has been reported for 10 of the actions, although half of these will still be delivered before March 2009/10 (i.e. within year 1 of the strategy).

Finance - Overview

- 2 The General Fund budget for 2009/10 is currently £117,805k, with utilisation of balances and reserves reducing the call on Council Tax to £113,536k. Current projections indicate that financial pressures amounting to £1,842k need to be managed by directorates in order to contain overall spending within budget by the end of the financial year.
- 3 The savings required to contain the above pressures equates to a target reduction of 1.5% of net budget for each directorate. Many actions have already been identified and implemented to achieve these targets. Review work is continuing in order to identify further options to ensure that the revised spending targets are achieved.

- 4 An overview of the current position is summarised on a directorate by directorate basis in the table below. The key areas of change from the previous report are;
- HASS – an increase in overspend of £516k which is attributable to meeting the continued rise in adult social care across the city.
 - LCCS – an increase in overspend of £351k which is attributable to increased fostering costs for children in care.
 - City Strategy – an increase in overspend of £133k which is attributable to rising numbers in Concessionary Fares passengers. This is after the directorate has identified a further £294k in savings, primarily linked to vacancy management.
 - Resources – an increase in underspend of £145k which is possible due to the further identification of savings linked to delaying the replacement payroll system implementation costs and reduced usage of agency staff.

The table also incorporates the following assumptions on corporate strategies that can be implemented at the financial year end in order to assist in addressing the overall financial pressure;

- VAT Refund – a further refund from HMRC is being claimed linked to the Conde Nast and Fleming cases and a prudent estimate of £750k is assumed based on a review of risks surrounding the scale and timing of the receipt.
- Insurance Fund Release – a risk analysis of the level of the Insurance Fund reserve has been undertaken which has revealed that a prudent sum of £500k could be released to the General Fund.
- Revenue Contribution To Capital Programme – change £100k of funding of the capital programme from revenue contributions to prudential borrowing.

2009/10 Net Budget	Directorate	Monitor 1 Variance	Monitor 2 Variance	Movement
£'000		£'000	£'000	£'000
38,650	LCCS	+1,376	+1,727	+351
8,525	City Strategy	+458	+591	+133
30,697	Neighbourhood Services	+320	+292	-28
2,217	Chief Executive's	+31	+56	+25
6,409	Resources	-232	-377	-145
40,084	HASS	+589	+1,105	+516
400	Credit Crunch Budget Funding	-400	-900	-500
126,982	PORTFOLIO BUDGETS	+2,142	+2,494	+352
-22,975	Asset Rental Adjustments	-	-	-
4,882	Other Central Budgets	+28	-722	-750
8,557	Treasury Management	+529	+429	-100
359	General Contingency	-359	-359	-
117,805	GROSS BUDGET	+2,340	+1,842	-498
-	1.5% Net budget savings	-	-1,842	-1,842
117,805	GROSS BUDGET	+2,340	-	-2,340

- 5 There are further potential future cost pressures that are not included in the projected figures, most significantly the cost of appeals following the recent implementation of

the pay and grading review. Preliminary indicative costings are that these costs can be contained in 2009/10, however it is recognised that there will be additional cost pressures in future years.

- 6 The figures in the table assume that the £400k credit crunch budget, together with the £500k assumed from the Insurance Fund reserve will be held to offset the income shortfalls in service areas, and the remaining £359k general contingency will not be spent resulting in a further saving to offset overspends elsewhere. In light of the current financial situation, no further allocations from the £359k balance on the contingency will be considered for approval.
- 7 It should be noted that any overspend will reduce the overall level of the council's revenue reserves and should the current level of spend continue it will take the council below its recommended minimum threshold. This will have implications on next year's Council Tax levels both to contain the expenditure and also to re-build the reserve levels.
- 8 Whilst it is appreciated that a significant proportion of the overspend is attributed to the current economic climate, many of the departmental pressures are recurring and as a result will require services to identify actions to address them as part of the 2010/11 budget process.
- 9 The actions being taken by directorates will be continually monitored by CMT and through discussion with Executive Members to ensure that expenditure is brought back in line with the budget by the end of the financial year. Looking ahead to 2010/11, it is important that some of the ongoing budgetary pressures are addressed as part of the financial strategy. This is likely to result in the requirement for further savings, and thereby re-enforcing the need for the fundamental transformation of services across the council, through the More for York programme.

General Fund

- 10 The following sections provide further information on the current pressures each directorate is facing, as outlined in the main budget table in paragraph 3.

Learning, Culture & Children's Services

- 11 Learning, Culture and Children's Services is currently projecting an overspend of £1,727k, which represents a net increase of £351k since Monitor 1. In Children & Young People's Services, there are numerous overspends across the statutory children's social care budgets totalling £1,404k (12.6% of the total CSC budget). The vast majority of this is due to the continuing increase in the Looked After Children (LAC) population, up from 166 at March 2008 to 199 at March 2009 and 219 at 30 September 2009, an increase of 32% with no accompanying increase to the budget. The directorate has managed to contain the financial increase at a much lower level than the percentage increase in LAC by, in part, continuing the expansion of the local fostering programme and thereby reducing the proportion of LAC placed in more expensive out of city placements.
- 12 Home to School Transport budgets are projecting an overspend of £316k due to increased SEN taxi costs, more LAC (as above) and more appeals granted by Members.

- 13 There are unbudgeted net additional costs, estimated at £322k in 2009/10, across all LCCS services following the implementation of the new pay and grading system for Local Government Services (LGS) staff. This is almost entirely due to a significant number of staff now being entitled to additional allowance payments for contracted shift, evening and weekend working which were all contained within basic pay under the previous pay system.
- 14 Other projected overspends elsewhere across the directorate include shortfalls in fee income in Adult Education (£76k) and the Music Service (£65k), and Youth Service activity that has continued to be undertaken even though the external funding supporting it has now ceased (£39k). This is offset by an underspend of £340k due to the staffing structures supporting the new Integrated Children's Centres not yet being fully recruited to.
- 15 Overspends are also being forecasted in Leisure & Culture with the Library Service currently experiencing an expected £92k shortfall in income and additional costs totalling £35k on publicity, IT hardware and licenses. Sport & Active Leisure are predicting a £125k overspend, linked in part to shortfalls in income at Edmund Wilson Swimming Pool and increased energy costs due to higher prices for steam and increased electricity usage at Yearsley Swimming Pool.
- 16 The directorate has already taken steps to address its overspend position by identifying one-off in year savings for 2009/10. All Service Managers were required to identify savings totalling 2% of their budgets. This has produced budget savings totalling £336k from staffing savings and vacancy management measures (£135k), reprioritisation of grant funding (£54k), targeted increases in income from traded services (£28k) and reduced repairs & maintenance work in the city's parks & open spaces (£28k). In addition LCCS has gained agreement from the Schools Forum to fund an additional £100k of SEN Transport costs from the Schools Budget.

City Strategy

- 17 It is currently forecasted that City Strategy will have an overall overspend of £591k, an increase of £133k from Monitor 1. Services in the directorate are still experiencing income shortfalls related to the economic climate including planning with applications down 20% this year (£500k), parking income (£133k), building control (£125k) and a reduced Yorwaste dividend (£130k).
- 18 Concessionary Fares is also representing a significant pressure of £420k, linked to an increased demand for fares and tokens, however this is offset by a forecasted in-year reduction in related costs of £204k resulting from the Concessionary Fare Partnership seeking to reduce the council's rate used to reimburse bus operators.
- 19 Property Services is also experiencing cost pressures mainly due to an assumed loss in the Commercial portfolio linked to not receiving wayleave income at Harewood Whin (£150k), increased costs associated with maintaining surplus assets such Parkside and the Manor and Lowfields schools (£98k) and lost rent due to the sale of property at Patrick Pool (£32k).
- 20 Current forecasts are that Economic Development will out-turn £2k under budget. This is mainly possible due to a fundamental review of markets and city centre area budgets which has resulted in a lower, more achievable income target for Newgate

Market, with savings in other operating costs further contributing to the improved position.

- 21 The directorate has already identified a number of areas where it will reduce its overspend including vacancy management measures (£394k), cash limiting other budgets (£175k) and the potential additional receipt of further Housing and Planning Delivery grant (£440k).

Neighbourhood Services

- 22 The latest projection for Neighbourhood Services is an overspend of £292k, which represents an improvement of £28k from Monitor 1. Cost pressures identified in Monitor 1 still remain, namely Landfill Tax costs (£200k), shortfalls in Commercial Waste income (£100k) and security costs at Towthorpe HWRC (£75k). Further pressures have been identified including an overspend in the Neighbourhood Pride Service (£91k) and a shortfall in income in Bereavement Services (£51k).
- 23 This is offset by a projected £200k in year saving linked to extending transport leases and £86k in vacancy management controls.

Chief Executives

- 24 The residual Chief Executive's department is forecasting an overspend of £56k, an increase of £25k from Monitor 1. This is primarily attributable to a £38k shortfall in income from the Print Unit and the sponsorship of boundary signs.

Resources

- 25 Resources is projecting an underspend of £377k which is an increase of £145k from the previous report. This position has been made possible by the identification of in year mitigating savings of £316k, namely delaying the implementation costs of the payroll replacement system until 2010/11 (£145k), reduced usage of agency staff (£71k) and other savings across the directorate (£100k).

Housing and Adult Social Services

- 26 Housing and Adult Social Services are forecasting an overspend of £1,105k, which represents an increase of £516k from Monitor 1. The underlying causes of the overspend reported at Monitor 1 still exist, namely increases in the number of customers supported at home, increased Direct Payment take up and increases in the number of Mental Health residential and nursing placements. In addition to these issues, the following areas are contributing to the increased forecast:
- An increase in the staffing establishment at one EPH to respond to an increase in the customers with a very high level of need and to deal with safeguarding issues (£40k).
 - A further increase in the complexity of community based support for Learning Disabilities, in particular a need to provide sleep in cover for more customers (£80k).
 - An increase in the number and cost of residential and nursing placements (£170k).
 - A further increase in the number of Older People needing community based supports (£90k).
 - Continued use of agency staff across front line services (£84k).
- 27 Furthermore, within the overall figure, Housing General Fund is now projecting an overspend of £52k in comparison to Monitor 1 where it was predicted the service

would out-turn on budget. The revised estimate is due to the increasing cost of the repairs partnership and a projected shortfall in private sector enforcement income.

- 28 The directorate has already identified in year savings of £665k to address the overspend which is comprised of the redirection of grants (£389k), a reduction in training expenditure (£150k) and vacancy management controls (£126k).

Central Budgets

- 29 Treasury Management activity is still predicting an overspend of £529k which represents no change from Monitor 1. The market conditions that are the underlying cause of the overspend remain, namely lower interest rates affecting both the interest paid on borrowing and interest earned on investments.
- 30 The remaining £28k overspend is attributable to increased costs of providing staff with Park and Ride passes.

Non General Fund

Dedicated Schools Grant

- 31 In the Dedicated School Grant (DSG) area there is a projected overspend of £384k against a budget of £87,865k. Due to the nature of the DSG, any underspend must be carried forward and added to the following year's funding with overspends either being funded from the general fund or reducing the following year's funding allocation. Following the convention used in previous years, the overspend would reduce the level of DSG funding available in 2010/11.

Housing Revenue Account (HRA)

- 32 The budgeted HRA balance is £8,149k. The current projection is that there will be a £415k overspend which will reduce this balance to £7,734k. The main reason for the variation is linked to repairs and maintenance activity.

Reserves

- 33 The table below shows a summary of the council's revenue reserves. It is currently projected that the balance of these reserves will be £4,493k at 31 March 2010 before any potential year end over or underspends, but inclusive of the £500k assumed from the Insurance Fund reserve as highlighted in paragraph 4f. The 2009/10 budget process recommended a minimum threshold for revenue reserves of approximately £5,500k and the figures outlined show a projected deficit of £1,007k below this.

	2009/10 £000
General Fund Reserve	
Balance at 1 April	(10,012)
Less: Already Committed To Annual Budget	3,697
Proposed Transfer to Capital	2,000
Carry Forward Underspend from Previous Years	472
Supplementary Releases	600
Revised General Fund Reserve	<u>(3,243)</u>
Add: Committed Transfers into the Reserve	<u>(1,250)</u>
	(1,250)
Expected General Fund Reserve as at 31 March	(4,493)
Estimated Minimum Reserves Threshold	(5,500)
Projected Deficit In Reserves	1,007

- 34 This re-enforces the requirement for action being taken to reduce the current forecasted overspend, as should the current level of spend continue it will take the council well below the recommended minimum threshold for revenue reserves which will have implications on next year's Council Tax levels both to contain the expenditure and also to re-build the reserve levels.

Performance indicators

- 35 Overall 32% (69 out of 215) of the national performance indicators have data available at this point in the year, mainly due to most being collected annually or through periodical surveys. Many are also published via government bodies at the end of the year. Of those available, 56% are improving compared to last year and 62% are on track to hit their 2009/10 target. Only 13 out of 50 LAA indicators have 2009/10 data available at this stage in the year with 75% of those showing improvement and forecasting to hit their 09/10 target.

	Reported this month	Improving	Declining	Stable	On target
National Indicators (NPIs)	69 of 215 (32%)	38 of 68 (56%)	20 of 68 (29%)	10 of 68 (15%)	41 of 66 (62%)
LAA indicators (sub-set of NPIs above)	13* of 50 (26%)	9 of 12 (75%)	2 of 12 (17%)	1 of 12 (8%)	9 of 12 (75%)

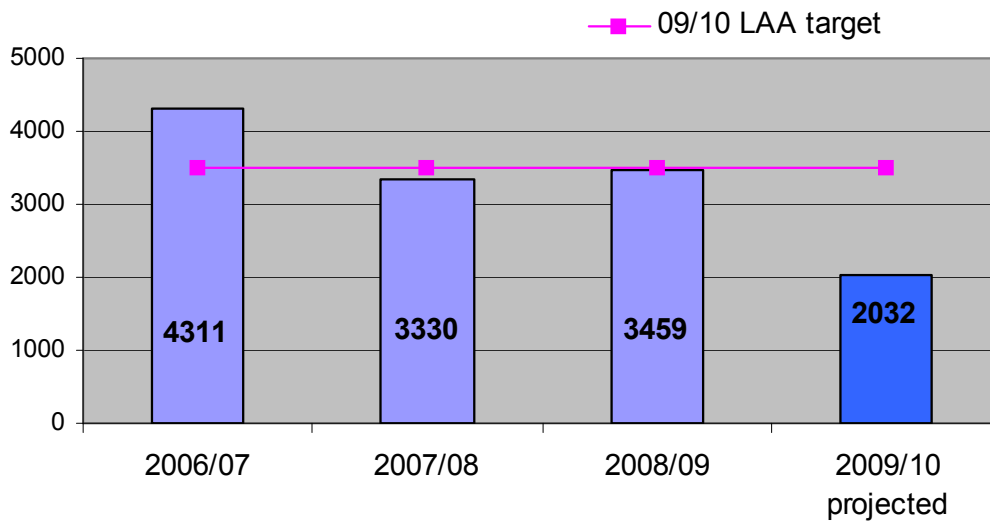
* there is 1 LAA indicator with in year data available but no targets or historic data as this is the baseline year, Local Indicator 5 (LI5) which is included in more detail in para 54.

- 36 Using the PwC benchmarking club comparisons with performance at other councils have been made against a number of national indicators. Where quartiles are mentioned in this report it covers the most up-to-date performance plotted against comparative data from PwC. It also only compares CYC performance against those authorities who are members of the benchmarking consortium.
- 37 The following paragraphs provide members with details of indicators where performance is deemed to be an exception (e.g. good improvement or possible areas of concern). In particular, indicators that support priority improvement (e.g. LAA or corporate strategy targets) have been included.

Community Safety

- 38 *NPI 16 (LAA): Serious acquisitive crime (SAC).* In Q1 a significant decline was reported in SAC incidents for the first 3 months of 2009/10. Incidents between July and September have brought the 6 month total to 1016, which has slightly increased the year end forecast (previously 1806 in Q1 and now 2032). Nevertheless, the number of SAC incidents reported is still heading for a 42% reduction on the 3459 reported in 2008/09 and comes in well under the 2009/10 LAA target of 3696. This reduction has been attributed to good intelligence led policing and to a number of schemes which were designed specifically to target SAC type incidents. This was also supported by other prolific offender based initiatives.

Serious acquisitive crime levels in York

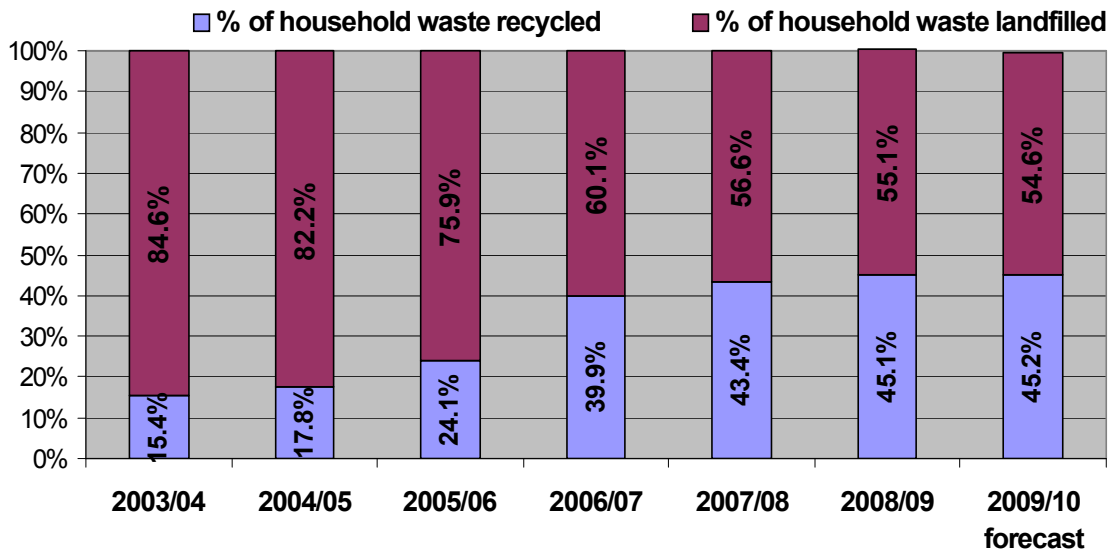


- 39 *NPI 43: Youth Custody.* The % of young people within the Youth Justice System receiving a conviction in court who are sentenced to custody aged 10-17 has remained low at 3% between April and September 2009 against a target of 5% and last year's performance of 4.9% which is top quartile performance.
- 40 *NPI 111 (LAA): First time entrants to the Youth Justice System.* There has been slightly lower than expected first time entrants into the Youth Justice system using information recorded between April and September 2009 (1021 FTEs per 100,000 in Q2 compared to Q2 target of 1093). This is much improved from the situation at the end of Q1 when the number was well above target. Further work is being done with the Police to establish the reasons for the much higher levels in Q1.

Waste & recycling

- 41 *NPIs 191(LAA) to 193: Waste management.* Current predictions for the amount of residual waste collected per household is that it will drop to 586kgs in 2009/10. This is a further improvement on the 629kg collected in 2008/09 and represents a 12% decrease since 2007/08. If achieved, performance in 2009/10 will come in well under both the 2009/10 and 2010/11 LAA targets (617kgs & 611kgs respectively). Waste recycling levels also continue to improve for the 7th year running, although the forecast for year-end as at Q2 is slightly lower than that forecast in Q1 (45.2%). Landfill levels are also forecast to improve on 2008/09 (54.6% for 2009/10 compared to 55.1%).
- 42 Despite these improvements, current predictions are that York will fall short of the 2009/10 targets set for recycling and landfill. The targets set were based on the extension of kerbside recycling to 92% of households by March 2010. However, this has been offset by a change in buying habits as a result of the recession. The amount of 'dry recyclable waste' being collected (newspapers, magazines, drink bottles/cans) is reducing, in line with a national trend. These indicators however, are not LAA stretch targets and the continued improvement should be the main area of focus.

York's waste recycling and landfill rates



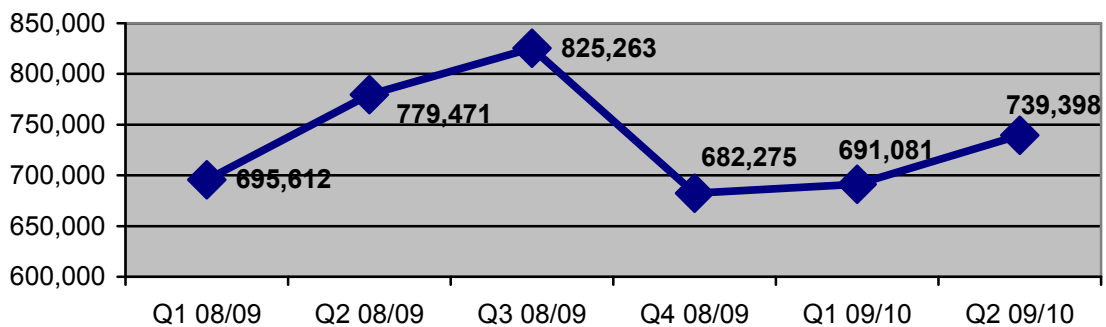
Note: Landfill & recycling figures do not add up to 100% since 2008/09 as a result of changes to the way that some of the waste collected is categorised.

Transport & road safety

43 NPI 47 (LAA): people killed or seriously injured in road traffic accidents. The number of incidents for April to September 2009 currently stands at 20. This is significantly better than the 44 incidents that occurred for the same time period in 2008. A range of successful initiatives have been introduced over the past year, including the 'Made you Look' campaign, which was launched in 2008. Others include a 'Safer Business Driving Conference', coordinated by the council in June 2009 and a similar event for older drivers took place in October 2009. NI 47 is an LAA indicator and if the trend continues York will come in well under the 2009/10 target of 87 incidents.

