

**Notice of a public meeting of
Cabinet**

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

Date: Tuesday, 9 September 2014

Time: 5.30 pm

Venue: The George Hudson Board Room - 1st Floor West Offices (F045)

AGENDA

Notice to Members - Calling In:

Members are reminded that, should they wish to call in any item* on this agenda, notice must be given to Democracy Support Group by **4:00 pm on Thursday 11 September 2014.**

*With the exception of matters that have been the subject of a previous call in, require Full Council approval or are urgent which are not subject to the call-in provisions. Any called in items will be considered by the Corporate and Scrutiny Management Committee.

1. Declarations of Interest

At this point, Members are asked to declare:

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

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

- 2. Minutes** (Pages 1 - 6)
To approve and sign the minutes of the last Cabinet meeting held on 5 August 2014.

- 3. Public Participation**
At this point in the meeting members of the public who have registered to speak can do so. The deadline for registering is **5.00pm on Monday 8 September 2014**. Members of the public can speak on agenda items or matters within the remit of the committee.

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

Filming, Recording or Webcasting Meetings

“Please note this meeting will be filmed and webcast and that includes any registered public speakers, who have given their permission. This broadcast can be viewed at <http://www.york.gov.uk/webcasts>.

Residents are welcome to photograph, film or record Councillors and Officers at all meetings open to the press and public. This includes the use of social media reporting, i.e. tweeting. Anyone wishing to film, record or take photos at any public meeting should contact the Democracy Officer (whose contact details are at the foot of this agenda) in advance of the meeting.

The Council’s protocol on Webcasting, Filming & Recording of Meetings ensures that these practices are carried out in a manner both respectful to the conduct of the meeting and all those present. It can be viewed at http://www.york.gov.uk/downloads/download/3130/protocol_for_webcasting_filming_and_recording_of_council_meetings

- 4. Forward Plan** (Pages 7 - 10)
To receive details of those items that are listed on the Forward Plan for the next two Cabinet meetings.

- 5. 2014/15 Finance Monitor 1** (Pages 11 - 20)
This report presents Cabinet with details of the Council's financial position for the period covering 1 April to 30 June 2014, together with an overview of any emerging issues. The report also assesses performance against budgets, including progress in delivering the Council's savings programme.
- 6. Capital Programme Monitor One 2014/15** (Pages 21 - 36)
This report sets out the projected capital programme outturn position for 2014/15 including any under/ over spends and adjustments, along with requests to re-profile budgets to/from current and future years.
- 7. 2014/15 Performance Monitor Quarter 1** (Pages 37 - 54)
This report presents details of the Council's performance covering the period 1 April to 30 June 2014. This is the first report of the financial year which assesses performance against key themes, including Council Plan Priorities.
- 8. Review Housing Revenue Account Business Plan 2013 to 2043** (Pages 55 - 110)
This report provides an overview of the revised Housing Revenue Account Business plan for the next 30 years and provides detail of the key priorities for the next five years, including the investment fund to support the delivery of more affordable new homes.
- 9. Community Stadium and Leisure Facilities Update** (Pages 111 - 158)
This report updates Cabinet on the progress with the procurement for the Community Stadium and City Leisure Facilities contract. The scope of the project has expanded considerably with the inclusion of the city's leisure facilities since the approval of the original business case.
- 10. Financial Close for the Long Term Waste Management Service Contract** (Pages 159 - 234)
This report updates Cabinet on progress of the Long Term Waste Service Contract with AmeyCespa for provision of a waste treatment service at Allerton Quarry, Knaresborough. The report also provides information on the funding of the project and asks Cabinet to consider whether the long term waste treatment project should progress to Financial Close within the approved affordability envelope.

11. York Flood Risk Management Strategy (Pages 235 - 296)

This report provides Cabinet with a strategy for local flood risk management in the Council's area, following the flooding of 2007, and the introduction of legislation for the management of risks associated with flooding and coastal erosion. Comments and recommendations for its content and approaches to public consultation are sought from Cabinet.