44 *Park and Ride*: The number of Park and Ride passenger journeys has fallen compared to the same time period in 2008. Residents and visitors to York are being encouraged to use the bus through a variety of means. These include York's first 'Car Free Day' on 22nd September when two of the City's major bus operators were offering free day passes on their services (First/Park & Ride and Transdev/Coastliner). The council is also gradually rolling the 'Your next bus' initiative, providing SMS text, real time bus information to mobile phone users.

Park and Ride Passengers



Note: It is not possible to compare to previous park and ride figures due to a change in the way the numbers are counted. There are also seasonal variations.

Housing

- 45 *NPI 155 (LAA): Affordable homes.* All bungalows on St Anne's site have now been demolished and work has started on building new 'affordable bungalows'. Work has also started on Phase 2 at Richmond & Regent Street. The number of affordable homes that will be delivered by the council this year is predicted to be around 150-180. This will be similar to the 155 delivered in 2008/09, but will fall short of the 2009/10 LAA target of 280 homes. The current economic climate has had a major impact on this indicator (the 2010/11 target of 350 was set before the recession started). Officers are meeting with the Government Office in November to help revise this target to reflect more achievable performance under the current economic circumstances.

Environment & Cleanliness

- 46 *NI 186 (LAA) - Per Capita CO2 emissions in the LA area.* CO2 emissions have reduced from 6.7 tonnes to an estimated 6.1 tonnes in 09/10 (2007 data). This is a significant improvement considering between 2005 and 2006 the tonnage only reduced from 6.9 to 6.7 tonnes. The overall LAA target for this indicator is to reduce per capita carbon emissions to 5.9 tonnes by 2010/11 (2008 data). PwC data indicates that York has the second best performance in the region, just behind Rotherham, but well ahead of Leeds, Nottingham, Doncaster, Barnsley, Sheffield and Northeast Lincolnshire.
- 47 *NPI195a-d: Street environment and cleanliness.* Four NPIs measure the proportion of areas around York that suffer from unacceptable levels of litter, detritus, graffiti and fly-posting. They are measured by a street cleanliness survey three times a year. In 2008/09 performance on all four indicators declined slightly. However, the first 2 surveys of 2009/10 show encouraging results and forecasts across all 4 areas (see table below).

Since the first survey in June 2009, Neighbourhood Services have taken additional steps to improve performance in areas where the survey was suggesting a problem, such as industrial areas and high density housing areas. In high density housing areas (terraced streets and other streets with high levels of parked cars), they have implemented a second full clean each year, with residents being asked to move their cars to allow cleaning to take place. The final winter survey will be undertaken in February 2010 and in previous years this has proved the worst survey result, largely due to weather impact on operations and detritus levels.

NI195 – Street Cleanliness

	Litter	Detritus	Graffiti	Fly-posting
2007/08	7.6%	8.9%	2.3%	0.3%
2008/09	8.9%	11.0%	4.7%	1.1%
2009/10 (1 st survey in June)	4.5%	13.3%	2.6%	0.0%
2009/10 (2 nd survey in October)	3.3%	4.0%	1.9%	0.0%
2009/10 (year to date)	3.9%	8.7%	2.3%	0%
2009/10 year-end forecast	6.5%	9%	2.3%	0.0%
2009/10 target	7.5%	9.0%	4.0%	1.0%

Adult Care

- 48 *NPI 130 (LAA): Self directed support for Adults.* HASS continues to make improvements to the number of adults receiving self-directed support, with performance currently running at 8.54% (projecting 14% for year-end). This compares well to the 7.39% outturn for 2008/09 and if achieved, would exceed the 12.5% LAA target and move York from the third to top quartile based on PwC data. HASS have

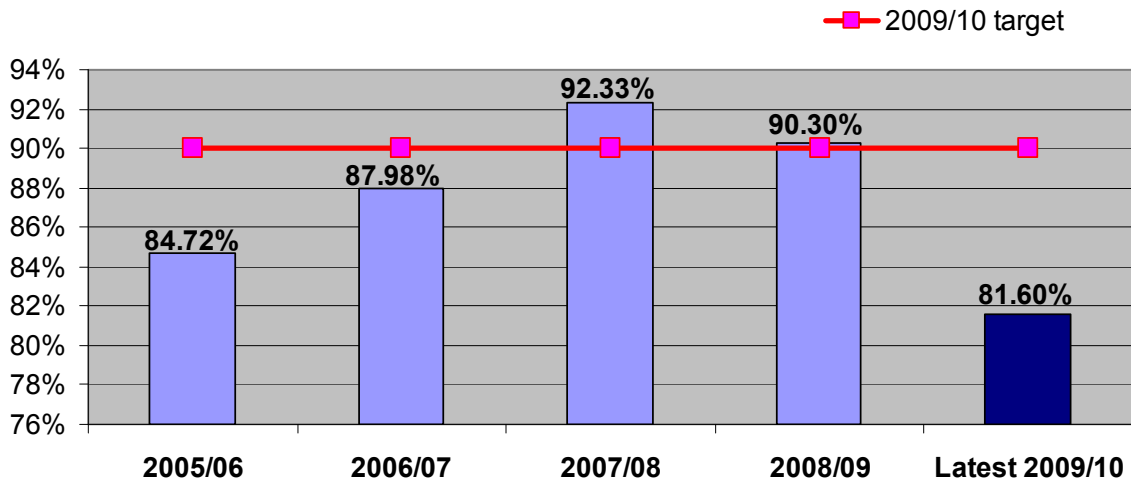
set a more challenging internal target of 15% (which came out of regional improvement meetings) and York's forecast performance would fall 1% short of this.

49 *NPI 135 (LAA): % of carers receiving needs assessments.* Performance is currently running at 16.2%, with a year-end projection of 22.5% (which matches the 2009/10 LAA target). If achieved, this would raise York from the bottom to the third quartile, based on PwC Q1 data.

50 *NPIs 132 & 133 – timeliness of social care assessments and packages.* Both these indicators cover areas that need to show improvement to address performance issues highlighted in the last Adult Social Care inspection. Progress so far this year is mixed:

- *Timeliness of assessments:* Performance has improved from 67.1% to 78.37%, which exceeds the 2009/10 target of 77%. If this was maintained, it would move York up from the bottom to the 3rd quartile, based on PwC comparative data.
- *Timeliness of care packages:* Performance has dropped in the first period of this year (currently 81.6% compared 90.3% in 2008/09). This falls short of the 90% target set for 2009/10 and if no further improvement is made this year, this will move York from 3rd to the bottom quartile of unitary authorities. There are a number of issues that have caused this drop in performance, including a lack of availability of EMI (elderly mentally ill) beds leading to people having to wait longer from a completed assessment. HASS are taking a number of actions to address performance, including addressing incorrect reporting (i.e. how certain types of residential stays are reported), and improving the delivery of re-enablement home care when people leave hospital is also being explored. These actions should lead to improvement and performance may be closer to target by March 2009.

NI 133: Timeliness of Social Care Packages



Children & Education

51 *NPI 62: CLA placements.* The % of children in care having 3 or more moves of placement, is showing continued good performance, and if trends continue this could significantly improve on past years performance. This is significant due to the recent high volumes of looked after children placing increasing pressure on resources. It is now top quartile performance compared to 21 unitary authorities in the PwC benchmarking club.

- 52 *NPI 68: Children's Social Care referral.* The % of referrals to children's social care services going on to initial assessment. Current trends show that this indicator will be close to the 2009/10 target of 68% by year-end, however it is currently not performing at target levels. It has been significantly impacted by short-term resource issues and it is hoped that by the third quarter improvements will be seen from the current performance of 42.5%. This indicator is a proxy for several issues (i.e. the appropriateness of referrals coming into social care and the thresholds, which are being applied). Continuing high referral rates are contributing to the number of referrals falling below initial assessment threshold.
- 53 *NPI 112 (LAA) - Under 18 conception rate (Percentage difference from 1998 baseline).* Although interim conception rates are showing the lowest recorded for 2 quarters (2008) since 2004, these figures need to be treated with caution as there are marked seasonal variances. It is therefore still suggested that the required reduction cannot be achieved by 2010 to hit the LAA target of a 50% reduction.

Culture

- 54 *LI 5: Adult physical activity (Local LAA):* Results are now available for the % of adults (16+) participating in at least 30 minutes moderate intensity physical activity (inc. sport) on 5 or more days each week. 56.8% of respondents to the February Talkabout Survey are achieving the required amount of moderate physical activity to maintain their level of health (this will set the baseline). It must be noted that whilst this indicator is linked to NI8 (% of adults participating in 30 mins of sport on 3 days per week), which performed at only 19.3%, it is not directly comparable. LI5 measures a significantly broader scope of physical activity including active travel, home and work based activity (e.g. gardening, housework or working as a postman), and wider active leisure choices (e.g. dancing or rambling). It also has an explicitly different criteria and method of data collection including activities done in 10 minute blocks as opposed to 30 minute blocks as required for NI8. Given this wider scope, it is not unexpected that the results are significantly higher than those reported for NI8. Also worthy of note from the same data is that 25.7% of York's adults are not active enough in any part of their daily lives and 42% significantly underestimated the amounts of activity they should be undertaking to maintain their levels of health.
- 55 The 'Just 30' physical activity campaign aims to improve on this result and will target some of the 14% who almost achieve the level, and is due to be launched in January 2010. The 'Just 30' will talk directly to York residents through a wide variety of traditional and online channels. It will raise awareness of the benefits of healthy lifestyles and ask them to get more active. Working with a range of partners across the city, Just 30 will be looking for WOW stakeholders to champion their own activities under the brand.

Economy

- 56 *NPI 45: Young offenders who are NEET.* The % of young offenders engaged in suitable education, employment or training aged 10-17 is currently performing at 64.5% between April and September 2009, which is well below the target of 72% and is bottom quartile performance. This indicator is split into 2 categories: pre- and post-statutory school (SSA) age provision. The provision for school age children is well above target at 79% (50/63) but the post-SSA group has suffered recently, achieving 53% (41/78). Recently the post-SSA group has not responded and is now mirroring NPI 117 (overall NEET group). The post-SSA group is the larger group and although

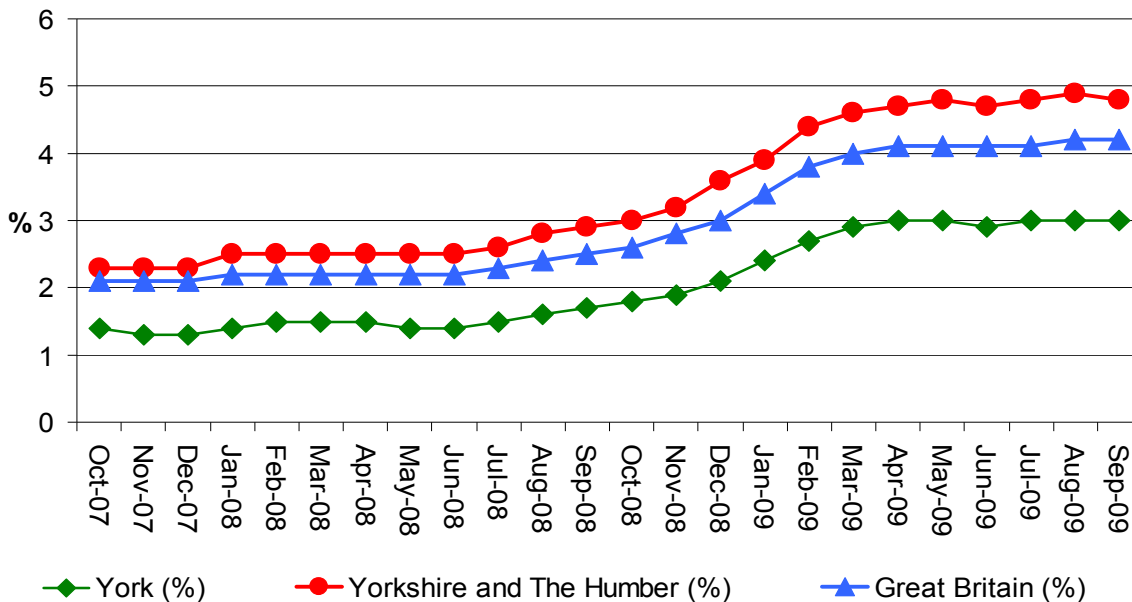
some targeted work is underway the YOT will press the issue through the NEET strategy arrangements, as this is a wider problem than YOT effectiveness.

- 57 *NPI 117: Overall NEET (LAA).* Whilst this quarter's performance on NEET is more in line with the profile for this time of year (5.2% in Q2 compared to 5.1% Q2 target), it is unlikely the 2009/10 target of 3.5% can be achieved in this current economic climate. It should be noted that York will still remain in the top quartile based on PwC benchmark data.

- 58 *NPI 181: Benefits processing.* The time taken to process Housing Benefit/Council Tax Benefit new claims and change events is currently forecast to be at the target level 15 days of the end of the year. Although this would stay stable since last year it represents good performance considering the increased number of people claiming benefit (see below). This would move York up from the third to second quartile based on PwC Benchmarking data.

- 59 *VJ15a&b: Unemployment.* York's unemployment rate (12 month rolling average) is currently 1.8% below the regional and 1.2% below the national average. Despite the economic climate, the gap has widened from the same period last year and current monthly figures show the gap to be even higher. The % of people claiming job seekers allowance continues the local overall trend showing the decrease in claimants in June was an anomaly, although numbers have remained stable since April. The graph below also shows that York is performing better than the Yorkshire and Humber Region and Great Britain. However the Yorkshire average did come down slightly in September.

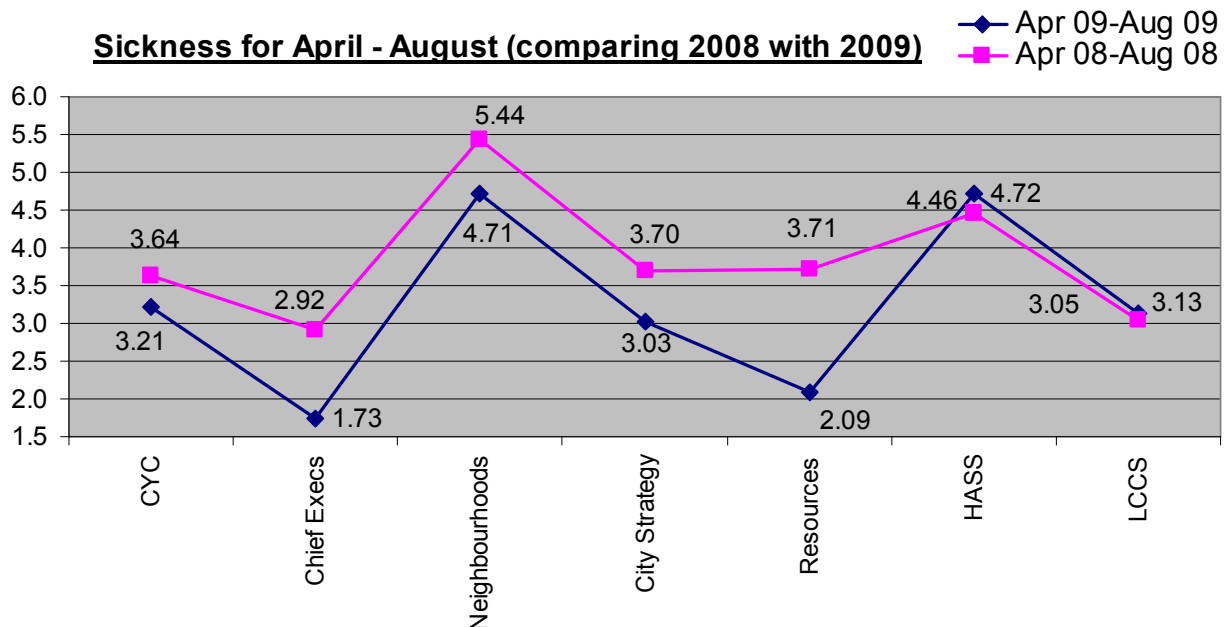
Claimant Count Oct 07 to Sept 09



Corporate Health

Corporate health performance area	Latest 2009/10 (Apr – Sep)	Improving since last year?
Average days sickness per FTE	3.21 days	Yes (3.64 for Apr-Aug last year)
H&S: Major injuries to employees	2	Yes (3 for Apr-Aug last year)
H&S: Minor injuries to employees	19	Yes (27 Apr-Aug last year)
H&S: Injuries to non-employees	10	Stable (10 Apr-Aug last year)
Phone calls answered within 20 secs	94%	Yes (91% last year)
Letters dealt with within 10 days	96%	Yes (94% last year)
Stage 2 complaints dealt with in 10 days	87%	No (100% last year)

- 60 Staff attendance levels continue to show good improvement with the average sickness days per FTE currently standing at 3.21 days compared to 3.64 days for the same period last year (see graph below).



- 61 After 5 months of reductions in sickness, levels in HASS and LCCS are reporting slightly higher sickness levels compared to last year, although these are still much lower than 2 years ago. Other directorates continue to report reductions in sickness, with the most significant being in Resources and Chief Executive's, which are both reporting over 40% reductions on the same period last year. If this reduced trend continues over the next 7 months, projected performance indicates the council could achieve 7.9 days per FTE, which would exceed the 2009/10 target of 8.6 days and place York high into the 2nd quartile based on PwC benchmark data. However, the predicted high levels of absenteeism due to flu over the winter months could undermine this forecast.
- 62 Health and Safety reported accidents continue to show encouraging results for the first 6 months of 2009/10, with a continued decline in 'major' and 'minor' incidents compared to the same period last year. The major incidents so far this year occurred in Neighbourhood Services and LCCS (1 each), and nearly all the public incidents occurred in schools. The predicted increase in H&S incidents (due to more robust

incident reporting arrangements being introduced) has failed to materialise over the first half of the year.

Update on risk management linked to performance

- 63 The acceptance of risk management as a fundamental element in the successful delivery of key projects and services has not only helped to support the organisation's performance but has also been recognised by the Audit Commission in the latest Use of Resources assessment. The importance of continuing to review the risks to the organisation is critical in delivering effective risk management. Council Leadership Group (CLG) recently reviewed the key corporate risks and while some risks were removed, six new risk focus areas have been added:
- 1) Equal Pay
 - 2) Fairness and Inclusion
 - 3) Capital Projects
 - 4) More for York
 - 5) Impact of an Aging Population
 - 6) Safeguarding.
- 64 The high/critical risks associated with the existing and new focus areas will be provided as part of future Finance and Performance monitors.

Progress on corporate strategy actions

- 65 The summary table below shows progress on the council's 54 milestone actions which support priority improvement for the 2009/12 corporate strategy. No further actions have been completed since the Q1 report, however, 39 (72%) are on track to hit their agreed deadline and 10 actions are reporting slippage (up from 6 last quarter). Half of those reporting slippage are forecasting to still deliver before March 2009/10 (i.e. within year 1 of the strategy).

	Milestone actions			
	Number	Completed	On track	Not on track
Thriving City	6	0 (0%)	4 (100%)	2 (0%)
Sustainable City	10	1 (10%)	7 (70%)	2 (20%)
City of Culture	5	1 (20%)	3 (60%)	1 (20%)
Healthy City	5	0 (0%)	3 (60%)	2 (40%)
Inclusive City	10	0 (0%)	9 (90%)	1 (10%)
Learning City	5	1 (20%)	3 (40%)	1 (40%)
Safer City	8	0 (0%)	7 (88%)	1 (12%)
Effective Organisation	5	3 (60%)	2 (40%)	0 (0%)
Total	54	6 (11%)	39 (72%)	10 (17%)

- 66 Status on 12 milestone actions was reported in detail for Quarter 1 and these have therefore been listed in the table overleaf for reference.

Theme	Milestone action	Current Status	Delivered by March 2010?
City of Culture	Carry out a market analysis and get a decision on interim use of the Barbican Auditorium by June 2009.	Complete	Yes
	Develop and hold a Young Peoples Festival by Dec 2009, involving 90% of cultural agencies.	Slippage	No
Healthy City	Launch a campaign by Sept 2009 to encourage an additional 1,600 adults to participate in regular weekly physical activities (5x30mins).	Slippage	Yes
Learning City	Completion of a pilot in 14 schools involving YorOK brokers which targets early intervention to those children identified as vulnerable by Mar 2010.	Complete	Yes
	Respond positively to the economic downturn by reducing the number of NEETS by targeted interventions with 16-18 year olds and the provision of wider range of qualifications for all by Mar 2010.	Slippage	No
Sustainable City	Complete the Groves recycling pilot by Sept 2009.	Complete	Yes
	Complete an easy@york review of waste, neighbourhood pride and street environment services by Summer 09.	Slippage	Yes
	Introduce new technological devices to improve the identification and removal of street litter by Sept 09.	Slippage	Yes
Safe City	Commission at least 50 restorative justice and young people's service interventions by March 2010 with children at risk of becoming first time offenders:	Slippage	No
Effective Organisation	Commit to the introduction of quality city-wide magazine	Complete	Yes
	Incorporate actions in response to 09 staff survey into the refreshed SIP	Complete	Yes
	Implement an Engagement Strategy to help communicate, consult and involve York residents about changes and improvements the council makes	Complete	Yes

67 The following 4 milestone actions are reporting slippage for the first time:

Inclusive City milestone

- *Assist 10 priority households through the Golden Triangle 'Homesave Plus' Mortgage Rescue Scheme by Mar 2010.* Take up to date has been slow with just one household assisted. Amendments have been made to the eligibility criteria, raising the maximum property value from £280k to £350k. A two-month advertising campaign in October/November on Minster FM is underway.

Thriving City milestone

- *Use the Eco Business Centre to support 20 enterprises through the newly established Enterprise Fund by Mar 2010.* Only 6 applications for the enterprise fund have been determined and so the prospect of meeting the target of '20' for the year is looking increasingly less likely. Discussions are in progress to determine initiatives to turn performance around.
- *Create a state of the art modern visitor information service for the city by summer 2009.* This has been slightly delayed, but will be delivered well before the end of the 2009/10.

Healthy City milestone

- *Complete a corporate review of the response needed to meet the needs and aspirations of the increasing population of older people by Mar 2010.* The start of this work has been delayed. Scoping work on the brief and process for undertaking the review is being completed and a report on this was submitted to CMT on the 21st October 2009.

Options

- 68 The Director of Resources has certain statutory powers to ensure the council's financial management is conducted properly. At present the current strategy is to seek for each Director to take appropriate corrective action in their own areas, with a view to minimising expenditure. Whilst significant progress has been made by directorates to contain and reduce expenditure, further action is still required both to balance the budget this year and to ensure a firm base for the future. It must be clearly stated that the council can only spend what it can afford, and whilst certain actions will have service implications, the consequences of a major overspending are very significant and therefore corrective action must be taken.

Analysis

- 69 All the analysis of service performance, progress on key actions and the financial position of the council is included in the body of the report.

Consultation

- 70 A number of performance and financial management meetings and forums have taken place at DMTs and CMT to review performance and delivery. These have helped to inform this report.

Corporate priorities

- 71 The information and issues included in this report is designed to demonstrate progress on achieving the priorities set out in the council's corporate strategy (2009-12). It also provides evidence of the co-operation between CMT and the Executive in working together to drive forward prioritised improvement and address performance, delivery or financial issues of corporate concern.

Implications

- 72 The implications are:
- Financial - the financial implications are dealt with in the body of the report.
 - Human Resources - there are no specific human resource implications to this report, but it does contain important information on staff management and welfare.
 - Equalities - there are no equality implications to this report.
 - Legal - there are no legal implications to this report.
 - Crime and Disorder - there are no specific crime and disorder implications to this report, but it does provide the Executive with crucial performance information to inform future resource allocation.
 - Information Technology - there are no information technology implications to this report.

- Property - there are no property implications to this report.
- Other - there are no other implications to this report.

Risk Management

- 73 The budget setting process always entails a degree of risk as managers attempt to assess known and uncertain future events. As with any budget the key to mitigating risk is prompt monitoring of income and expenditure and appropriate management control. As such, regular updated figures and revised corrective actions will be monitored via Directorate Management Teams, Corporate Management Team and the monitor reports during the year.

Recommendations

- 74 Members are asked to:

- a. Note the performance issues identified in this report.

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

- b. Note the finance issues identified in this report, in particular:

- The significant pressures arising due to the economic recession and social care costs that are still evident across the council.
- The work already undertaken within directorates to contain financial pressures.
- That work continues to identify and implement options to meet the 1.5% savings targets required to contain spending within budget by the end of the financial year.
- The longer term need for growth in some budgets, which will require compensating efficiencies and service transformation across the council.

Reason: So that the council's expenditure can be contained within budget.

Authors:		Chief Officers Responsible for the report:		
Andrew Crookham & Janet Lornie Corporate Finance		Ian Floyd, Director of Resources		
Peter Lowe & Nigel Batey Performance & Business Assurance Team.		Keith Best, AD Resources, Corporate Finance		
		Pauline Stuchfield, AD Resources, Customer Services and Governance		
		Report Approved	Yes	Date 4/11/2009
Specialist Implications Officer(s) - None				
Wards Affected: None				All
For further information please contact the author of the report				



Executive

17 November 2009

Report of the Director of Resources

CAPITAL PROGRAMME – MONITOR TWO

Report Summary

1. The purpose of this report is to:
 - Inform Members of the likely outturn position of 2009/10 Capital Programme based on the spend profile and information to October 2009;
 - Inform the Executive of any under or overspends and seek approval for any resulting changes to the programme;
 - Inform the Executive of any slippage and seek approval for the associated funding to be slipped to or from the financial years to reflect this;
 - To inform Members of the funding position of the capital programme, taking account of the current capital receipts forecasts for the three year capital programme.

2. The 2009/10 – 2013/14 capital programme was approved by Council on 26th February 2009. Since then a number of amendments have taken place as reported to the Executive in the 2008/09 Capital Programme Monitor 3 report, the 2008/09 Capital Programme Outturn report and the 2009/10 Monitor 1 report. The changes made as result of the above papers have resulted in a current approved capital programme for 2009/10 of £67.034m, financed by £31.702m of external funding, and internal funding of £35.332m. Table 1 illustrates the movements from the start budget to the current approved position at monitor 2.

	Gross Budget £m	External Funding £m	Internal Funding £m
Original Budget Approved by Council at 26 Feb 2009	64.255	36.483	27.772
Amendments from 2008/09 Monitor 3 report	0.702	0.309	0.393
Amendments from 2008/09 outturn report	4.017	(5.256)	9.273
Amendments from 2009/10 Monitor 1 report	(1.940)	0.166	(2.106)
Current Approved Capital Programme	67.034	31.702	35.332

Table 1 Current Approved Capital Programme

Consultation

3. The capital programme was developed under the Capital Resource Allocation Model (CRAM) framework and agreed by Council on 26 February 2009. Whilst the capital programme as a whole is not consulted on, the individual scheme proposals and associated capital receipt sales do follow a consultation process with local Councillors and residents in the locality of the individual schemes.

Summary of Key Issues

4. An increase of £0.345m is detailed in this monitor that results in a revised capital programme budget of £67.379m; £8.843m higher than the 2008/09 capital outturn of £58.536m.
5. Against the current approved budget post 2009/10 Monitor 1 of £67.034m, there is a predicted outturn of £67.379m, a net increase of £0.345m made up of:
- Adjustments to schemes increasing costs by £1.078m.
 - The re-profiling of budgets from 2009/10 to future years of £0.733m.
- Table 2 outlines the variances reported against each portfolio area.

Department	Current Approved Budget £m	Projected Outturn £m	Variance £m	Paragraphs
Children's Services	32.378	33.378	1.000	9 - 10
Leisure and Culture	5.543	5.536	(0.007)	11
City Strategy	5.270	5.340	0.070	12 - 13

City Strategy (Economic Development)	0.113	0.113	0.000	14
Housing	8.732	8.734	0.002	15
Neighbourhood Services	6.429	5.329	(1.100)	16 - 18
Resources	1.761	1.761	0.000	19
Chief Executive	2.525	4.010	1.485	20 - 24
Social Services	0.711	0.711	0.000	25
City Strategy (Admin Accom)	3.212	2.107	(1.105)	26 - 29
Miscellaneous	0.360	0.360	0.000	30 - 32
Total	67.034	67.379	0.345	

Table 2 Capital Programme Forecast Outturn 2009/10

6. To the end of September there was £19.623m of capital spend representing 29.6% of the projected outturn as per monitor 2 budget.
7. The 2009/10 capital programme will contribute toward the Corporate Strategy and will deliver:
 - a. Works totalling £1.7m on New Deals for Schools (NDS) modernisation programmes has allowed schools to invest in buildings, grounds and ICT equipment enabling schools to improve their pupils' educational standards.
 - b. Projected spend of £2.275m on the New Deals for Schools (NDS) devolved capital programmes provided schools with direct funding for the priority capital needs of their buildings (capital repair, remodelling or new build) and investment in ICT equipment. Many schools use their allocations to contribute to larger projects at their school within the Children's Services capital programme.
 - c. Further progression of the new £28m Joseph Rowntree Secondary School as part of the Government's One School Pathfinder project, with a projected in year spend of over £18.5m. The school will be ready for occupation in February 2010 and is currently on budget.
 - d. The £6.6m scheme which will see the completion of the new Energise facility is on schedule for handover to the Council on 9 November. The gym is expected to open on 16 November and the pool on 14 December. New facilities will include a 6 lane 25 metre pool, a learner pool, a hydrotherapy pool and a new changing area.

- e. The development of a Community Learning Centre and a Changing Places facility within the new explore centre at York Library has now begun. York Library closed on 31 October for the scheme to begin and it will be reopened at the start of April.
- f. Completion of Fulford Road multi-modal scheme providing bus priorities and cycle lanes along Fulford Road between Heslington Lane and Hospital Fields Road (£950k).
- g. Progression of Access York Phase 1 project to develop 3 new Park & Ride sites through Department for Transport approval processes, planning and detailed design stages (£875k)
- h. Provision of approximately 1.2km of on and off-road cycle lanes on Crichton Avenue as part of the Orbital Cycle route being implemented through the Cycling City project (£575k).
- i. Schemes in housing will see over 1850 individual works completed on the Council houses including new heating systems to over 200 homes.

Analysis

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

Education and Children's Services

- 9. The current approved capital programme for Education and Children's services for 2009/10 is £32.378m following the adjustments made as a result of the 2009/10 Monitor 1 report. As a result of changes made at the second monitor, the 2009/10 capital programme will increase by £1.0m to £33.378m. Table 3 gives a summary of the changes on a scheme by scheme basis.

Gross Children's Services Capital Programme	2009/10 £m	2010/11 £m	2011/13 £m	2012/13 £m	2013/14 £m	Total £m
Current Approved Capital Programme	32.378	20.349	0.000	0.000	0.000	52.727
<u>Adjustments:</u>						
City-Wide Diploma Exemplar Facility at Manor School	1.000	2.500				3.500
Revised Capital Programme	33.378	22.849	0.000	0.000	0.000	56.227

Table 3 Education and Children's Services Capital Programme 2009- 2014

10. The City of York 14-19 Partnership submitted a bid for funding from the Targeted Capital Fund for the provision of a City Wide Diploma Exemplar Facility to be located on the Manor School site. The DCSF have confirmed that the bid has been successful, with £3.5m of funding confirmed. This funding will enable a build of £2m, with the remaining £1.5m being used to resource the building with industry standard Creative and Media Facilities. The project is expected to be carried out in 2009/10 and 2010/11 with £1m allocated in 2009/10 and the remaining £2.5m in 2010/11.

Leisure and Culture

11. The approved capital programme for Leisure and Culture services is £5.543m following the adjustments made as part of the 2009/10 Monitor 1 report. As a result changes made in this monitor, the capital programme will decrease by £7k to £5.536m. Table 4 gives a summary of the Leisure and Culture programme by value over the currently approved 5 year programme.

Gross Leisure and Culture Capital Programme	2009/10	2010/11	2011/13	2012/13	2013/14	Total
	£m	£m	£m	£m	£m	£m
Revised Capital Programme	5.536	3.190	0.000	0.000	0.000	8.726

Table 4 Leisure and Culture Capital Programme 2009 - 14

City Strategy

12. The current approved capital programme for City Strategy is £5.270m following the adjustments made as part of the 2009/10 Monitor 1 report. As a result of changes contained in the Monitor 1 report the capital programme will increase by £70k to £5.340m. Table 5 gives a summary of the changes on a scheme by scheme basis.

Gross City Strategy Capital Programme	2009/10	2010/11	2011/13	2012/13	2013/14	Total
	£m	£m	£m	£m	£m	£m
Current Approved Capital Programme	5.270	7.097	3.617	3.605	3.605	23.194
<u>Adjustments:</u>						
Peckitt Street Flood Defences	0.070					0.070
Revised Capital Programme	5.340	7.097	3.617	3.605	3.605	23.264

Table 5 City Strategy Capital Programme 2009-14

13. The addition of the Peckitt Street Flood Defences scheme is funded by a combination of grant from the Environment agency and a loan from the Councils venture fund repayable from existing City Strategy revenue budgets.

Economic Development

14. The approved capital programme for Economic Development is £0.113m. No changes to the projected outturn position are anticipated as part of this monitor. Table 6 confirms the current budget.

Gross Eco Dvpt Capital Programme	2009/10	2010/11	2011/13	2012/13	2013/14	Total
	£m	£m	£m	£m	£m	£m
Current Approved Capital Programme	0.113	0.000	0.000	0.000	0.000	0.113

Table 6 Economic Development Capital Programme 2009 -14

Housing

15. The approved capital programme for Housing services is £8.732m following the adjustments made as part of the 2009/10 Monitor 1 report. Only minor changes will be made as a result of this monitor. Table 7 gives a summary of the currently approved budget.

Gross Housing Capital Programme	2009/10	2010/11	2011/13	2012/13	2013/14	Total
	£m	£m	£m	£m	£m	£m
Current Approved Capital Programme	8.734	9.121	10.205	9.807	10.888	48.755

Table 7 Housing Capital Programme 2009 - 2014

Neighbourhood Services

16. The approved capital programme for Neighbourhood services is £6.429m following the adjustments made as a result of the 2009/10 Monitor 1 report. As a result of this monitor, the capital programme will decrease by £1.110m to £5.329m. Table 8 gives a summary of the changes on a scheme by scheme basis.

Gross Neighbourhood Services Capital Programme	2009/10	2010/11	2011/13	2012/13	2013/14	Total
	£m	£m	£m	£m	£m	£m
Current Approved Capital Programme	6.429	4.226	5.555	3.055	3.055	22.320
Reprofiling :						
EcoDepot Security Gate / Reception	(0.100)	0.100				0.000
Highway Resurfacing & Reconstruction (Struct Maint)	(1.000)	1.000				0.000
Revised Capital Programme	5.329	5.326	5.555	3.055	3.055	22.320

Table 8 Neighbourhood Services 2009 – 2014

17. A project officer has now been appointed to the Eco Depot Security Gate and it is anticipated the project will commence shortly, however it is expected that this will not be completed in the financial year. As a result £100k will need re-profiling to 2010/11.

18. In relation to Highways R&R additional Detrunking grant has been received in year from the Department of Transport in respect of the A19 for £1,320k, with a further £830k in 2010/11. Phase 1 of the scheme is to undertake drainage works with phase 2 in 2010/11 resurfacing the highway and would mean separate closures of the A19 while the schemes were done. It is proposed that the schemes are undertaken at the same time so avoiding the need to close the A19 on two separate occasions. As a result of this change to re-profiling of budget totalling £1,000k into 2010/11 is required.

Resources

19. The approved capital programme for Resources is £1.761m following the adjustments made as a result of the 2009/10 Monitor 1 report. As a result of this monitor, no variations are forecast. Table 9 states the position of the programme.

Gross Neighbourhood Services Capital Programme	2009/10	2010/11	2011/13	2012/13	2013/14	Total
	£m	£m	£m	£m	£m	£m
Current Approved Capital Programme	1.761	0.000	0.000	0.000	0.000	1.761

Table 9 Resources Capital Programme 2009 –2014

Chief Executives

20. The approved capital programme for Chief Executives is £2.525m following the adjustments made as a result of the 2009/10 outturn report. As a result of this monitor, the capital programme will increase by £380k to £2.905m. Table 10 gives a summary of the changes on a scheme by scheme basis.

Gross Chief Executives Capital Programme	2009/10	2010/11	2011/13	2012/13	2013/14	Total
	£m	£m	£m	£m	£m	£m
Current Approved Capital Programme	2.525	0.700	1.250	0.000	0.000	4.475
Reprofiling :						
Fire Safety Regulations - Adaptations	0.035	(0.035)				0.000
Acomb Office	0.345	(0.345)				0.000
Adjustments:						
Hungate clearing/ Peasholme Relocation	0.769	0.023				0.792
Peasholme Improvements	0.336	0.011				0.347
Revised Capital Programme	4.010	0.354	1.250	0.000	0.000	5.614

Table 10 Chief Executives Capital Programme 2009 – 2014

21. The Fire Safety Regulations – Adaptations scheme requires funding of £35k to be brought forward as a result of a proportion of the fire protection improvements planned for completion in 2010/11 have been brought forward into 2009/10. This follows an instruction from the Fire Authority which requires that the improvement works on certain Elderly Peoples Homes are completed more urgently.

22. The Acomb Office project requires re-profiling into 2009/10 to take advantage of an opportunity to purchase a piece of land to the rear of the Acomb office site which will allow for more flexible development of the site in the future.
23. The addition of two schemes in Chief Executives is as a result of the Land Assembly costs being removed from the Administrative Accommodation project in accordance with Members approval at Executive on 21 September 2009. These scheme costs do not relate to the Administrative Accommodation project (which remains at £43.804m) and therefore have been included as separate capital schemes.
24. The “Hungate clearance / Peashome relocation” scheme in total costs £2.83m and the “Peasholme improvement” scheme £0.71m. members when they approved the two schemes on 21 September 2009 requested a statement indicating the capital and revenue implications of these schemes. The capital implication is that both schemes will be funded by the capital receipt resulting from the sale of the Hungate Land. The revenue implications of the “improvements” in Housing service provision is an increase in costs of £1k due to decreases in costs for the more efficient building but slight increases in costs due to the increased number of bathrooms. The adjustments in the table above only show the budget which remains for 09/10 and future years. And not the full value of the two schemes at £3.54m.

Social Services

25. The approved capital programme for Social Services is £711k following the adjustments made as a result of the 2009/10 Monitor 1 report. As a result of this monitor, the capital programme is not forecast to change. Table 11 states the position of the programme.

Gross Social Services Capital Programme	2009/10	2010/11	2011/13	2012/13	2013/14	Total
	£m	£m	£m	£m	£m	£m
Current Approved Capital Programme	0.711	0.351	0.235	0.245	0.255	1.797

Table 11 Social Services Capital Programme 2009 – 2014

Administrative Accommodation

26. The approved capital programme for Administrative Accommodation is £3.212m following the adjustments made as a result of the 2009/10 Monitor 1 report. As a result of this monitor, this capital programme scheme will be split into 3 schemes. Table 12 gives a summary of the changes.

Gross Admin Accom Capital Programme	2009/10	2010/11	2011/13	2012/13	2013/14	Total
	£m	£m	£m	£m	£m	£m
Current Approved Capital Programme	3.212	12.528	12.304	9.838	0.000	37.882
Adjustments:						
Admin Accommodation	(1.105)	(0.034)		3.550	0.000	2.411
Revised Capital Programme	2.107	12.494	12.304	13.388	0.000	40.293

Table 12 Admin Accom Programme 2009- 2014

27. The Administrative Accommodation budget will remain at £43.804m overall. On 21 September 2009, Members approved the removal of the Land Assembly Costs from the project budget of £43.804m. The Land Assembly costs relate to (a) the cost of clearing the Hungate site, plus the relocation of Peasholme Hostel on a like for like basis and (b) costs relating to the improvement of the Peasholme Hostel. These costs are unrelated to the Administrative Accommodation project as the new Head Quarters are to be sited at a different location.
28. Therefore, these costs have been included as two separate capital schemes in the Capital Programme under the Chief Executives area. These costs are to be funded from the sale of the Hungate Land.
29. The adjustments to the programme in the table above show that the forecast budget has moved from 09/10 and 10/11 to 12/13. This is due to the Land Assembly costs being removed and therefore the budget has been reallocated to future years where it is required.

Contingency

30. Two requests for funding to be made available from the contingency have been received.
31. The first is for funds to carry out repair work to the slipway at Lendal Bridge. The slipway collapse is due to the constant action of the river scouring the bed and banks and undercutting the slipway. The repair of the slipway is beyond the scope of the tenant under the lease agreement although the Tenant will contribute something to the cost, approximately £20k. The total cost of the scheme is c£160k which is subject to a detailed survey. Therefore funding of £140k is sought from contingency. Attached at Annex B is further information with regards to this scheme.
32. The second request for the use of contingency is for the new hostel at Fishergate which requires £32k to ensure the property is fitted out to the

require standard and is fit for use. The £32k is for the supply of furniture and IT/phone circuits.

Summary

33. As a result of the changes highlighted above the revised 5 year capital programme is summarised in Table 12.

Gross Capital Programme	2009/10 £m	2010/11 £m	2011/12 £m	2012/13	2013/14	Total £m
Current Programme	67.034	57.549	37.166	26.549	17.803	206.101
<u>Adjustments :</u>						
Children's Services	1.000	2.500				3.500
Leisure and Culture	0.006					0.006
Housing	0.002					0.002
City Strategy	0.070					0.070
Social Services						
Chief Executives	1.105	0.034				1.139
Admin Accom	(1.105)	(0.034)		3.550		2.411
<u>Re-profiling:</u>						
Children's Services						
Leisure and Culture	(0.013)	0.013				0.000
Neighbourhood Services	(1.100)	1.100				0.000
Chief Execs	0.380	(0.380)				0.000
Revised Programme	67.379	60.782	37.166	30.099	17.803	213.229

Table 12 Revised 5 Year Capital Programme

Funding the 2009/10 – 2013/14 Capital Programme

34. The current capital programme is funded from a number of externally funded sources, along with capital receipts raised from the sale of surplus assets.

35. The 2009/10 capital programme of £67.379m is currently being funded from £32.737m external funding and £34.642m of internal funding. The internal funding is comprised of revenue contributions, supported capital expenditure, venture fund, right to buy receipts, capital receipts and prudential borrowing.

36. The 2009/10 – 2013/14 capital budget was funded on the assumption that revenue contributions would be used to fund the new approved schemes. At the time of setting the budget the budget paper recognised that there would be both timing differences between the build up of revenue contributions over the 5 year period and the approved expenditure profile and a funding gap which would need to

addressed through revenue contributions and prudential borrowing. As a result of this a revenue growth bid of £250k was approved in the 09/10 budget process to support the capital programme funding to alleviate some of the pressure and it was recognised that more contributions would be needed in later years depending upon the overall financial position of the programme. It is therefore recommended that the £250k revenue budget be used to support £3.050m of prudential borrowing. It should be noted that the figure of £3.050m is likely to fluctuate at each monitor until the outturn position is known as schemes are re-profiled and expenditure profiles updated.

37. Table 13 shows the projected call on Council resources going forward.

	2009/10 £m	2010/11 £m	2011/12 £m	2012/13	2013/14 £m	Total £m
Gross Capital Programme	67.379	60.782	37.166	30.100	17.803	213.230
Funded by:						
External Funding	32.737	27.373	8.888	8.428	9.603	87.029
Council Controlled Resources	34.642	33.409	28.278	21.672	8.200	126.201
Total Funding	67.379	60.782	37.166	30.100	17.803	213.230

Table 13 – 2009/10 –2013/14 Capital Programme Financing

38. The current economic environment continues to place pressure on the funding of the programme over the 5 year cycle resulting in additional funding pressures based on current projections. The capital programme continues to place reliance on the achievement of a small number of high asset disposals which have been affected by the economic downturn. This funding pressure could be managed using a number of funding sources such as prudential borrowing with the revenue costs being covered from the revenue contributions agreed as part of the 2009/10 - 2013/14 capital programme.