12. Urgent Business

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

Democracy Officer:

Name: Jill Pickering

Contact details:

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

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

- Registering to speak
- Business of the meeting
- Any special arrangements
- Copies of reports and
- For receiving reports in other formats

Contact details are set out above.

This information can be provided in your own language.

我們也用您們的語言提供這個信息 (Cantonese)

এই তথ্য আপনার নিজের ভাষায় দেয়া যেতে পারে। (Bengali)

Ta informacja może być dostarczona w twoim własnym języku. (Polish)

Bu bilgiyi kendi dilinizde almanız mümkündür. (Turkish)

یہ معلومات آپ کی اپنی زبان (بولی) میں بھی مہیا کی جاسکتی ہیں۔ (Urdu)

 **(01904) 551550**

City of York Council

Committee Minutes

Meeting	Cabinet
Date	5 August 2014
Present	Councillors Alexander (Chair), Levene, Looker, Merrett and Williams
In attendance	Councillors Cuthbertson, D'Agorne, Healey, Steward, Warters, Watson and Wiseman
Apologies	Councillors Crisp, Cunningham-Cross and Simpson-Laing

17. **Declarations of Interest**

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

18. **Minutes**

- Resolved:
- i) That the minutes of the Cabinet meeting held on 1 July 2014 be approved and signed by the Chair as a correct record
 - ii) That the delegated powers granted to Officers in minute 13 (v), relating to approval of the detailed arrangements for the new company, these should be exercised in consultation with the Cabinet Member for Leisure, Culture and Tourism.¹

Action Required

1. When finalising arrangements for the formation of the company, consult with Cabinet Members. KS

19. **Public Participation**

It was reported that there had been two registrations to speak at the meeting under the Council's Public Participation Scheme,

and that three Members of Council had also requested to speak on items, details of which are set out below:

Minutes of Cabinet Meeting, 1 July 2014

Cllr Warters, spoke in relation to the minutes of the last Cabinet meeting, in particular Minute 14 – The Future of the Burnholme College Site. He disputed reference in the minutes that briefing sessions had been offered to neighbouring Parish Council's and Residents Associations. He also requested removal of the paragraph in the report which had stated that, as the business case developed, it may be necessary to consider use of some of the remaining green space for housing.

The Cabinet Member confirmed that Osbaldwick Parish Council had been consulted as part of the consultation on the future of the Burnholme College site and that their comments had been reflected in the report. He also reiterated that there was no intention to build on the green space at the College and that any changes would be brought back to Cabinet for further consideration.

Lendal Bridge and Coppergate Traffic Regulation Orders

Cllr Steward, spoke to raise his concerns at the current situation in relation to the Penalty Charge Notice's (PCN's) arising from the Lendal Bridge trial, which he felt was damaging the city's reputation. He also expressed concern at the proposal to refund PCN's only to motorists who made application and spoke of the need for equal treatment for all which included the refund of all fines.

Cllr Warters, also raised concerns at the recommendations in the Lendal Bridge report he asked Cabinet to draw a line under this issue and asking for Cabinet Members resignations.

Cllr Cuthbertson reiterated the earlier speakers' request for repayment of all Lendal Bridge fines and to the damage caused to the city's reputation. He pointed out that a refund to all individuals would be fairer and more cost effective.

York - Fairtrade City

Kathryn Tissiman, spoke as Chair of York Fairtrade Forum Steering Group, a group in operation since 2004 which was still

relatively unknown. She highlighted their campaigns both nationally and locally for fair trade and to their Strategy which was renewed every two years. She detailed their ongoing works and asked Members to work with the Group to help raise the profile of fair trade.

20. Forward Plan

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

21. Lendal Bridge and Coppergate Traffic Regulation Orders

Consideration was given to a report which asked Cabinet to consider whether to pursue its application for review of the decision to the Traffic Penalty Tribunal Adjudicator in respect of appeals against fines for breach of the Lendal Bridge Traffic Order.

It was noted that the Adjudicator had not yet completed the review of the Lendal Bridge or Coppergate decisions and that it was now over 3 months since conclusion of the Lendal Bridge trial.