Corporate Priorities

39. 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 corporate strategy.

Implications

Financial Implications

40. The financial implications with regards to the Capital Programme are considered in the main body of the report.
41. The financial implications with regards to Annex B - Slipway Repairs at Lendal Boatyard – are that a written quote has been obtained for the costs of the work to repair the slipway at Lendal Boatyard in the order of £160k subject to a full dive survey being undertaken. Yorkboat have agreed to make a contribution of £20,000 as a goodwill gesture. Funding could be made available from the existing capital contingency budget of £300k as approved in the 2009/10 capital programme budget setting process. Alternative means of funding, such as prudential borrowing, are not available in this instance, as new revenue streams cannot be identified to support it

Human Resources Implications

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

Equalities Implications

43. There are no equalities implications with regards to the capital programme in the main body of the report.
44. The legal implications with regards to Annex B - Slipway Repairs at Lendal Boatyard – The Council have a contractual liability to repair the slipway under the terms of the lease and if we default on this, the Council may be open to litigation a result of this report

Legal Implications

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

Crime and Disorder

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

Information Technology

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

Property

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

Risk Management

49. The capital programme is regularly monitored as part of the corporate monitoring process. In addition to this the Corporate Asset Management Group (CAMG) meets regularly to plan monitor and review major capital receipts to ensure that all capital risks to the Council are minimised.

Recommendations

50. The Executive is requested to:

- Recommend to Full Council the net adjustments of £0.345m in 2009/10, £3.233m in 2010/11 and £3.550m in 2012/13 which are set out on a scheme by scheme basis in the above paragraphs and contained in Annex A.
- Recommend to Full Council approval of £3.050m of prudential borrowing, supported by the 250k revenue budget established in 2009/10.
- Note the 2009/10 revised budget of £67.379m as set out in paragraph 5 and Table 2.
- Note the slippage of £733k from 2009/10 to 2010/11.
- Approve the use of the contingency fund for £140k in respect of the slipway repairs at Lendal Boatyard (as detailed in Annex B) and £32k for the Fishergate Hostel.
- Note the restated capital programme for 2009/10 – 2013/14 as set out in paragraph 33, Table 12 and as set out in detail in Annex A.

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

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**Report
Approved**



Date 29/10/09

Keith Best
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**Report
Approved**



Date 29/10/09

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Background Papers:

Budget Control 2009
Departmental Capital Monitoring Updates

Annexes

Annex A – Restated Capital Programme 2009/10 to 2013/14
Annex B - Slipway Repairs at Lendal Boatyard

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Annex B

Slipway Repairs at Lendal Boatyard

Summary

1. The Executive is asked to note the information obtained in this annex to allow repair work to be undertaken to the slipway at Lendal Boatyard, from the contingency fund, which was approved at Full Council in February 2009 as part of the Capital Programme Budget 09/10 to 13/14.

Background

2. Lendal Boatyard on the River Ouse is partly owned by Yorkboat, the commercial boat operator who trades from there, and the Council. The attached plan shows the extent of the Council's ownership. There is a slipway within the area of Council ownership, which extends to approximately 27m into the Ouse. This underwater section has recently collapsed without any prior warning. The scouring action of the Ouse has removed the fill supporting the slipway over a period of time and as a result the concrete slipway has now failed. The slipway is part of the riverbank infrastructure owned by the Council and in effect the collapse denies access to the boat yard from the river and Yorkboat cannot now use it.
3. Yorkboat lease this area of land from the Council on the basis of a commercial business lease for a period of 5 years with effect from 7 December 2006. The lease is governed by the Landlord and Tenant Act 1954, which allows the tenant an automatic right to renew. Under the terms of the lease the repair of the slipway is beyond the scope of the tenant.
4. Yorkboat have various leases with the Council for different sites along the River Ouse for commercial moorings, the total rent received by the Council from Yorkboat is £39,000 pa. The balance, excluding Lendal, is from moorings at Kings Staith, South Esplanade and Foss Basin. The Boatyard is the main hub of the business where Yorkboat's offices are sited and the boats are moored overnight. All repair and maintenance work is undertaken here, hence the need for a slipway to be retained.
5. On 3 February 2009 the Executive approved a report requesting £400k of capital funding to be allocated to a riverbank repair scheme on the Ouse between Scarborough Bridge and Clifton Bridge. The contract for this repair work has been tendered and the contractor (Land and Water Services) is currently on site. The major part of any cost to do repair work on the river is to actually physically get a contractor to the site with the requisite equipment (boats, pontoons, water based piling rigs, etc. The repair will involve the installation of a cofferdam, piling around the edge of the slipway and infilling with concrete. The estimated cost of £160k is subject to a full dive survey and the results of the procurement process chosen given the specific nature of the costs involved.

Consultation

6. If the repair work is to be undertaken, notice of works affecting the navigation need to be served on British Waterways and a notice of works in the river on the Environment Agency. Consultation will be conducted along with the procurement process.

Options

7. **Option A:** The Council does not make the funding available to undertake the repair work.
8. **Option B:** The Council does provide the requisite funding to undertake the repair work.

Analysis

9. **Option A: The Council does not make the funding available to undertake the repair work:**
 10. It is a contractual obligation of the Council to repair the slipway. If no funding is forthcoming then the repair will not be carried out leaving the Council liable to litigation. The Council would also incur the loss of substantial rental income from Yorkboat.
 11. Yorkboat are required by law to have their boats inspected by the relevant marine agencies and this happens on a twice-yearly basis. This is scheduled for the early months of 2010. The largest boat of the fleet has to go to Hull dry dock as the slipway will not accommodate it, but the remaining boats would also have to go to Hull if the slipway is not operational. However this is only possible if Yorkboat's insurers will allow this, as the remaining boats are not designed to go into the huge dry docks at Hull. The cost of this is not sustainable as not only will there be loss of business in taking the vessels to and from Hull, Yorkboat are not given priority at Hull port as the larger commercial operators, i.e. North Sea Ferries, get priority and Yorkboat have to fit in where they can.
 12. Another alternative is for Yorkboat to hire crane facilities to lift the vessels from the river. However they have no alternative facility available where such work can be undertaken or crane the vessels out to. The nearest facility for the size of their boats is Hull. The cost of this would be prohibitive to be financially viable and sustained for a long period.
 13. The outcome of not undertaking the repair would be that the Council may be required to defend a court action against them and the financial viability of a local business, which is a highly visible city attraction, is put at risk.
14. **Option B: The Council does provide the requisite funding to undertake the repair work:**

15. The Council will be meeting its contractual obligations and would not be creating a situation where it is open to litigation.
16. Yorkboat would be able to continue their operation and remain a viable local business providing local employment.

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Executive**17 November 2009**

Report of the Director of Resources

Treasury Management Monitor 2 Report**Summary of Report**

1. This report updates the Executive on the Treasury Management performance for the period 1 April 09 to 30 September 2009 compared against the budget presented to Council on 21 February 2009.
2. The report highlights the economic environment for the first six months of the 2009/10 financial year and in relation to this reviews treasury management performance covering:
 - Short-term investments,
 - Long-term borrowing,
 - Venture Fund,
 - Treasury Management Budget.

Background

3. The Council's treasury management function is responsible for the effective management of the Council's cash flows, its banking, money market and capital transactions; the effective control of the risks associated with those activities; and the pursuit of optimum performance consistent with those risks.
4. The Council approved the Treasury Management Strategy, budget and Prudential Indicators on 21 February 2009. This report monitors the Treasury Management activity for the first 6 months of 2009/10 and shows the change in the Treasury Management budget to 30 September 2009 and the forecast outturn position for the year.

Consultation

5. This report is for information and reporting on the performance of the treasury management function. The budget was set in light of the prevailing expenditure plans and economic conditions, based on advice from the Council's Treasury Management advisors.

Corporate Priorities

6. The Council has a priority to ensure value for money and efficiency of its services. Treasury Management aims to achieve the optimum return on investments commensurate with the proper levels of security, and endeavours to minimise the interest payable by the Council on its debt structure.

Economic Background and Analysis

7. The Council's short term investment and long term borrowing decisions have been affected by the following economic conditions:
 - a. The second quarter of the financial year of 2009 saw:
 - i. signs of recovery in the market, with some sectors showing growth
 - ii. concerns remaining about the fragile state of any recovery with the impact of rising unemployment, therefore bank rate/investment rates expected to stay lower for longer
 - iii. house prices rise at the fastest rate in over five years;
 - iv. an extension of the Bank of England's quantitative easing programme although this had limited success in boosting credit or money supply growth;
 - v. unemployment continue to rise and pay growth weaken further;
 - vi. inflationary pressures in the economy ease further, but more slowly than had been expected;
 - vii. conditions in financial markets improve further, and equity prices rally strongly;
 - viii. sterling fall back, yielding much of the gains made in the first quarter;
 - ix. other major economies exit the recession, including the US.
 - b. At its meeting in August, the Monetary Policy Committee (MPC) increased the amount of asset purchases under the Bank's quantitative easing (QE) programme by £50bn to £175bn. Net lending to businesses increased in August for the first month since March, however, the household sector as a whole reduced unsecured debt in August. Banks are likely to remain reluctant to lend while conditions in the labour market are still deteriorating.
 - c. The most upbeat news was from the housing market. The Nationwide house price index rose 3.8% in Q2, the largest quarterly rise since Q2 2004. House prices by this measure are now only 13.5% below their peak. And while the Halifax measure remained more downbeat, it too posted increases in the quarter. However, the rise in house prices appeared to be largely driven by the scarcity of homeowners putting their homes up for sale, suggesting that the rises may therefore only be temporary.
 - d. Inflationary pressures in the economy eased further in the quarter, although at a slower rate than in the previous quarter, and more slowly

than many expected. CPI inflation fell from 1.8% in June to 1.6% in August, largely as a result of falls in the annual rate of food and utility price inflation. However, core inflation rose from 1.6% in June to 1.8% in August – a higher rate than in other advanced economies. The rise most likely reflects the lagged impact of the pound’s depreciation last year, and so should prove temporary.

- e. Figure 1 shows the actual and projection of the base rate, which shows that the bank rate will remain at an historical low level potentially until 2011. Sector (the Council’s treasury management advisors) have revised down their bank rate forecast in September 2009 from the position reported to Members at 31 July 2009 and now forecast the first bank rate increase to be in quarter ending September 2010. The forecast is based on moderate economic recovery and moderate MPC concerns about inflation looking 2 years ahead, which will lead to a rise in the base rate forecast. The other forecasts remain consistent to that reported previously and show that they believe growth will continue to be slower throughout 2011, therefore the rise in the base rate forecast is much less aggressive.

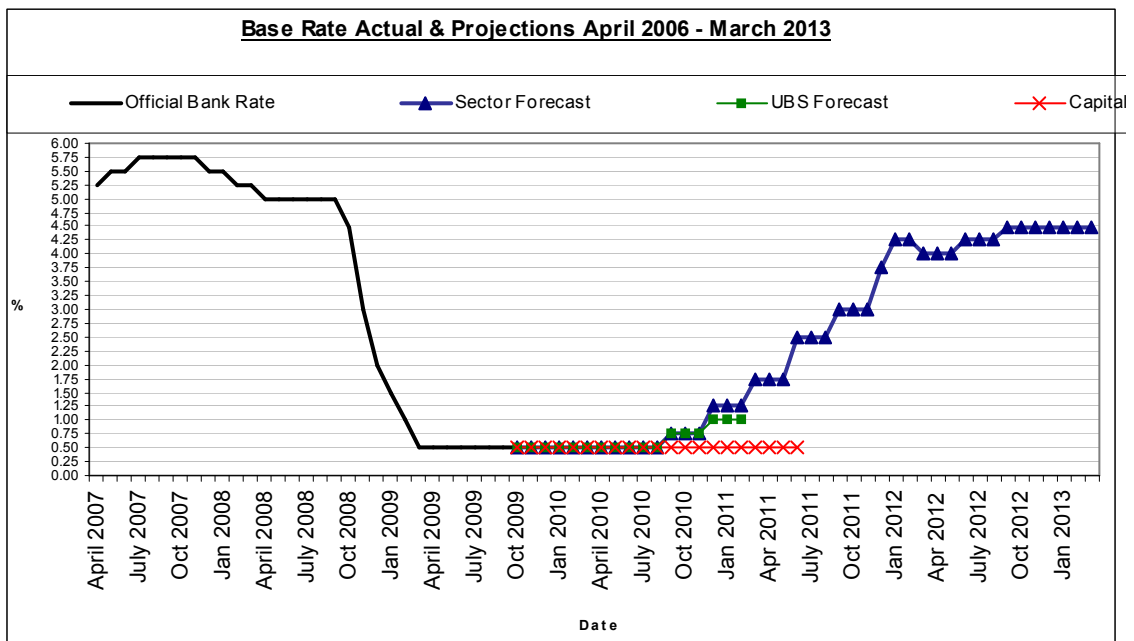


Figure 1 - Base Rate 2006 –2013 as at Sept 2009

- e. Table 1 provides the Council’s Treasury Advisers, Sector, forecast of the base rate and Public Works Loan Board (PWLB) rates as at 29 September 2009:

	Dec-09	Mar-10	Jun-10	Sep-10	Dec-10	Mar-11	Jun-11	Sep-11	Dec-11	Mar-12	Jun-12	Sep-12	Dec-12	Mar-13
Bank rate	0.50%	0.50%	0.50%	0.75%	1.25%	1.75%	2.50%	3.00%	3.75%	4.00%	4.25%	4.50%	4.50%	4.50%
5yr PWLB rate	2.80%	2.90%	3.10%	3.20%	3.30%	3.55%	3.85%	4.15%	4.55%	4.60%	4.80%	4.80%	4.85%	4.85%
10yr PWLB rate	3.75%	3.80%	3.90%	4.00%	4.15%	4.30%	4.55%	4.75%	4.95%	5.00%	5.10%	5.15%	5.15%	5.15%
25yr PWLB rate	4.35%	4.45%	4.55%	4.60%	4.70%	4.90%	5.00%	5.00%	5.10%	5.20%	5.30%	5.30%	5.35%	5.35%
50yr PWLB rate	4.50%	4.55%	4.70%	4.75%	4.90%	5.00%	5.15%	5.15%	5.20%	5.25%	5.40%	5.40%	5.45%	5.45%

Table 1 – Sector’s forecast interest rates as at 3 Sept 2009

- f. With regard to long term borrowing, the Public Works Loan Board (PWLB) 45-50 year rate started the year at 4.57%. Rates have risen steadily up to a high of 4.85% at the beginning of June 09 with rates dropping back to the lowest level in 09/10 of 4.18% by mid October 09. The medium term PWLB 9-10 year rate started the year at 3.36%, saw its highest point at 4.15% at the end of July and by the end of September 09 the rate was 3.80%.
- g. Long-term PWLB rates are forecast to steadily increase to reach 5.45% by the end of 2012 due to high gilt issuance, reversal of QE and investor concerns over inflation.
- h. It should be noted that Sector have confirmed that there is a high level of uncertainties in all the above forecasts. This is due to the difficulties of forecasting the timing and amounts of QE reversal, fiscal contraction after the general election expected by May 2010, speed of recovery of banks’ profitability and balance sheet positions, changes in the consumer saving ratio and rebalancing of the UK economy towards exports
- i. Investment rates have fallen since the beginning of the financial year when the 1-year rate was at 2.15% to a level of 1.10% by the end of the September 09
- j. A number of large UK banks keen to accept Local Authority investments continue to offer competitive rates on call accounts paying 0.25% to 0.3% above the Bank of England base rate as a minimum. In the first four months of 09/10 call accounts were paying rates equivalent or higher than could be achieved through 1 to 2 months fixed term money market investments. The next month showed call accounts paying higher rates than could be achieved for 3 months money and latterly in September call accounts are paying higher rates than 9-month market rates. The Council takes advantage of such accounts and currently actively operates 3 call accounts:
 - i. Bank of Scotland instant access call account has been fixed at 0.25% above base during the period.
 - ii. Alliance and Leicester call account has been constant at 0.30% above base rate.
 - iii. Yorkshire Bank call account fixed at 0.30% above base rate.During 2008/09, 6 call accounts were operated but currently in the first half of 2009/10 they do not all add value to the investment portfolio.

Investment Policy

- 8. The Treasury Management Strategy Statement for 2009/10 was approved by Council on 21 February 2009. The Council’s Annual Investment

Strategy, which is incorporated in the Strategy, outlines the Council's investment priorities as follows:

- Security of Capital
- Liquidity

9. The Council will also aim to achieve the optimum return on investments commensurate with the proper levels of security and liquidity. In the current economic climate it is considered appropriate to keep investments short term, and only invest with highly credit rated financial institutions using the Sector suggested creditworthiness matrices, including Credit Default Swap (CDS) overlay information provided by Sector, the Council's Treasury Management advisors.
10. Investments held at 30 September 2009 in accordance with Sector's Creditworthiness matrices, and changes to Fitch and Moody's credit ratings remained within the Council's approved credit criteria limits contained in the Annual Investment Strategy and the limits were not breached during the first 6 months of 2009/10.

Short Term Investments

11. Investment rates available in the market remain at an historical low point. The average level of funds available for investment purposes in the first six months of 2009/10 was £49.527m, a fall of £2m from Quarter 1. These funds are available on a temporary basis, and the level of funds available is largely dependent on the timing of the Council's cash flow as a result of precept payments, receipt of grants and progress on the Capital Programme. The average balance is lower than in previous years due to the timing of grants received in advance of need being shorter. The authority holds some core cash balances for investment purposes, i.e. funds available for a year or more.
12. Treasury Management investment activity during the first six months earned interest £653k, equivalent to a 2.34% rate of return. This is 1.89% better than the average 7 day London Inter-Bank Deposit rate (LIBID) of 0.45% and 1.84% higher than the average base rate for the period of 0.50%. The high rate of return on investment activity compared to the average LIBID rate and base rate for the period is due to (a) locking into higher rates in 2008/09 for periods up to a year which had a positive affect on the average interest rate in 09/10 and (b) the treasury team continuing to monitor the market and taking advantage of longer term rates out to a year when they become available. The level of activity compared to the treasury management indicators above is positive, however the market interest rates in the first 6 months of the year have been lower than anticipated.
13. Taking into account the direct cost of dealing, the in-house team is forecast to achieve a net trading surplus in 2009/10 of £918k. This will be equivalent to a return of 1.85%, which is 1.35% above the estimated average rate to be paid by the bank on credit balances held in the

Council's main bank account. The bottom line added by the Council's money market trading activities taking off the direct cost of dealing is estimated at £670 for 2009/10.

14. The Council has made 9 investments via the money market brokers during the first 6 months of 2009/10. Of these 4 have been for a month or less, in accordance with the Treasury Management Strategy keeping investments short. 5 have been invested for a period of greater than one month.
15. More recently a large proportion of investments have been placed in call accounts where funds are secure and the rate of interest earned at 0.80% is more favourable than rates available on the market up to 9 months. This is shown in Figure 2 below at 15/09/09. Call accounts also have the benefit that these funds can be liquidated at any time so advantage can be taken of longer-term favourable rates when they arise. Investments are made in accordance with the security of the Council funds, the cash flow position (Liquidity) and consideration to most favourable investment rates available.
16. Figure 2 shows the investments for periods over 1 month in duration in comparison to the range of rates (between 1 month and 1 year) being offered on the money markets at the time investments were made. It shows the investment rates obtained are in line with the interest rates which are available when security of funds are of prime importance.

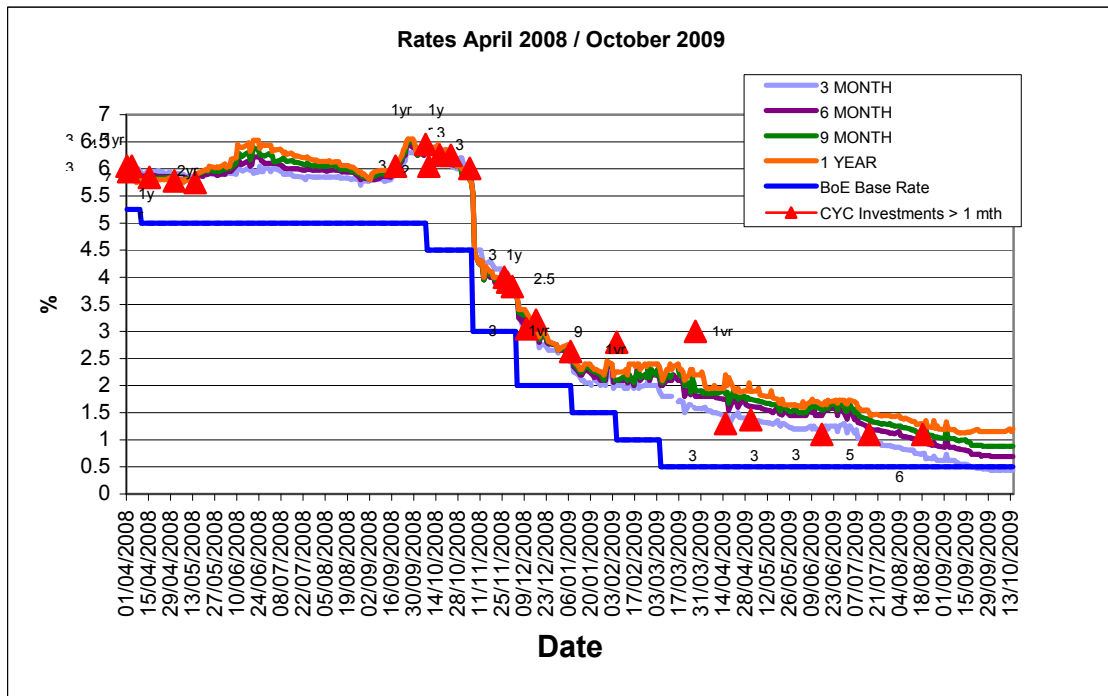


Figure 2 CYC Investments vs Money Market Rates

Long Term Borrowing

17. The Council undertakes long term borrowing in accordance with the investment requirements of the capital programme, and all borrowing is therefore secured against its asset base. The majority of Council borrowing is funded by the Government through the Revenue Support Grant (RSG), which provides the Council with revenue funding to allow it to meet the interest and repayment costs of borrowing. The introduction of the Prudential Code in April 2004 has given the Council the flexibility to borrow without Government support. Under the Code Councils are free to borrow up to a level that is deemed prudent, affordable and sustainable and within their prudential indicator limits.
18. The Councils long-term borrowing started the year at a level of £102.1m. The level of borrowing taken by the Council is determined by the Capital Finance Requirement, (the Councils underlying need to borrow for capital expenditure purposes). The Capital Financing Requirement for 2009/10 is £5m. One loan of £4m was duly repaid in May in line with its maturity date. New Borrowing has been taken during the first 6 months as follows:
- £3m PWLB loan at 3.83% 10 years on 10 August 09
 - £3m PWLB loan at 3.59% 10 years on 8 October 2009
 - £3m PWLB loan at 3.91% 15 years on 13 October 2009
19. The loans taken in 2009/10 have been of fixed term duration and target periods that offer the best rates available. The period of 10 to 15 years has been identified as providing the best opportunity (a) for value for money as it is difficult to predict how the market will continue to move long term in the current environment and (b) the potential to reschedule the loan if required in future years. Forecasts currently show that PWLB rates in all periods will rise in the next 2 years; this is illustrated in Table 1.
20. In addition, the Council can borrow in advance of need in line with its future borrowing requirements in accordance with the Capital Financing Requirement. The Administrative Accommodation project will substantially increase the Council's need to borrow over the next 3 years and therefore the markets will be closely monitored to ensure that advantage is taken of favourable rates in 09/10 and the increased borrowing requirement is not as dependant on only interest rates over a 3 year period.
21. The Council's borrowing strategy is to borrow from the PWLB when rates are low and hold off from taking new borrowing when rates are high following advice taken from the Councils contracted treasury management advisors (Sector Treasury Services) subject to cash flow constraints. Long term borrowing rates started the year at a level of 4.57% and have since fluctuated between 4.18% and 4.85%. Figure 3 shows the PWLB rates since April 2006 and details when new borrowing has taken place.

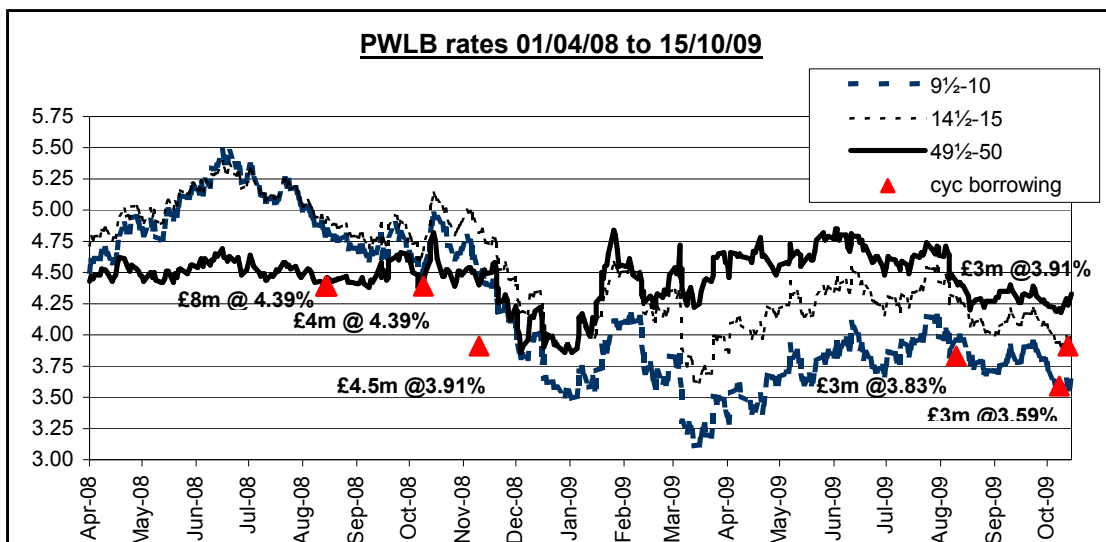


Figure 3 – PWLB rates vs CYC Borrowing Levels

22. Figure 4 illustrates the 2009/10 maturity profile of the Council’s debt portfolio updated to reflect the borrowing this year. The borrowing portfolio totals £107.1m and the maturity profile shows that there is no large concentration of loan maturity, thereby spreading the interest rate risk dependency in any one year.

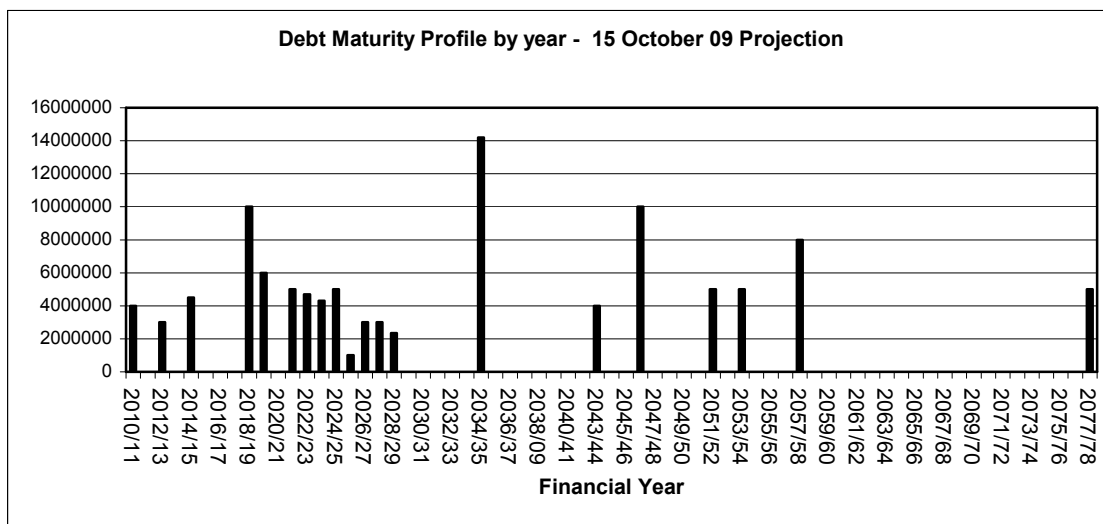


Figure 4 – Debt Maturity Profile 09/10

Venture Fund

23. The Venture Fund is used to provide short to medium term investment for internal projects which provide new revenue streams or generate budget savings and contribute to operational benefits of policy objectives. The projected movements on the Venture Fund for the year are shown in table 2 below.

	£'000
Balance at 1st April 2009	2,275
New Loan Advances	(750)

Loan Repayments	678
Net Interest Received	18
Balance at 31st March 2010	2,221

Table 2 – Projected Venture Fund Movement 2009/10

24. The position of the Venture Fund has not changed since that reported at Monitor 1. New Loan Advances of £750k include £650k for the easy programme which reflects funding required for internal resources associated with the transformation programme – More for York - work and £100k for the street lighting capital scheme approved by Council on 21 February 2009. The easy programme loan is a prudent estimate of the amount, which will potentially be required by year-end. 7 schemes contribute to loan repayments of which five will be completed at the end of 2009/10.

Treasury Management Budget

25. Treasury Management activity had a Corporate Budget approved at Council on 21 February 2009 of £7,727k. In August 2009, the current approved budget was £8,557k. The projected outturn is £9,086k resulting in an estimated under recovery of income of £529k. Table 3 details the individual components that make up this overspend.

	(Under)/Over Spend £000
Increase in financing expenditure (interest paid)	8
Provision to repay debt	0
Decrease in interest receivable	521
Total Overspend	529

Table 3 – Treasury Management Budget 2008/09

26. The expected Treasury Management budget under recovery of income remains at £529k as reported at Monitor 1, however the breakdown of the under recovery has changed and is weighted towards an under recovery of income from interest received.

- a. The increase in interest paid is only slightly above that which was budgeted compared to the larger increase in interest paid that was expected at Monitor 1 of £150k. The increase is only marginally above that which was budgeted due to the volatility of the market, the timing of loans taken and the inclusion of the reduction in interest to be paid on previous debt rescheduling.
- b. The decrease in interest receivable is due to the continued fall in market interest rates available for investment with the 1-year rate starting the year at 2.15% and continuing to fall to 1.15%. There are lower cash balances than originally anticipated, therefore the majority

of cash is being invested in line with cash flow requirements and an increasing proportion of the treasury management interest earned budget is to be paid to departments on their surplus funds.

27. There is little action that can be taken to mitigate the under recovery of income during 2009/10 due to the current economic environment. It is expected that growth will be slow until 2010/11, resulting in continued lower market interest rates being available for investments. This is evidenced by the increased quantitative easing announced by the Bank of England to a further £175bn. Lower interest rates on investments will therefore be earned for the foreseeable future. This is compounded by the prudent Council's approved credit criteria limits set for the security of funds, which reduces the favourable interest rates available for investment.
28. In the longer term, the economy is forecast to recover, with interest rates becoming more favourable for investment purposes. The market environment will improve and cash balances should grow with the increase of capital receipts. The borrowing market is continually monitored and in the future there maybe the opportunity to restructure the debt portfolio to make savings overall. It should be noted that this is not an ongoing problem but one caused by the current economic market environment.

Prudential Indicators Update

29. It is a statutory duty for the Council to determine and keep under review the "Affordable Borrowing Limits". Council's approved Prudential Indicators (affordability limits) are outlined in the approved Treasury Management Strategy. Prudential Indicators are attached at Annex A. Prudential Indicators were not breached during the first 6 months of 2009/10.

Human Resources Implications

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

Equalities

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

Legal Implications

32. 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 work to its Treasury Management Policy and Treasury Management Practices. As a result the Council can only invest and borrow from approved institutions as set out in sections 1 and 12 of the Act.

Crime and Disorder Implications

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

Information Technology Implications

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

Property Implications

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

Risk Management

36. The treasury management function is a high-risk area because of the level of large money transactions that take place. As a result of this there are procedures as set out in the Treasury Management Practices statement that aim to reduce the risk associated with high volume high value transactions.

Recommendations

37. Members are requested to:

- Note the performance of the treasury management activity;
- Note the general fund venture fund repayment holiday to assist in corporate budget savings.
- Note the projected overspend of the treasury management budget of £529k.

Reason – to ensure the continued performance of the Council’s Treasury Management function.

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Report Approved Date 25/11/08

Wards Affected:

None

Specialist Implication Officers:

None

For further information please contact the author of the report

Background Papers

Cash-flow Model 09/10, Investment Register 09/10, PWLB Debt Register,
Capital Financing Requirement 09/10, Venture Fund 09/10, Statistics
09/10.

Annexes

Annex A – Prudential Indicators

Annex A

ANNEX A

PRUDENTIAL INDICATORS		2009/10 Budget estimate	2009/10 Monitor 1 estimate	209/10 Monitor 2 estimate
1) Capital Expenditure To allow the authority to plan for capital financing as a result of the capital programme. To enable the monitoring of capital budgets to ensure they remain within budget	Non - HRA	£'000 57,019	£'000 60,052	£'000 60,395
	HRA	6,971	6,982	6,984
	TOTAL	63,990	67,034	67,379
2) Ratio of financing costs to net revenue stream This indicator estimates the cost of borrowing in relation to the net cost of Council services to be met from government grant and council taxpayers. In the case of the HRA the net revenue stream is the income from Rents and Subsidy	Non - HRA	6.98%	7.16%	7.00%
	HRA	3.00%	3.37%	3.10%
3) Incremental impact of capital investment decisions - Council Tax 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	£ p	£ p	
	Increase in Council Tax (band D) per annum	19.51	12.50	18.95
4) Incremental impact of capital investment decisions - Hsg Rents 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	£ p	£ p	
	Increase in average housing rent per week	0.00	0.00	0.00
5) Capital Financing Requirement as at 31 March 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	89,068	94,229	110,487
	HRA	13,035	12,235	12,235
	TOTAL	102,103	106,464	122,722
6a) Authorised Limit for external debt - 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	186	186	186
	other long term liabilities	0	0	0
	TOTAL	186	186	186
6b) Operational Boundary for external debt - 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 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.	borrowing	145	145	145
	other long term liabilities	0	0	0
	TOTAL	145	145	145
7) Adoption of the CIPFA Code of Practice for Treasury Management in Public Services Ensuring Treasury Management Practices remain in line with the SORP.	TM Policy Statement 12 TM Practices Policy Placed Before Council Annual Review Undertaken			
8a) Upper limit for fixed interest rate exposure 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	Net interest re fixed rate borrowing / investments	150%	150%	150%
	Actual Net interest re fixed rate borrowing / investments	146%	113%	118%

8b)	<p>Upper limit for variable rate exposure</p> <p>The Council sets limits to its exposures to the effects of changes in interest rates for 3 years. The Council should not be overly exposed to fluctuations in interest rates which can have an adverse impact on the revenue budget if it is overly exposed to variable rate investments or debts</p>	<p>Net interest re variable rate borrowing / investments</p> <p>Actual Net interest re variable rate borrowing / investments</p>	-50%	-50%	-50%
9)	<p>Upper limit for total principal sums invested for over 364 days</p> <p>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.</p>		£10,000	£10,000	£10,000
10)	<p>Maturity structure of new fixed rate borrowing during 2009/10</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>	<p>under 12 months</p> <p>12 months and within 24 months</p> <p>24 months and within 5 years</p> <p>5 years and within 10 years</p> <p>10 years and above</p>	Upper Limit	Lower Limit	Mon 2
			10%	0%	0%
			10%	0%	4%
			25%	0%	3%
			40%	0%	14%
			90%	30%	79%

Glossary Of Abbreviations

HRA Housing Revenue Account

CYC City of York Council

SORP Statement of Recommended Practice for Local Authorities

CFR Capital Financing Requirement

1. In accordance with the Prudential Code, the Prudential Indicators set by full Council on 26th February 2009 for the financial year 09/10 must be monitored and reported through the financial year. The Prudential Indicators are detailed above and some of the key points are explained below:
2. Size of the Capital Programme (Indicator 1) - The capital programme expenditure at monitor 2 was estimated to be £67.379m and in the original budget was £63.990m. The increase is detailed further in the Capital Programme Monitor 1. There has been slippage on some projects and other projects have been adjusted due to change in expenditure and funding requirements.
3. Net revenue Stream (indicator 2) - This indicator represents how much borrowing for the capital programme will cost as a percentage of the net revenue stream. The General Fund indicator at Monitor 2 is 7.00% compared to the budgeted level at 6.98%. The variation between the indicator over the half year period is due to the change in market conditions since the setting of the budget resulting in a reduction in the level of interest to be earned in the year and a slight increase in interest paid on borrowing due to the reprofiling of borrowing to the 2nd and 3rd quarters. The Housing Revenue Account (HRA) version of the indicator at monitor 1 is 3.10% compared to the budgeted level of 3%, the difference is as explained for the General Fund.
4. Incremental Impact on the Level of Council Tax (Indicator 3) – 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 unsupported 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, however in the current economic environment with reduced capital receipts there is the requirement to use unsupported borrowing to support the capital programme, which has an impact on Council Tax. The unsupported borrowing is not taken unless it is affordable, sustainable and prudent and can be supported by an existing budget. At monitor 2 the impact on council tax is estimated at £18.95 per Band D charge. This has decreased from the budget estimate of £19.51 but increased from the Monitor 1

estimate of £12.50. The fluctuation in this forecast is due to the changing position of capital receipts within the Council, whether capital receipts will be realised in the year, the delay in the sale of capital receipts in the current market environment and the resultant increase in unsupported borrowing.

5. Capital Financing Requirement (CFR) (Indicator 5) - The CFR at Monitor 2 is estimated at £122.722m, which is the Council's underlying need to borrow for all capital investment over time. The CFR will fluctuate as new schemes are introduced into the capital programme and the funding position changes (as a result of external contributions, reductions in grants, changes to capital receipts, changes in borrowing etc) to support the Capital investment of the Council. At this time the CFR estimate at monitor 2 is significantly higher than that reported at budget and monitor 1 at £106.464m. This is due to the reduction in capital receipts available during 09/10 to fund the capital programme as explained above in point 4 and the estimation that short term borrowing will be taken to fund the programme instead. In the current market environment it is envisaged that short term borrowing will be taken in light of capital receipts being realised again in the next 2 to 3 years and the interest rate being lower for short term borrowing than for long-term
6. Authorised Limit / Operational Boundary (Indicator 6) – The Council debt position at 1 April 2009 was £102.064m and currently stands at £107.064m. The Council's Operational Boundary (maximum prudent level of debt) was approved at Council as part of the budget set at £145m, along with the Authorised Limit (maximum allowed debt) at £186.m. The headroom available within these limits allows the Council the ability to borrow in advance of need in accordance with its 3 year forecast Capital programme. If these limits were breached the LG Act 2003 requires full Council approval. Debt levels have remained within the limits set.
7. Adoption of the CIPFA Code of Practice in Treasury Management (Indicator 7) – In accordance with the Prudential Code the Council has adopted the Treasury Management Code of Practice and as detailed in the table has adhered to the requirements.
8. Upper Limit for Fixed and Variable Interest rate Exposure (Indicator 8) – 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%. If the majority of the interest received by the Council is fixed and the interest paid on debt is fixed then the closer the actual fixed interest rate exposure will be to 100% and the variable rate exposure to zero. The limits set in the budget were not breached and at Monitor 2 fixed rate exposure was at 118% and variable rate exposure –18%.
9. Upper Limit for total principal sums invested for over 364 days (Indicator 9) – This has been set at £10m and is approximately 25% of the total portfolio. To date in 09/10, no funds have been invested for longer than 364 days due to the uncertainty in the current economic environment and no value to be obtained from longer rates.
10. Maturity Structure of Fixed rate Borrowing in 2009/10 (Indicator 10) – 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. Currently in 09/10 the borrowing portfolio maturity profile is within the limits set.

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Executive

17 November

Report of the Assistant Director of Resources (Transformation & Efficiency)

Draft Revised Contract Procedure Rules

Summary

- 1 The purpose of this paper is to present to Executive for discussion and comment the draft revised Contract Procedure Rules (CPRs), for onward referral to full Council for approval.

Background

- 2 The council's previous Financial Regulations included the Contract Procedure Rules (Procurement Regulations) which were introduced in 2006 and formed supplementary guidance to the Constitution. The purpose of the rules is to ensure that works, goods and services are procured in a way that is carefully regulated, lawful, ensures transparency and accountability, represents value for money and serves to deter fraud and corruption. Recently the Financial Regulations excluding the original procurement regulations were revised and approved by Council on 15 October 2009. New CPRs were to follow as a separately identifiable set of rules in their own right.
- 3 The current procurement regulations have provided an effective regulatory framework that has allowed the organisation to operate with minimum risk. They were however written on the basis that lowest cost was the key driver and not value for money (VFM) and as a result officers trying to take account of 'quality' and 'sustainability' when procuring works, goods and services had several layers of officer and member decision-making to negotiate before a contract could be awarded. The revised CPRs try to ensure that the council can react quicker, improve suppliers experience in tendering for work and improve efficiency in procurement.

More for York

- 4 Procurement is a key workstream within the More for York Programme and it is planned to deliver £3.4m savings over the next three years. A comprehensive review of the Procurement policies and the Contract Procurement Rules will be needed in the new year but in the meantime there are urgent changes to the CPRs to enable work to commence. A

further set of revisions will come forward in the new year to reflect the need for clearer guidance and advice and to reflect changes in procurement practice which will increase control of spend and facilitate more effective procurement.

The Contract Procedure Rules

- 5 The purpose of the revised draft CPRs (Annex A) is to provide a more flexible set of rules whilst maintaining the key principles of the current rules but reflecting the more devolved decision making framework adopted by the council. The revised rules remove some of the unnecessary processes such as requesting permission to use a Most Economical Advantageous Tender (MEAT) approach to evaluate a tender in providing a more concise user friendly process.
- 6 The CPRs form part of the Financial Regulations along with a number of additional supplementary guidance documents. Keeping the CPRs as a separate document means that the rules are more manageable, easier to understand and assists in keeping the regulatory framework up to date.
- 7 One key change that Executive will be asked to endorse is in relation to the council's Key Decision limit (Article 13 of the Constitution). The Executive scheme of delegation requires that all Key Decisions are reserved to the Executive unless specifically delegated to an Executive Member or an Officer or where the Leader and Chief Executive are acting in case of urgency. In the context of procurement a Key Decision is currently one where the aggregate contract value is £500,000 or more.
- 8 In order to facilitate the procurement process the Executive will be asked to specifically delegate to the Chief Finance Officer (CFO) in consultation with the Monitoring Officer (MO), the authority to approve procurements with values in excess of £500,000 where they are 'routine' as defined by the Corporate Procurement Guidance Manual. The definition of a routine contract is set out at Annex B to this report. Procurements not defined as 'routine' will need to go to Executive for approval.
- 9 This request is based on good business sense. The issue of Key Decisions only came to light when the CPRs were revised. There are a large number of procurements many of them 'routine' and above £500,000. This will avoid the Executive agenda becoming filled with routine procurement decisions. As reports should be on the Executive agenda four months in advance this could hinder the council's ability to deliver business as usual.
- 10 A further substantial change has been to remove the ability for officers to request verbal quotes for contracts between £5,000 - £30,000. This reflects the need to ensure better control and documented evidence to ensure proper VFM is been achieved in a high volume area of spend.

This also takes account of views given by members at Audit & Governance Committee (A&G) held on 4 November 2009

- 11 Substantial changes to the rules include:
- a) allowing commissioning officers to procure on a MEAT basis;
 - b) allowing award of contact on 'lowest cost' or MEAT providing cost is within budget;
 - c) devolving the accountability for waiver approval to the local Chief Officer with additional 'light touch' checks for regulatory and Legal issues;
 - d) non-lowest cost approval above tender threshold transferred to CFO from members;
 - e) addition of proper competition rules for use of frameworks.

In addition there are a number of minor changes which include:

- f) removal of duplicated information already contained elsewhere in the Constitution;
 - g) separation of the CPRs from the Financial Regulations;
 - h) future proofing in terms of electronic solutions;
 - i) updating of terminology to reflect current regulations, corporate policy and strategy;
 - j) provision of indexing and page numbering;
 - k) changes regarding petty cash to enable the use of purchasing cards;
 - l) changes to reflect change in EU thresholds (down from £150,000 to £139,000).
- 12 The revised rules will not be effective unless all relevant officers and members are aware of the changes and any new rules. It is intended that once approved by Council a formal training programme will be delivered in the autumn to help raise awareness and embed the rules across the organisation.

Consultation

- 13 The draft CPRs have been issued to all finance managers for consultation purposes along with other key officers across the council. Member consultation has been undertaken at Audit & Governance Committee on 4 November and recommended changes to the rules are highlighted in *italic* for Executive consideration.

Options

- 14 This report is for Executive member endorsement to inform full Council. There are no specific options available other than to recommend that the existing regulations are kept.

Analysis

- 15 Not applicable to this report.

Corporate priorities

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

Implications

- (a) **Financial** – Financial implications are contained within the Annex to the report.
- (b) **Human Resources (HR)** - There are no implications.
- (c) **Equalities** - There are no implications.
- (d) **Legal** - The legal implications with regard to the constitution are set out at paragraph 6-8.
- (e) **Crime and Disorder** - There are no implications.
- (f) **Information Technology (IT)** - There are no implications.
- (g) **Property** - There are no direct implications.

Risk Management

- 17 The organisation is at risk if it does not have effective and appropriate Contract Procedure Rules that provide for proper stewardship and integrity of its procurement arrangements. The rules also need to ensure that the council can operate efficiently and effectively in delivering its services and projects.

Recommendations

- 18 Executive are asked to:
- a) comment on the format and content of the draft CPRs (as amended) attached to this report at Annex A and recommend that they are sent to full Council for approval;

Reason

To seek Executives' views as to whether the draft Contract Procedure Rules are appropriate in maintaining the integrity of the council's procurement arrangements.

- b) approve the recommendation to Council in respect of the delegation of routine procurements (Annex B) to be delegated to the CFO and MO (Paragraph 6-8).

Reason

To ensure that the council can continue to deliver business as usual and that only none 'routine' procurements are referred to Executive for approval.

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Tracey Carter
Assistant Director (Transformation & Efficiency)

Report
Approved

Date 5.11.09

Specialist Implications Officer(s)

Wards Affected Not applicable

All

For further information please contact the author of the report

Background Papers

Draft revised contract procedure rules A&G 4 November

Annexes

Annex A – Contract Procedure Rules
Annex B – Definition of 'Routine' procurements



CITY OF YORK COUNCIL

Interim until July 2010

**Contract Procedure Rules
(Draft)**

Version 1.1 October 2009

City of York council
Contract Procedure Rules

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CONTRACT PROCEDURE RULES

1 Introduction

- 1.1 The council has a duty to make best use of its assets and finances on behalf of Council Tax payers and the wider community. It is extremely important therefore, that works, goods and services are procured in a way that is carefully regulated, lawful, ensures transparency and accountability, represents value for money (VFM) and serves to deter fraud and corruption. All contractual commitments made by the council must:
- a) comply with all relevant statutory provisions and European Union (EU) Public Procurement Directives e.g. Construction Industry Tax;
 - b) offer best value and protect the council from any loss arising from the failure of a contractor to perform the contract;
 - c) be made properly and in a fair and equitable manner, in a way that enables the council to demonstrate the reasonableness, lawfulness and probity of the decision to award a contract to any given person or third party organisation;
 - d) ensure that the council pays a fair and proper price.
- 1.2 The following rules and procedures for procuring works, goods and services (the Rules) must be observed at all times and apply across all parts of the whole organisation, including all Member fora and directorate services, schools, as well as all arms length organisations, agencies and partnerships with whom the council does business and for whom the council is the relevant accounting body. They should be read alongside the regulations for ordering and paying for works, goods and services, set out in Section D of the council's Financial Regulations, the Procurement Guidance Manual which provides supplementary guidance to these procedures and the council's overall Corporate Procurement Strategy.
- 1.3 It is the responsibility of Chief Officers to ensure that these Rules are complied with, for ensuring the lawfulness and probity of all contracts entered into, and that all contracts are properly documented, administered and controlled in a way that best safeguards the council's interests and meets its strategic objectives. Directors must notify the Chief Finance Officer (CFO) and Chief Internal Auditor (CIA) of all known failures to comply with these Rules.

- 1.4 All officers have a responsibility to:
- a) comply with these Rules when procuring works, goods and services;
 - b) take all necessary legal, financial and other professional advice appropriate to the individual procurement exercise;
 - c) declare any personal interest in a contract where any failure to do so could be deemed to be either corrupt practice or maladministration;
 - d) thoroughly appraise the purchasing need and carry out proper risk assessments in doing so;
 - e) ensure a written contract or proper council order electronic or otherwise has been completed before goods are supplied, services delivered or works begin;
 - f) maintain proper records;
 - g) assess each contract after its completion to see how well it has fulfilled the original requirement and achieved VFM.
- 1.5 Failure to comply with any part of these Rules may constitute misconduct and lead to formal disciplinary action.

2 **Exceptions to the Contract Procedure Rules**

- 2.1 Subject to statutory requirements tenders and quotations need not be invited in accordance with these rules in the following cases:
- a) contracts of employment, which are covered by HR policy and procedure notes;
 - b) service agreements with voluntary organisations where this is provided through a service level agreement and is non-contractual;
 - c) partnership working arrangements with other public sector organisations where a service is being provided by the council in collaboration with another 'not for profit' body which could not otherwise be provided at all;
 - d) in the case of extreme urgency which has been brought about by circumstances outside the council's control i.e. Major Fire, Severe Weather;
 - e) the purchase of a named or proprietary product required to be compatible with an existing installation where this forms part of the contract or will otherwise infringe the guarantee;
 - f) a known and sustained lack of alternative suppliers in a poor or undeveloped market place with an approved waiver.

3 **Contracting for works, goods & services**

- 3.1 For the purpose of these Rules, a 'contract' is taken to mean, a contractual commitment between the council and any person or third party organisation. This includes all agreements covered by legislation or relevant European Union (EU) Directives. A legal contract can arise from verbal, electronic or written orders and agreements and can be made for:
- a) the supply of goods and materials, the provision of services and the execution of works;
 - b) the sale of goods or services and the disposal of assets.
- 3.2 Partnerships with private sector companies are subject to these Rules. The general arrangements and principles to be observed in respect of entering into and managing partnership and partnering arrangements are set out in Part E of the Financial Regulations.
- 3.3 Spend on goods, materials, works or services of a similar kind and/or related purpose must be aggregated across the whole organisation and regarded as a single contract proposal. This is because the council is regarded in law as a single corporate entity (the 'Contracting Authority') for contracting purposes and may otherwise be placed in breach of UK legislation and EU Public Procurement Directives (This excludes schools who have powers to enter into contracts in their own right). It may be possible, in some circumstances, to exempt a particular contract from this requirement where it would be impractical and uneconomic to do so. However, such exemptions must be agreed in advance by the *Chief Finance Officer* (CFO) and his/her discretion will be limited at all times by all relevant statutory and EU requirements.

4 **Record keeping**

- 4.1 All contracts entered into by the council must be properly documented and recorded by the initiating Directorate. This should be done in electronic format by use of the council's electronic tendering system (SCMS). In most instances, full records of all contract documentation, quotations, estimates, tenders and any other correspondence pertinent to the award or acceptance of a contract must be kept by the initiating Directorate for the duration of the contract and a minimum of six years after the contract has been concluded in accordance with statutory requirements. All records relating to contracts executed under council seal must be kept for the duration of the contract and a minimum of twelve years after the contract has been concluded. All records must be made available for audit and inspection purposes as necessary. It is the responsibility of Directors to ensure that all contracts are properly entered into, administered and controlled to safeguard the council's interests, secure value for money and minimise the risk of theft, fraud and corruption.

- 4.2 It is the responsibility of the CFO to maintain a central register of all contracts entered into by the council. Where a contract has not been awarded using the SCMS system, full details of that contract must be passed to the Head of Procurement for inclusion in the council's Contract Register where the aggregate value of the contract exceeds £5,000. It is the responsibility of Directors to ensure this is done in timely and complete manner following the award of a contract.

5 Key Decision

- 5.1 The Executive scheme of delegation requires that all Key Decisions are reserved to the Executive unless specifically delegated to an Executive Member or an officer or where the Leader and Chief Executive are acting in case of urgency. In the context of procurement a Key Decision is one where the aggregate contract value is £500,000 or more.
- 5.2 In order to facilitate the procurement process the Executive has specifically delegated to the CFO in consultation with the *Monitoring Officer* (MO), the authority to approve procurements with values in excess of £500,000 where they are 'Routine' as defined by the Corporate Procurement Guidance Manual.
- 5.3 In all other cases, unless urgency provisions apply, the Executive's prior approval will be needed before commencement of the procurement process. It is recommended that the approval sought includes a specific delegation to the Commissioning Officer to award the contract at the conclusion of the procurement process.
- 5.4 This requirement may be waived in 'exceptional' circumstances as decided by the CFO and MO in consultation with the Leader.
- 5.5 This rule applies to all framework contracts as well as the use of approved lists. Where the procurement is deemed to be an exception to the procurement rules (Para 2.1) if the value is £500,000, or more this rule must be applied. Where a decision has already been made by Executive i.e. the Capital Programme further approval is not required however a copy of the Executive report should be sent to the *Corporate Procurement Team* (CPT) for audit purposes.

6 Financial limits

- 6.1. The financial limits prescribed by these Rules are:

Table 1

<u>Value</u>	<u>Competition Requirement</u>
Up to & including £5,000	Value for Money (VFM)
>£5,000 & ≤ £139,000 or EU threshold	Written Quotation
Over £139,000 or EU Threshold	Invitation to Tender

- 6.2 These limits shall apply to the estimated value for the execution of works, the supply of goods and materials and the provision of services. The 'estimated value' is the total value of the contract over the full period of the contract. If the contract is made up of different elements (eg the purchase of goods along with the supply of a service) the value for each element of the contract should be combined to give a total value. Contracts for related works, goods and services must not be artificially divided into separate contracts for the purposes of avoiding any part of these Regulations.
- 6.3 All purchasing must be done through corporate contract arrangements where a corporate contract exists for the relevant purchase or supply or via existing frameworks (e.g, Buying Solutions) where they exist. It is the responsibility of the purchasing officer to check whether a suitable contract exists or not. There is a presumption that all procurement activity will ensure the council achieves best VFM and that contracts will be placed with the persons or companies who will offer best VFM in the execution of the contract.
- 6.4 All EU notices and awards must be placed through the CPT who are responsible for completing all Government and EU returns on behalf of the council.

7 **Competition requirements in the purchasing process**

- 7.1 Table 1 above sets out the competition requirement to be observed according to the relevant financial limits and the following paragraphs set out the process to be followed.

8 ***Procurements Over £5,000 & ≤ £139,000 or EU Threshold (Written Quotations)***

- 8.1 Three written quotes must be obtained and documented in accordance with the requirements for proper record keeping set out in paragraphs 4.1 & 4.2 of these rules. *These quotes should be obtained based on a clear specification for goods, works and services.*
- 8.2 A contracts will normally be awarded to the person or company providing the lowest cost quote. However, contracts may also be awarded on an objective assessment of the Most Economically Advantageous Tender (MEAT). Where a quotation other than the lowest cost quote or MEAT received is preferred, reasons for preferring to award the contract otherwise must be documented and a request to waive these Rules must be made in advance of the award of contract following the procedures set out at Paragraph 36 of these regulations. Similarly, if it has not been possible to obtain 3 quotes, an award of contract can be made subject to a test of reasonableness (Paragraph 10). In such circumstances, a request to waive these Rules along with all supporting evidence must be made in advance.

9 **Procurements Over £139,000 or the EU threshold (Invitation to Tender)**

- 9.1 Where the estimated value of a proposed contract exceeds £139,000 or is greater than the EU tender threshold (whichever is the lesser amount at the time of tender) at least 3 formal competitive tenders must be invited and received and the tendering process conducted according to the council's detailed procedure rules (Corporate Procurement Guidance Manual) for tendering and the relevant EU Directives. Where a commissioning officer believes the procurement may fall under Part B of European Procurement Directives advice should be sought from the CPT.
- 9.2 All EU notices and awards must be placed through the CPT who complete all Government and EU returns on behalf of the council. All tenders and awards must also be otherwise documented in accordance with paragraphs 4.1 & 4.2 of these rules. A contract will normally be awarded to the person or company providing the best value for money tender evaluated on the basis of Most Economically Advantageous Tender (MEAT) received. Decisions to award contracts on the basis of MEAT must be made using standard evaluation criteria determined by the commissioning officer in consultation with the CPT in advance of the tendering exercise and tenders invited on that basis.
- 9.3 Aggregate weightings between quality and cost must not exceed a maximum 60:40 split respectively for the purposes of evaluation unless a waiver has been given for alternative weightings in advance of the contract being tendered. Where a tender other than the most economically advantageous *or lowest cost* to the council is preferred, the award of the contract must be reported to the CFO for decision clearly setting out the reasons why this is required.
- 9.4 If it has not been possible to obtain 3 tenders and no framework exists, an award of contract can be made subject to a test of reasonableness being made (paragraph 10). In such circumstances, provided the award is based upon a MEAT evaluation, a request to waive these Rules along with all supporting evidence must be made in advance.

10 **Test of Reasonableness**

- 10.1 The 'tests' *that should be considered* in determining whether an award of contract is 'reasonable' *may* include consideration of:
- a) total value of the contract;
 - b) whether a preferred bid is within a +5% variation from the lowest bid received;
 - c) whether there is sufficient budget provision to meet the full costs of the contract;

- d) the preferred bid scores at least 5% higher in any system of evaluation that includes non-cost criteria;
- e) urgency;
- f) service dependency;
- g) restricted market place and/or specialist supply.

11 The tender process

11.1 Detailed procedure notes on tendering processes are set out in the Corporate Procurement Guidance Manual which forms supplementary guidance to these rules. It is important to note that in any tendering exercise:

- a) contractors are expected to comply with all reasonable requests for information concerning their financial and technical ability to execute the contract;
- b) contractors are expected to respect the integrity of the tendering process and the principles of open competition;
- c) an Invitation to Tender (ITT) must include a specification that clearly describes the council's requirements as well as the purpose and objectives of the contract. The specification must be in sufficient detail to avoid any uncertainty, ambiguity or risk of misinterpretation by bidders;
- d) tenderers must provide the council with a satisfactory written statement of their Health & Safety policy in accordance with the provisions of Section 2(3) of the Health & safety at Work Act 1974, together with a written undertaking to comply with the provisions of the Act;
- e) tenderers must provide the council with a satisfactory written statement of their Sustainable and Diversity/Equality procurement policies which must meet or exceed the Council's requirements;
- f) tenderers shall have regard to the council's duty to eliminate discrimination and to provide equality of opportunity and include an appropriate undertaking in terms agreed with the council;
- g) notice is given that the council will require that the contractor complies with the Construction (Design & Management) Regulations 2006 where applicable.

12 Selective tendering and the use of approved contractor lists

12.1 For certain categories of contract (principally construction, engineering works and significant service supplies) the council may maintain standing lists of approved persons or companies willing and able to provide quotations or more usually tenders. The council may also sanction the use of an ad-hoc list compiled

from those persons or companies replying to a public notice. The use of these kinds of lists can be an effective and efficient way of managing the tendering process by targeting suitable suppliers at an early stage in the tendering process rather than going out to general advert in the first instance. The Rules pertaining to the compilation, use and management of such lists are that:

- a) the relevant Director in consultation with the relevant Executive Member must approve the list and having done so they must designate a 'Responsible Officer' to administer it and keep it under regular local review;
- b) all such lists must be registered with the CPT and shall be made available for public inspection upon reasonable notice being given in writing to the CFO or his/her nominated representative;
- c) in compiling select lists public notice must be given:
 - i in at least one local newspaper;
 - ii in at least one newspaper or relevant professional journal;
 - iii through the SCMS system;
 - iv to all, or a selected number of persons named in a standing or ad hoc list;
 - v in accordance with the requirements of EU Directives where applicable.
- d) the public notice must:
 - i specify details of the proposed contract;
 - ii invite persons interested to apply for permission to tender;
 - iii specify a time limit for the return of expressions of interest.
- e) no application to be included in an approved list may be agreed until all necessary financial and technical references have been obtained and evaluated and the relevant Finance Manager has certified the financial viability of the persons or company making the application. The council may require other matters to be brought into account such as environmental or equality issues in which case the appropriate assurances and evidence must be received in advance of the application being approved;
- f) the Responsible Officer must maintain records of the performance of all persons and companies on the select list who are invited to tender for contracts. A supplier may be excluded from the list if they fail to submit satisfactory tenders, fail to execute contracts satisfactorily or no longer meet the criteria for entry onto the list (i.e. financial viability, technical competence, etc);

- g) where approved lists are used as a matter of routine by any part of the council a system of rotation should be applied wherever possible to ensure fairness of opportunity and demonstrate VFM in the selection of suppliers invited to bid and the final award of contract.

12.2 After the expiry of the period specified in the public notice, invitations to tender for the contract shall be sent to at least 3 suppliers *in compliance with standard procurement best practice*, who applied for permission to tender. Where fewer than 3 suppliers have applied or are considered suitable, the procedures for seeking a waiver from these Rules must be observed.

13 **Tendering**

13.1 If approved lists are not to be used tendering must be undertaken in accordance with the detailed procedures set out in the Corporate Procurement Guidance Manual which provides supplementary guidance to these rules.

14 **Standards and award criteria**

14.1 The commissioning officer shall ascertain which relevant British, European or International Standards may apply to the contract and must include reference to those standards necessary to properly describe the required quality. The commissioning officer shall define the award criteria to be used, which is most appropriate to the procurement. Award criteria must ensure VFM for the council and must as a minimum be based on consideration of:

- a) 'Most Economically Advantageous Tender' (MEAT) or 'lowest cost' where payment is to be made by the council, or;
- b) '*best price*' if payment is to be received by the council.

14.2 When a MEAT approach is used, it must be further defined by reference to sub-criteria. Sub-criteria may only include relevant considerations such as: price, nature of supply (ethical purchasing considerations), quality of service, quality of goods, running costs (including whole life costs), technical merit, previous experience, delivery date, cost effectiveness, relevant environmental considerations, aesthetics and functional characteristics, safety, after sales services, technical support and any other relevant matters.

14.3 Award criteria may not include:

- a) non-commercial considerations;
- b) matters which would result in any discrimination against suppliers from the European Economic Area or signatories to the Government Procurement Agreement.

15 **Submission of Tenders**

- 15.1 Tenders should, where possible, be submitted through the SCMS system. Written submissions may be accepted subject to prior agreement with the CPT. In these instances:
- a) the date and time by which tenders are to be received has been properly observed;
 - b) where made in writing they have been submitted in plain sealed envelopes marked 'tender' and indicating the proposed contract and without bearing any name or mark indicating the sender;
 - c) all council requirements regarding information relating to health & safety and race relations/equalities considerations are met;
 - d) all council requirements that the contractor complies with the Construction (Design & Management) Regulations 1994 where applicable are met.
- 15.2 All tenders will be stored within the SCMS system until the time and date specified for their opening when the nominated openers including an *Executive* Member will release them.
- 15.3 Where there is a written submission tenders must be kept in the custody of the MO or his/her nominated representative until the time and date specified for their opening. No tender received after the time and date specified in the invitation to tender (ITT) shall be accepted or considered unless there is clear evidence of it having been posted by first class post at least the day before tenders were due to be returned, and/or clear evidence of it having been delivered at the address required no later than the time and date specified subsequent to its receipt. Even if 'late' tenders of this kind are acceptable on those conditions, they cannot be accepted if any other tender has already been opened.

16 **E-auctions**

- 16.1 Where a tender is to be carried out by way of a collaborative e-auction process the following procedures will apply;
- a) approval for this approach must be sought in advance of the auction from the relevant Chief Officer and Head of Procurement;
 - b) the auction must be provided through a recognised managed service provider approved by the Head of Procurement;
 - c) the process for selecting bidders must be agreed in advance with the Head of Procurement;

- d) the tender evaluation process must be agreed in advance with the Head of Procurement;
- e) the time limit for the auction must be set in advance, clearly notified and be appropriate to the nature of the auction;
- f) a minimum of two council Officers must be in attendance at the managed service providers viewing room to ensure the process is conducted fairly and in accordance with regulations. One of the Officers must be an independent observer and have had no involvement with the exercise. They should not leave the room during the auction.
- g) prior to start of the auction Officers attending must satisfy themselves that the correct quality weightings (If applicable) have been loaded into the software and that the software is working correctly;
- h) the final scoring of all the bidders needs to be documented and counter signed by each officer immediately after the close of the auction;
- i) the e-auction summary report which is normally produced by the e-auction provider (within a week of the auction) must be cross referenced to the officers own records and both must be kept on file;
- j) a signed copy of both these records must be passed to Head of Procurement and copied to the Monitoring Officer;
- k) if the lowest price bidder is not successful approval for the award of a contract must be sought in line with these regulations.

16.2 The application of these procedures exempts the tender from the opening rules set out at paragraph 15.3 of these rules. It does not exclude compliance with any other financial and EU regulations as set out elsewhere in these procurement rules.

16.3 The lead partner will arrange for award notices to be sent to the successful bidder (and OJEU following the 'standstill period') and brief the losing suppliers. A copy of the award notice must be kept on file and the Alcatel 'standstill period' (10 days) must be observed.

16.4 The council must ensure that a discrete contract complying with the council's standard terms and conditions is put in place with each successful bidder.

17 **Opening & receipt of tenders**

17.1 Tenders must be opened through the use of the secure electronic 'safe' within the SCMS or at one time only in the presence of the appropriate Executive Member and the MO or his/her nominated representative. All written tenders must be entered in a register maintained for that purpose immediately upon opening in the presence of the Member and Monitoring Officer, who are required

to initial every entry to register. The register shall be open to inspection by any Member of the council, the Chief Executive, Directors, the CFO and the CIA. Details of all tenders received must be reported to the relevant Director or his/her nominated representative.

18 **Confidentiality of Council Information**

- 18.1 Where any activity is or may be carried out by the council in-house, officers and Members may not communicate to any existing or potential external contractor any information regarding the in-house operation that may be commercially damaging to it save as may be required by law. Equally, officers and Members are prohibited from disclosing of any information to an in-house contractor that may unduly advantage it in any competitive tendering exercise.

19 **Tender Evaluation**

- 19.1 Tenders must be evaluated against the criteria established in the ITT. Where tenders are evaluated on a MEAT basis, clear criteria and weighting arrangements should be recorded. The form of quality evaluation must be appropriate and proportionate to the scale, complexity and risk of the contract. Quality evaluation shall be carried out by a panel that includes officers with the relevant knowledge and experience of the type of contract. Detailed information on the tender process is set out in the Corporate Procurement Guidance Manual, which forms supplementary guidance to these rules.

20 **Clarification of tenders**

- 20.1 Any request for clarification of a tender must be dealt with following the procedures set out in the Corporate Procurement Guidance Manual. It may not be used to negotiate or re-negotiate contract terms once a preferred bidder has been selected. Commissioning Officers are required to take all necessary legal and/or other relevant professional advice if they are in any way unsure of what may or may not constitute 'clarification' under EU Regulations.

21 **Acceptance of tenders**

- 21.1 Provided the winning tender is the most economically advantageous to the council within the financial provision (budget) made for it, *meets the contract specification and the key decision rules at Paragraph 5* it may be accepted by the Commissioning Officer. Where a tender is not the most economically advantageous if payment is to be made by the council, or the highest tender if payment is to be received by the council the award of the contract must be passed to the CFO for decision clearly setting out the reasons why this is required.

Once approved, all awards of contract must be recorded in the delegated decision log for the relevant Directorate.

- 21.2 The approval of the relevant Executive Member and the CFO must be given if a tender received as part of a capital scheme results in the scheme or project exceeding the approved financial appraisal by 10% or £50,000 (whichever is the lower) and this can not be accommodated within the original financial appraisal.

22 **Post-tender negotiations**

- 22.1 Where a formal post tender negotiation process is required (rather than the routine clarification of minor issues with tenderers) this may only be carried out, in accordance with what is permissible under UK Regulations and the EU Public Procurement Directives, in the following circumstances:
- a) sole supplier, or the receipt of only one tender;
 - b) when tendered prices vary significantly from the council's estimate for the contract;
 - c) when tenders cannot readily be evaluated and compared without discussion with the tenderers ;
 - d) if matters such as the availability of spares or the quality of the after sales service are important considerations, where tenderers differ significantly in their offers in those matters.

23 **Rules for negotiations**

- 23.1 Where negotiations are to be carried out with tenderers the following Rules must be observed:
- a) the Commissioning Officer must ensure that negotiations are conducted by staff with the relevant technical and professional expertise;
 - b) the relevant Chief Officer and the MO or their nominated representatives should be invited to attend any negotiation;
 - c) prices and negotiated conditions shall be regarded as strictly confidential;
 - d) negotiations shall take place at pre-determined times and places on council premises unless there are good reasons for holding negotiations elsewhere;
 - e) a comprehensive written record of all negotiations shall be made, signed by all Officers of the council present and retained by the Commissioning Officer;
 - f) all documentation relating to negotiations shall be placed in sealed envelopes when transferred from one service to another in order to maintain confidentiality;

- g) where meetings are to be held with more than one contractor this shall be indicated to contractors and meetings shall be held separately and in confidence;
- h) details of the outcome of all negotiations must be submitted to the CFO and the MO for approval.

24 Form of Contract

24.1 Contractual commitments can only be made by individuals who are formally authorised to do so in the relevant directorate schemes of delegation. This condition applies equally to commitments created verbally as well as in writing. All contracts made for, or on behalf of the council, must be evidenced in writing in an approved format irrespective of the value or type of supply and the form of contract involved. This will normally be done at the time the contract is made but may in special circumstances be written confirmation of an earlier verbal contract. Verbal contracts should be avoided wherever possible. Every contract shall be made by;

- a) the issue of an official order authorised by the appropriate officer for the purchase or supply of goods, services and works up to a total value of £30,000;
- b) the preparation of formal written contracts for the purchase or supply of goods, services and works over a total value of £30,000 unless the MO certifies that, owing to the nature of the proposed contract, the interest of the council will be adequately protected by the issue of an official order;
- c) and, the form of every contract shall be approved by the MO in consultation with the relevant Director and the CPT. Where specific conditions apply (ie civil engineering) then industry standard contracts will apply such as those determined by the Institute of Civil Engineers (ICE) for example.

24.2 When entering into contracts, the Commissioning Officer must ensure that any terms and conditions to be imposed can not be held against the best interests of the council, for example by entering into agreements which binds the council into unduly long term commitments (in particular long term rental or Hire Purchase agreements). The MO must approve all contracts. The advice and guidance of the CFO should be sought if officers or Members are at all uncertain as to whether contract terms and conditions could be prejudicial to the financial interests of the council. Guarantees or advantageous terms and conditions must not be offered as part of any contract without the approval of the CFO.

24.3 If an in-house provider is successful the appropriate Director shall enter into a Service Level Agreement (SLA) with the contractor, incorporating any terms and conditions upon which the tender or quotation was based and subject to the form of Service Level

Agreement being approved by the Chief Finance Officer and Monitoring Officer. When an in-house provider proposes to sub-let all or part of a contract then the sub-letting process shall be subject to the tendering procedures as laid down in these Rules.

25 **Contract Conditions**

- 25.1 Every contract that amounts to £139,000 (or above the EU tender threshold, whichever is the lesser amount) or more for the supply of goods, services or works, shall;
- a) adhere to the Council's standard terms and conditions *including appropriate payment schedules*. (These can be obtained from the CPT).
 - b) specify the goods, materials or services to be supplied and the work to be executed or the hardware, software, support or maintenance to be provided; the price to be paid together with a statement as to the amounts of any discount(s) or other deduction(s); the periods within which the contract is to be performed and such other conditions and terms as may be agreed between the parties, and;
 - c) for all significant contracts valued in excess of £150,000, be executed under the common seal of the council and be attested by the MO of any other nominated officer(s) and must be signed by at least two officers of the council;
- 25.2 In a contract for the execution of works, which is valued in excess of £139,000, the contract shall provide for the payment of liquidated damages by the contractor where they have failed to complete the contract within the time specified. The council will specify that a contract performance bond will be required if the value or amount of the contract exceeds £139,000 in addition to the retention of a proportion of the contract sum until the work has been satisfactorily completed and maintained. Such bonds may only be released on the practical completion of the works.
- 25.3 Financial appraisals must be completed in respect of all third parties submitting bids for contracts in excess of £139,000. It is the responsibility of the commissioning officer in consultation with the relevant Finance Manager(s) to ensure this is done to a standard required by the Finance Manager.
- 25.4 In appropriate cases where a contract for the supply of goods and services or the purchase of goods or provision of information technology amounts to £139,000 (or above the EU tender threshold, whichever is the lesser amount) or more in value, a clause shall be inserted to ensure that should the contractor fail to deliver the goods or services or any portion thereof within the time or times specified in the contract, the council, without prejudice to any other remedy for breach of contract, reserve the right to either:

- a) determine the contract either *completely in default* or to the extent of the portion they have failed to deliver, and/or;
 - b) to purchase other goods, or services or provision of information technology of the same or similar description to make good the default, or in the event of the contract being wholly determined, to procure any additional goods or services required from any other party without any obligation in respect of the original contract.
- 25.5 In a contract for the supply of goods and services, or provision of information technology which amounts to £139,000 or more in value the council will require a contractor to give sufficient security for the due performance of the contract. Such security or bond shall be released upon the completion of the contract. If the Commissioning Officer considers it to be appropriate then a bond may be required if the contract value is less than £139,000. The Commissioning Officer must seek prior consent from the Monitoring Officer if the value of the proposed contract exceeds the financial limits of the security or bond is not intended to be required.
- 25.6 There shall be inserted in every contract a clause empowering the council to *rescind* the contract and to recover from the contractor the amount of any loss resulting from such cancellation. "If the contractor shall have offered or given, or agreed to give, to any person any gift or consideration of any kind as an inducement or reward for doing or refraining to do, or for having done or refrained to do, any action in relation to the obtaining or execution of the contract or any other contract with the council or for showing or refraining to show favour or disfavour to any person in relation to the contract or any other contract with the council, or if the like acts shall have been done by any person employed by him or acting on his behalf (whether with or without the knowledge of the contractor) or if in relation to any contract with the council the contractor or any person being employed by him or acting on his behalf shall have committed an offence under the Prevention of Corruption Acts 1889 to 1916 or shall have given any fee or reward the receipt of which is an offence under Section 117 (2) of the Local Government Act 1972." As a minimum, suppliers are expected to have ISO 14001 or be able to demonstrate they are working towards this.
- 25.7 Every contract must contain a clause requiring the contractor to permit authorised representatives of the council to enter upon a construction site and/or site of operation of the work at any reasonable time and have free and unfettered access to each and every part of the area covered by the contract work of affected thereby.
- 25.8 Where an appropriate British Standard Specification or British Standard Code of Practice issued by the British Standards Institute or other recognised standard laid down by a regulatory

body for the industry concerned is current at the date of the tender, every contract shall require that all goods and materials used or supplied, and all the workmanship shall be at least of the standards required by the appropriate British Standard Specification or Code of Practice or the relevant regulatory body. In case of contracts to be awarded under EU directives and UK regulations the equivalent EN or ISO standards will apply.

- 25.9 In every formal contract or Service Level Agreement there shall be inserted a clause prohibiting the contractor from :
- a) assigning or sub-letting the contract, or any part of it, except with the prior consent of the Head of Paid Service, (*Chief Executive*) and the Chief Finance Officer;
 - b) sub-contracting, except with the written consent of the council. If the tenderer at the time of tendering states his desire to sub-let any proportions of the work not usually done by him, consent may be given provided that the sub-contractor is a person approved for the purpose by the Commissioning Officer. The principal contractor remains responsible however, for all work done by the sub-contractor and for it being carried out under the same conditions as it executed by themselves.
- 25.10 There will be a clause in every contract to require compliance with these Regulations. All contractors shall keep proper time sheets showing the time worked by all persons engaged in and about the carrying out of any contract they have with the council. These time sheets must be produced whenever required for audit and inspection at the council. Contractors shall be responsible for the observances of this clause by all sub-contractors engaged in and about the carrying out of any such contract.
- 25.11 Where a sub-contractor or supplier is to be nominated to a main contractor the following provisions will have effect:
- a) tenders for the nomination shall be invited in accordance with the provisions of these Rules unless the appropriate Director is of the opinion in respect of any particular nomination where the estimated value does not amount to £139,000 or more that it is not reasonably practical to obtain competitive quotes;
 - b) the terms if the invitation shall require an undertaking by the tenderer that if they are selected, they will be willing to enter into a contract with the main contractor on terms which indemnify the main contractor against his own obligations under the main contract in relation to the works or goods or services included in the sub-contract;
 - c) the Commissioning Officer for the main contract, or his/her authorised representative, shall nominate to the main contractor a person whose tender is in his opinion the most suitable.

- d) the list of tenders and quotations received in accordance with these Rules must be retained by the Commissioning Officer concerned and shall be available for inspection by Executive Members, the Chief Executive, the Monitoring Officer, the CFO and the CIA.

25.12 All contracts shall include a clause requiring that regular contract reviews take place either quarterly, bi-annually or annually.

26 **De-briefing unsuccessful bidders**

26.1 The Commissioning Officer shall as part of good practice offer to debrief all those tenderers who submitted a bid about the characteristics and relative advantages of the successful bid. This might normally include ;

- a) how the award criteria were applied;
- b) the prices or range of prices submitted, but not in either case correlated to the tenderers; and
- c) the names of their competitors and whether there were three or more competitors taking part in the tendering exercise.

26.2 The Commissioning Officer may inform an unsuccessful tenderer of the name of the successful tenderer, but only after the successful tenderer has been notified in writing of their success and has accepted the award of contract in writing.

27 **Officers & Members interest in contracts**

27.1 *Members or Officers who have any direct or indirect pecuniary interest in any contract or proposed contract (In accordance with the Local Government Act 1972 Section 117) shall declare their interest, and have that recorded in a book kept for that purpose and will not be allowed any involvement in relation to the procurement or management of the contracts.*

28 **Ordering and paying**

28.1 The general arrangements relating to ordering and paying for goods, services and the execution of works are detailed in Part D of the Financial Regulations. In addition to the procedures set out there the following Rules must be observed:

- a) payments to contractors in respect of all works must be authorised by a certificate signed by a duly authorised officer. The certificate must show the total amount of the contract, the value of the work executed to the certificate date, the amounts already paid and the amount now certified;
- b) officers authorising payments must supply the Chief Finance Officer with a certificate of all necessary

information for the maintenance of the corporate contract register;

- c) VAT authenticated receipts must be obtained by the authorising officer in support of the payment of VAT on the certificate. Receipts should be retained with the officer copy of the payment certificate and retained for a period of six years and must be made available for inspection by HM Revenue and Customs on request.

28.2 If it becomes necessary to vary the value of a contract by more than 2% and this *results in additional costs* of more than £50,000 on the original value of the contract this must be reported to the Chief Finance Officer and Executive Member.

29 Framework Agreements & Call - Off Contracts

29.1 Call-off contracts and framework arrangements provide an efficient and effective means of procuring supplies and services that are required on a regular basis over a period of time. The benefits of using frameworks are;

- a) they reduce timescales;
- b) the suppliers are pre-approved (of a suitable quality and are financially stable);
- c) the contract complies with the relevant EU regulations;
- d) some of the frameworks have pre-negotiated rates with the suppliers;

29.2 Frameworks are formal agreements that set out the terms, prices and specifications agreed with the supplier. A framework arrangement is not in itself a contract, however, each order raised under it, once accepted by the supplier becomes an individual contract bound by the agreed terms. All contracts entered into under terms and conditions of a general framework agreement must comply with the contract conditions set out in these regulations.

29.3 Detailed guidance on how to establish a framework arrangement or 'call off' contract can be obtained from the Corporate Procurement Team.

30 Competition & Frameworks

30.1 When a framework is used a 'mini-competition' must be undertaken between all the Suppliers on the Framework who are capable of fulfilling the requirement to ensure compliance with EU Legislation. A 'mini-competition' process ensures that VFM is achieved and that the supplier is appointed through a fair and transparent process unless the framework has been procured on

a Call-Off basis. Where the contract is below the EU threshold a mini-competition should still be undertaken unless a waiver to this rule has been agreed.

31 Additional rules for construction & property related procurement

- 31.1 The use of the 2-stage tendering process as set out in 'Constructing Excellence' can be used in relation to major construction projects. Procurement of the construction team members must comply fully with the procedures set out in these rules. Full details of this scheme are set out in the Corporate Procurement Guidance Manual.
- 31.2 All other construction projects will be carried out in accordance with the best practice principles set out in the OGC 'Achieving Excellence in Construction' initiative unless there are demonstrable whole life cost benefits to not doing so. Because recognised standard forms of contract are available from the professional organisations, all contracts for building or engineering work must be arranged in the form of one of the following standard agreements:
- a) The ICE Conditions of Contract where still relevant;
 - b) The Standard Forms of Building Contract issued by the Joint Contracts Tribunal;
 - c) The IEE General Conditions of Contract;
 - d) NEC3 Engineering and Construction Contracts;
 - e) PPC2000 Project Partnering Contract.
- 31.3 Contracts for building or engineering works which exceed £50,000 must:
- a) be evidenced by a formal document signed/sealed by or on behalf of both parties;
 - b) provide for liquidated damages, if the contract provides for the completion of works by a particular date.
- 31.4 Where the Commissioning Officer and/or the CFO considers that the council requires security for the due completion of a contract for building or engineering works, the nature and amount of security to be given by the successful tenderer must be specified in the conditions of tender.
- 31.5 Where ICE conditions apply, the tender and associated documents constitute sufficient evidence of a contract until a formal document is prepared, provided that the Contractor signs the standard form of tender containing the following words, or words of similar effect:

'Unless and until a formal agreement is prepared and executed this tender, together with your written acceptance thereof, shall constitute a binding contract between us'.

- 31.6 A contract not falling within the above rules must be evidenced by a written quotation or tender from, and signed by, or on behalf of, the contractor, together with an official order signed by an officer who is authorised to do so. In such a case no letter or acceptance of a tender or quotation may be sent to the contractor unless it is accompanied by an official order. All contracts must specify that, where an appropriate British, European or International standard is current at the date of tender, goods and materials used in the execution of the contract conform to that standard.
- 31.7 Contracts involving building or engineering works must include a clause or clauses prohibiting the contractor from:
- a) transferring or assigning directly or indirectly to any person *or organisation* all or any part of the contract without written permission of the council.
 - b) sub-letting any part of the work except to the extent permitted in the contract or in writing by the Commissioning Officer.

32 Additional rules for IT&T related procurement

- 32.1 All ITT related procurement must be made in consultation with ITT. This is to ensure all hardware and software procurements comply with the council's corporate IT strategy and can be supported by the ITT environment and technology infrastructure.

33 Special contract arrangements

- 33.1 Proper consideration must be given by officers engaged in procuring goods and services at the council with the requirements of the 'Special Contracts Arrangement' (SCA) introduced by the Secretary of State for Employment in November 1994. The SCA was developed to assist eligible employers of severely disabled people compete for government contracts. The scheme applies to all government departments and their agencies including local authorities and NHS Trusts, but applies only to contracts below the threshold of the EC rules. It does not apply to prison workshops. Full details of the scheme can be found at www.ogc.gov.uk.
- 33.2 There is a general presumption that the council will comply with the SCA at all times and will positively discriminate in favour of placing contracts with eligible suppliers where it would not be anti-competitive to do so and there would be no financial dis-benefit to the council.

34 **Supplier Eligibility**

- 34.1 All suppliers registered under SCA, such as Yorkcraft, must be non-profit distributing companies that have at least 50% of the workforce registered as severely disabled. Each company's disabled employees must make a genuine contribution to the business and are not there simply for therapeutic activities. In addition all disabled staff are paid an equivalent wage to those who are non-disabled.
- 34.2 The supplier list is maintained by Jobcentreplus (Disability & Rehabilitation Division) and is usually circulated twice a year to all government departments.
- 34.3 When submitting tenders to Government departments/agencies SCA registered suppliers are advised to quote their SCA registration number on all correspondence. The SCA registration number takes the format UK[XXXX], where X represents 4 digits. Yorkcraft's registration number for example is UK0011.

35 **Guidance to Government buyers**

- 35.1 The scheme sets out to encourage public sector buyers such as the council to increase business with SCA registered suppliers whilst ensuring that commercial firms are treated fairly. When awarding contracts covered by the SCA scheme, the council is required:
- a) to award contracts for the supply of good or services to the supplier who offers the most economically advantageous tender;
 - b) to award contracts to an SCA registered supplier if its tender is no more economically advantageous than the most economically advantageous trade tender;
 - c) if an SCA registered supplier's tender is unacceptable on price alone (eg quality, volume and delivery are acceptable), the supplier should be given an opportunity to submit a revised offer (an 'offer back') for all or part of the contract;
 - d) if on 'offer back' the registered supplier is able to match the best offer its revised tender should be accepted;
 - e) not to use 'offer back' as a means of subsequent negotiation with trade suppliers in order to reduce tender prices further;
 - f) to maintain records of the use and outcome of the SCA scheme, the value of contracts awarded to SCA suppliers and the value of contracts awarded through 'offer back'.
- 35.2 In doing so however, the council is not required to:
- a) transfer existing customer contracts from satisfactory trade suppliers where the maintenance of suitable commercial

manufacturing capacity is necessary for strategic reasons, even if the registered supplier is able to match the trade supplier's tender;

- b) split contracts where to do so would result in an increase in the overall cost of meeting their requirement.

36 Breaches and waivers

36.1 **Breaches** - of Contract Procedure Rules are extremely serious matters and will be fully investigated and reported on following referral or discovery. All Directors are responsible for reporting all known or discovered breaches of these Rules to the CFO as soon as they become aware of it in practice. *Any Director can be called to Audit & Governance Committee to explain any breach.*

36.2 **Waivers** - If it is known that any given circumstance will make it difficult or problematic to comply with these Rules then request to waive the regulations may be made. The process to be followed is:

- a) Completed waiver document sent to relevant Chief Officer (and copy to CPT) *who is accountable for the decision*. If approved;
- b) Completed waiver form sent by the *Chief Officer* to CFO or nominated officer to ensure compliance with these rules. If approved;
- c) Completed waiver form sent to MO or nominated officer to ensure legal compliance;
- d) Outcome of process logged in Waiver Register maintained by CPT;
- e) Once all three stages have been completed if the waiver has been approved the Commissioning Officer can then proceed with the variation to these rules.

36.3 Commissioning Officers are required to seek waivers in advance of entering into any contract except in the case of an emergency *or as a result of an emergency* where there is danger to the safety of persons or serious risk of loss or damage to the council's assets or interests, or the interests of another party, the Commissioning Officer may place such contracts as necessary by means that are reasonable under the circumstances.

36.4 All requests for waivers from these Rules must be advised in writing using the standard pro-forma request form and risk assessment available from the CPT or through the council's Intranet site.

Annex B**ROUTINE PROCUREMENT OVER £500,000**

Routine Procurements account for the majority of the council's procurement transactions.

Such procurement generally describes the acquisition of those goods, works or services that represent a low commercial risk to the authority, meaning they are easy to specify and there is very little financial or legal risk in actually procuring.

The purpose of this Annex is to focus upon the procurement and re-procurement of goods, works and services above the council key decision limit (£500k) which retain a clearly defined specification and have been procured in a similar and compliant manner previously (e.g. utilities). In terms of the revised Contract Procedure Rules these would be classed as Routine Procurements.

All Procurements enacted under this exemption will require the authorisation of the Chief Financial Officer (Director of Resources) and must comply with the Financial Regulations, Contract Procedure Rules and EU Procurement Legislation.

Any procurement, which has already received prior Executive approval such as those included within the Capital Programme, will not be subject to this process.

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Executive

17 November 2009

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

Corporate Debt Policy

Summary

- 1 The purpose of this paper is to present to Executive for discussion and onward approval to full Council the draft Corporate Debt Policy. The policy (Annex A) sets out the council's framework for providing a consistent 'fair but firm' approach to collecting debt ensuring that the council continues to maximise collection performance in line with its Income Policy. The council at present has a record of collecting 99% of all Sundry Income and 97% of Council Tax in year.

Background

- 2 The council does not currently have a Corporate Debt Policy to provide the guiding principles required to be embedded across the organisation in its approach to debt collection. The policy is needed to develop an effective policy framework for income recovery in conjunction with the Income Policy approved by the Executive in September 2008. The Income Policy key objectives are to:
 - a) ensure that charges reflect council and service objectives and priorities, the community strategy and local area agreement;
 - b) maximise income for the council;
 - c) offer choice and minimise exclusion;
 - d) protect tax payers interests by minimising debt and late payment;
 - e) ensure equality and consistency when dealing with customers;
 - f) ensure compliance with legal and statutory requirements;
 - g) implement appropriate recovery action.

Corporate Debt Policy

- 3 The policy sets out the principles of recovering debt in the context of York and will support officers and Members in understanding the purpose and role of debt collection. The council is required to collect income from private individuals and business for a variety of reasons some statutory while others may be discretionary or essential for well being. In undertaking this process it is inevitable that the council will be required to pursue the recovery of arrears from individuals or businesses that may experience difficulty in paying such accounts. An agreed policy of how the council manages and collects debts is key in ensuring consistency and best practice.
- 4 The policy will apply to all council departments and will not prejudice any legal action the council may wish to take in recovery of the debt. It seeks to be 'fair but firm' and the full range of collection and recovery methods will be exercised if debts are not paid. The policy objectives are to:
 - a) maximise income to the council;
 - b) be fair but firm;
 - c) promote the Income Policy encouraging prepayment where appropriate to prevent debt;
 - d) promote the use of support and advice agencies, and work in partnership with those agencies;
 - e) encourage self help;
 - f) ensure consistency for customers in support of the Customer Strategy;
 - g) apply best practice in relation to debt collection;
 - h) achieve efficiency savings by identifying solutions for customers on debt issues at the first point of contact;
 - i) define priority debts;
 - j) develop a single customer debt profile of all council debt within the Data Protection Act rules.
- 5 The detailed strategy required to deliver and embed the policy into the council is provided through the detailed Income blueprint and supporting project plans that form part of the 'MoreforYork' efficiency programme.
- 6 The policy has had an Equalities Impact Assessment (EIA) undertaken to ensure it complies with equality issues and supports the council's corporate strategy with regard to 'fairness and inclusion'.

Consultation

- 7 The policy has been circulated to key officers involved in debt collection activity across the council, Audit and Governance Committee (A&G) for member consultation, the council's efficiency partners and finance managers in all directorates. The Social Inclusion Working Group (SIWG) was consulted at their meeting on 12 October 2009 and changes made to the policy in response. The policy has been sent to the Citizens Advice Bureau and Christians Against Poverty for comment but to date no response has been received.
- 8 Subsequent amendments including those recommended by A&G on 4 November 2009 are highlighted within the policy in italics. At A&G's request the policy will also be issued to York Credit Union for consultation purposes.

Options

- 9 No further options are provided in this report.

Analysis

- 10 Not applicable.

Corporate Priorities

- 11 The Corporate Debt Policy directly supports the corporate strategy objective of delivering an Effective Organisation. It also supports the strategy objective of being an Inclusive City. The maximisation of income also helps to underpin the financial support needed to deliver all the objectives of the corporate strategy.

Implications

- (a) **Financial** - There are no implications additional to those highlighted in the MoreforYork income blueprint.
- (b) **Human Resources (HR)** - There are no implications
- (c) **Equalities** - There are no implications
- (d) **Legal** - There are no implications
- (e) **Crime and Disorder** - There are no implications
- (f) **Information Technology (IT)** - There are no implications
- (g) **Property** - There are no implications.

Risk Management

- 12 This report has been produced in compliance with the council's Risk Management strategy. There are no risks directly associated with this report as it is for consultation only at this point. The risks to the council of not implementing a consistent approach to managing debt and maximising income are high. The current economic conditions and council savings targets cannot be addressed unless an efficient and effective approach to income collection and recovery is embedded across the organisation. Failure to meet these targets may result in the loss of services, and an increased and unsustainable debt position for some customers.

Recommendations

- 13 Executive members are asked to:
- a) review and comment on the content and format of the Corporate Debt Policy (Annex A) to inform its onward progress to Full Council for approval.

Reason

To seek the Executive Members' views as to whether the policy meets their expectations in order to progress to full Council.

Contact Details

Author:

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Chief Officer Responsible for the report:

Pauline Stuchfield
Assistant Director of Resources (Customer
Service & Governance)

Report Approved

Date 5.11.09

Specialist Implications Officer(s) Not applicable

Wards Affected Not applicable

All

For further information please contact the author of the report

Background Papers

Income Policy 4

Annexes

Annex A Corporate Debt Policy

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**CITY OF YORK
COUNCIL
CORPORATE DEBT
POLICY**

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INTRODUCTION

1. City of York Council aims to be an exemplary organisation with regards to the collection of debt. This policy has been developed to provide clarity and consistency in our approach to the collection of outstanding debts. The policy affirms the use of best practice methods providing high standards of customer service dealing with all customers in a fair and inclusive manner, whilst giving careful consideration to the needs of vulnerable customers.
2. The policy demonstrates commitment to the Council's Corporate Strategy priorities, and also supports the Government's agenda to provide solutions that have prevention and intervention as key drivers for public service delivery to local people.
3. The policy has been developed in consultation with the following external agencies:
 - a) Her Majesty's Court Service (HMCS)
 - b) York Citizens Advice Bureau (CAB)
 - c) Christians Against Poverty (CAP)
 - d) *Social inclusion Working Group (SiWG)*

The policy objective

- 4 The objective of the policy is to provide clarity and consistency in the way that income collection to the Council can be maximised in support of the Council's Income Policy and through embedding best practice methods of recovery.
- 5 The policy supports prompt, effective and efficient billing and recovery action, through making best use of available resources. It also reinforces the council's commitment to ensuring that any recovery action must take account of all relevant legislation whilst ensuring high standards of customer service.

The purpose of the policy

- 6 The policy provides a consistent framework in which the council can deliver its income collection function. It is inevitable that some customers will experience difficulty in paying their debts and it is important that these situations are managed in a consistent and fair way whilst ensuring the council can recover its debt through deployment of best practice.
- 7 The policy defines the key responsibilities, and support mechanisms available along with providing practical advice in the management of multiple debts.

- 8 The policy covers **all** debts owed to the council including:
- a) Council Tax
 - b) Non-Domestic Rates
 - c) Commercial rent arrears
 - d) Housing rent
 - e) Benefit overpayments
 - f) General debtors, e.g. unpaid fees and charges
 - g) Legal costs
 - h) Penalty Charge Notices (parking contraventions)
- 9 The policy is to be used by all income and recovery streams across the council. The full range of collection and recovery methods will be used as appropriate where debts are not paid. The policy works within and takes account of all relevant legislation e.g. Data Protection, Human Rights and seeks to treat all customers fairly.

Governance

- 10 The processes and controls associated with the Debt Policy along with the council's Income Policy are administered by the Head of Financial Procedures in Resources. All changes related to the procedures, systems and documentation contained within the policy must be approved by the Chief Financial Officer in consultation with the council's Directors and Audit team (Veritau) as set out at page 27 Paragraph 10 of the council's Financial Regulations.

Delivering The Service To The Customer

- 11 In determining how customers can best be supported and encouraged to address debt issues, it is important that service provision at the first point of contact is delivered in a sensitive way.
- 12 Key to this is the delivery of the council's Customer Strategy and Standards. The main purposes of the Strategy are to:
- a) establish the overall aims of the council in placing the customer at the heart of all we do;
 - b) set out a specific direction for the development of customer access channels whilst considering departments and service;
 - c) provide a framework for customer service improvement, based upon clear and agreed principles;
 - d) to increase the number of customer enquiries we resolve at the first point of contact.
- 13 Once a customer has made contact it is imperative that they are given the most appropriate source of debt management support at the first

point of contact wherever possible e.g. Customers with a single debt will be able to make a payment or where the debt cannot be cleared, a realistic agreement to pay via the relevant council department should be negotiated. Customers will be informed of all the options available to them.

Communicating with the Customer

14. We will use plain English and language that is clear and easy to understand in all correspondence. We will explain any complex terminology that we are required to use by law and avoid the use of jargon *where possible*.

We will include where relevant:

- a) Details of the amount payable;
 - b) How the charge has been calculated;
 - c) A description of the charge (if this is not shown in the calculation of the charge);
 - d) The payment methods available;
 - e) A contact *single* number for enquiries or disputes *and for discussing payment arrangements and difficulties*;
 - f) E-mail address where appropriate.
15. In meeting individual needs the council will, where practical and possible, ensure that individual preferences are documented so that ongoing and future communication can be provided in an accessible, preferred format using non-threatening language. We will review customer feedback to help identify service improvements.
16. All information can be made available or presented in a format that the customer can understand, for example other languages, large print, audiotape and Braille.
17. We *will* arrange where practical and possible to use accredited translators or interpreters if the customer uses British sign language or if English is not their first language.
18. Correspondence with customers will refer to and deal with all / or similar accounts outstanding wherever possible.

Sharing of Information

19. The council will ensure that statutory requirements are followed in the use of all computer systems used to bill and recover outstanding debts. Training and re-training will be given where required to ensure that all staff involved in the collection and recovery of debts are experienced in

the various computer systems and are fully aware of the statutory requirements governing the information maintained within the systems.

- 20 Subject to any limitations imposed by the 1998 Data Protection Act and Human Rights legislation, access to debtors' information contained in different systems will be made available, and shared across the teams responsible for debt recovery. This not only ensures that debtors can be located, but also provides a customer debt profile allowing a coordinated approach to debt collection, and a proactive way of identifying and dealing with customers priority debts. Clarification of the sharing of information will be provided to customers in appropriate correspondence and on the council's web-site.
- 21 To support the successful delivery of a coordinated debt recovery service at the council, it is vital that good working relationships and practices are established and maintained across council departments, statutory and voluntary agencies including regular meetings with the Citizens Advice Bureau, Christians Against Poverty and all service providers when dealing with debts.
- 22 All teams should have up to date written procedures in place to ensure compliance with data protection principles and appropriate customer service standards.

Providing Advice, Support and Access

- 23 Standard documentation will be provided to customers when appropriate providing help and advice about benefits and managing debt problems. This will normally include information about other support agencies including the Citizens Advice Bureau, Christians Against Poverty and York Credit Union.
- 24 The council will also make every effort to advise people of their right to apply for benefits assistance, including pro-active take up campaigns as appropriate. The council recognises the importance of bringing such matters to the attention of individuals at the earliest opportunity and where possible at the first point of contact. This can be further supported through open days and the advice points in the council's reception areas.
- 25 The council will also advise individuals and businesses of the range of other discounts, reliefs and reductions available at the time an account is issued and also in subsequent communications.
- 26 During both face-to-face contact and telephone communications, staff will *direct* customers as to where they can obtain further specialist advice on benefits and debt matters appropriate to their needs.
- 27 Wherever possible the customer's full debt profile will be provided to them in written form when recovery correspondence is issued.

The objectives of the recovery teams

- 28 The key objectives of the recovery teams are to:
- a) maximise income to the council
 - b) ensure that all customers interests are protected through the application of the debt policy
 - c) achieve an equitable share of income available to pay across all council debts
 - d) take proportional recovery action including timely issue of correspondence and court action when necessary
 - e) achieve efficiency savings by identifying solutions for customers on debt issues at the first point of contact
 - f) be fair but firm
 - g) be “preventative” for example offering payment options and other advice
 - h) help where possible to *assist customers to better manage their finances*
 - i) advise customers of advice and support agencies
 - j) encourage self help
 - k) ensure consistency in dealing with customers
 - l) share knowledge, information and expertise across the council, *and also other* agencies within the legislative framework with regard to sharing personal information
 - m) apply best practice in relation to debt collection.

Contact With Customers

- 29 We will continually improve contact with customers by :
- a) issuing timely correspondence
 - b) taking a pro-active approach including visiting debtors where possible, in order to avoid further recovery action being taken
 - c) encouraging customers to make early contact regarding their outstanding debt(s) owed to the council
 - d) raising awareness of the consequences of non-payment
 - e) advising customers of their total debts where possible.

Assessment of Ability to Pay

- 30 During the process of recovery, the council will act in accordance with statutory regulations and advice issued by professional bodies, external auditors etc.
- 31 The council will endeavour to make payment arrangements with customers who are unable to settle their debt(s) in full, however this may involve legal action being taken against the customer where appropriate.
- 32 Payment arrangements will be made with individuals and companies giving consideration to their financial circumstances, in particular their disposable income. In doing so other factors will also be considered including the nature and level of debt and past payment history.
- 33 In considering a customer's ability to pay the minimum requirement will be to ensure that the customer's indebtedness to the council does not worsen. As priority debts rank of equal importance, the council will give due consideration to the level of the arrangements made in respect of these in order to protect the customers position.
- 34 A financial statement showing income and expenditure may be required to support a payment arrangement. The customer may be required to provide key documents and information in support of their request for a payment arrangement before this approach can be agreed.

Priority Debts

- 35 The definition of a priority debt is one that could either involve the loss of the debtor's home, or those owed to creditors who can take the strongest legal action against the debtor. It is not the size of a debt that denotes it as a priority, but the result of action that creditors can take to recover their money. Customers usually pay the creditors who shout the loudest, and are often not aware of the consequences of failure to pay priority debts. Table 1 below sets out main priority debts including the consequences of failure to pay

Table 1

<u>Type of Debt</u>	<u>Consequence</u>
Rent arrears	- loss of home
Mortgage arrears	- loss of home
Utility bills	- loss of water/gas/electricity
Council Tax	- bailiff action, attachment of earnings or benefits, bankruptcy or imprisonment
Business Rates	- bailiff action and imprisonment
Maintenance/child support	- bailiff action/deductions from earnings / imprisonment
Housing Benefit overpayment	- bailiff action or deductions from benefits
Income Tax	- bankruptcy or imprisonment
Other secured loans	- <i>loss of asset against which the loan is secured i.e. House , car</i>
Television License	- custodial sentence
Other debts identified to be a priority	

Customers With Multiple Debts

- 36 Customers with multiple debts *may* need additional support to find a solution to their debt problems, and should be actively encouraged to share with staff, information on all *debts*, in order that the most appropriate action can be taken to address their debts.
- 37 The policy promotes a flexible approach to working with customers to agree the steps that need to be taken to help address multiple debts. In taking this approach debt management will vary from debt to debt as different solutions will be required.
- 38 Whilst focusing clearly on the debt(s) owed to the council, this policy promotes the assistance of customers by ensuring they receive *the* help and debt advice that they need to reach realistic solutions in respect of debts owing to other organisations.
- 39 The policy promotes clarification to the customer regarding the order of priority in which customers must pay their debts, depending on the nature of the debt.
- 40 Support will be offered including access to interpreters for customers whose first language is not English or for those who are deaf or visually

impaired, and staff will attend appointments when required to ensure that such customers receive the assistance they need. The provision of individual responses will also take into account diversity and exclusion issues. Where practicable, we will also require external agencies to ensure the same level of service is provided, mirroring our approach to diversity and inclusion issues.

Supporting Vulnerable Customers

- 41 We will deliver a service, which aims to meet the needs of each individual, and *direct* them to other support agencies identifying vulnerable customers at the earliest possible stage.
- 42 Whilst the council will ensure that arrears are pursued in a timely manner and in a firm but fair way, it does recognise that certain individuals will require more sympathetic and sensitive treatment. The council's Welfare Rights Visiting Officers will be used to help build relationships with vulnerable customers at an early stage. Where a customer is deemed as vulnerable or where the customer requires special assistance in handling their financial affairs, steps will be taken to deal with these customers in a more sensitive way.

Customers who can pay

- 43 The council's Income Policy sets out the various payment methods available to customers and promotes the council's commitment to maximise income.
- 44 Appropriate payment arrangements are offered where debts cannot be settled in full. The Income Manager monitors these arrangements, and further recovery action is taken following default.

Customers who can't pay

- 45 Where a customer is unable to pay the following support and debt advice will be provided where possible:
 - a) Advice will be given of what happens if debts remain outstanding
 - b) When appropriate council debt recovery officers will attend the customer's home and especially where a customer is deemed to be vulnerable. Benefit officers may also visit to endeavour to resolve the situation and *avoid* further recovery action if possible
 - c) Information will be provided stating who can give help and advice
 - d) Encouragement will be given to customers to get help from a range of sources
 - e) Referrals will be made to appropriate agencies and benefit teams
 - f) Further proportional recovery action may be taken

Enforcement of collection

- 46 The council is empowered to enforce payment through a number of statutory remedies following successful court action being taken, including powers which impact on a person's possessions or liberty. This can include the right to seize goods, to evict a tenant, or to request imprisonment.
- 47 The right to Levy Distress is one of the remedies used, which is undertaken through the use of external Bailiff Agencies in line with the Lord Chancellor's "National Standards for Enforcement Agents". To ensure effective, consistent and appropriate application of Distress, the City of York council's contract with its Bailiffs includes a detailed Code of Conduct, which the bailiffs must follow and which is regularly monitored.
- 48 The council will ensure that these more 'severe' powers for example removal of goods, will only be used when all other reasonable methods have failed and where all appropriate internal and statutory processes have been properly followed.

Further Recovery Action

- 49 In situations where all attempts to contact customers have failed, including the use of external Bailiff action, further appropriate recovery action will be taken whilst considering individual circumstances. This may include bankruptcy proceedings or committal action.

Debt Write Off

- 50 Each individual case needs to be considered on its own merits but inevitably there will be debts that become unrecoverable. All forms of enquiry including the use of tracing agencies will be exhausted before a debt is considered for write off. If a debtor is subsequently traced after the debt has been written off the debt will be written back onto the council's accounts providing the six-year rule does not apply. This rule states that creditors are no longer able to pursue a debtor if they have not issued correspondence regarding the debt within the last six years. The standard criteria for writing off debt are:
- a) Deceased
 - b) Bankrupt
 - c) In Administration/ Liquidation *with no assets* (Non Domestic Rates)
 - d) Individual Voluntary Arrangement (if arrangement is adhered to)
 - e) Gone away no trace
 - f) Uneconomical to recover
 - g) After custodial sentence for non-payment of Council Tax if instructed by the court.

- 51 The delegated powers for writing off debt is set out in detail within the council's Financial Regulations. The information is contained within Part D of the regulations 'Systems & Procedures' with the delegated powers detailed in the Table at page 27.

Complaints

- 52 All complaints will be dealt with promptly through the council's 3 stage complaint procedure by the relevant service managers.

Credits and Transfers

- 53 A corporate approach to refunding credits will be established so that where ever possible, checks will be made to identify other outstanding debts owed by the customer, prior to a refund being made. Where other debts are identified a credit transfer *will be undertaken*.

Irrecoverable Debts

- 54 The council recognises that not all debts are collectable and therefore it may be appropriate in certain circumstances to classify debts as irrecoverable, where pre determined criteria are met. The council will ensure that procedures are in place, which detail the action to be taken prior to an account being written-off. It is also recognised that accounts below a certain value may be uneconomic to collect.

Additional recovery costs

- 55 In order to protect the local taxpayer's resources, Bailiff fees and court costs will be passed on to the debtor when appropriate, and where legislation allows.

Procedure Notes

- 56 The City of York Council will develop comprehensive procedural documents for the pursuance of debt. These are subject to continual review respecting not only best practice methods, but the changing financial world and evolving technology.

Monitoring performance

- 57 The performance of the income teams will be constantly monitored to ensure they are providing an effective debt recovery service to the council. The teams will be set targets in terms of the level of recovery with performance management embedded at the core of their management.

Policy Review

- 58 The Corporate Debt Policy will be monitored and regularly reviewed on at least an annual basis. This will enable it to be updated where necessary and take account of changes in legislation.

Equalities

- 59 In order to plan and deliver the service and in developing this policy in a fair and inclusive way, the council have undertaken consultation with its Social Inclusion Working Group and assessed the impacts on people from the equality strands to ensure that we do not unintentionally discriminate against some of them by carrying out an Equalities Impact Assessment (EIA) including an action plan for going forward. This has taken account of the issues that the people in York have told us have a negative effect on people from all six equality strands, which included difficulty in accessing information and services. This is an ongoing consultation process that will help shape future service provision.

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