The Cabinet Member confirmed that, owing to the uncertainty that now existed for all parties, following a trial that had now been completed, that there was a need to move forward and address transport challenges via the Congestion Commission. He stated that a simple, robust system for repayment would be provided for members of the public who contested their Penalty Charge Notice's (PCN's). It was noted, as the Coppergate traffic order was a long standing restriction, that there were no proposals to withdraw this request for Adjudicator's review.

Members agreed that further delays would not assist the present situation and, in order to provide clarity for the public, the review of the Adjudicator's decision in relation to the Lendal Bridge trial should not be pursued. Members also reiterated the need to concentrate on finding long term solutions to the city's traffic problems and following further discussion it was

Resolved: That Cabinet agree to:

- (i) Instruct Officers to confirm the withdrawal of the Lendal Bridge review being made public through the Council's normal communication channels;
- (ii) Ask Officers to make arrangements where members of the public contest their PCN for the settlement payments equivalent to PCN fines paid in respect of the Lendal Bridge trial to be made;
- (iii) Ensure that a robust mechanism is put in place to protect the public purse from fraud when applications are made. That this be done at the earliest opportunity to provide certainty to both the Council and individuals but is subject to internal audit review;
- (iv) Ask Officers to confirm to the Traffic Penalty Tribunal that the Council will be taking these steps in relation to the Lendal Bridge trial only;
- (v) Confirm that the Council wishes the review into the Coppergate scheme decision to continue and will not be making any refunds in respect of Coppergate.¹

Reason: It is now the case that the Lendal Bridge trial finished over 3 months ago will not require future enforcement and the fines income was not intended as a revenue income and remains in Council reserves. Notwithstanding these facts the Council and Motorists remain in a position of uncertainty due to the ongoing legal process associated with the enforcement of the PCN.

Therefore Cabinet can determine if it is in the Council's interest to sustain the uncertainty for the Council and individuals as to the validity of Penalty Charge Notices. That the ongoing diversion of Council resources from other transport congestion schemes is not value for money and that the Council needs to concentrate its limited resources and the results of the Lendal Bridge trial on working through the congestion commission to address the growing issue of congestion in the city.

Action Required

1. Await outcome of CSMC (Calling In) meeting. NF

22. Business Rate Discount Policy

Members considered a report which set out details of a revised business rate discount policy which included an additional ambition to reinvigorate the 'high street' in geographical areas that had a high commercial property vacancy rate.

The revised policy would provide immediate awards for relief to properties that became vacant, rather than after a 12 month qualifying period. Details of the full qualifying criteria that businesses would be required to meet were set out in the report and at Annex A.

It was noted that the Acomb area had been identified as having the highest rate of long term unoccupied commercial property and this area was recommended as the first Business Development District to pilot the new ambition. The financial cost of funding the scheme would be in the region of £45k pa gross.

Members referred to this positive step which would address issues raised by residents in the recent Community Conversation meeting held in the Westfield area.

Resolved: That Cabinet approve the revised business rate discount policy attached at Annex A and the first Business Development District (Acomb) as set out at Option 1, paragraph 9, of the report.¹

Reason: To provide more proactive help in reinvigorating the high street, supporting jobs and growing the city's overall economy.

Action Required

1. Implement revised policy. DW

23. York - Fairtrade City

Consideration was given to a report which provided an update on recent progress made under the York Fairtrade initiative.

York had received Fairtrade Town status on 3 March 2004 and as there was a requirement to renew this status every two years this was due in November 2014.

In order to become and remain a Fairtrade city it was noted that five goals must be met and details of progress against these goals, since November 2012, together with a two year action plan through to November 2016 were reported.

Members highlighted that key to the success of the Fairtrade initiative was sharing the message of how fairly traded goods and services contributed to making the world a fairer place, which required the engagement of communities.

The Leader referred to the work undertaken in this area by the Cabinet Member, acknowledging that fair trade was not as high profile as it should be. It was noted that the authority would continue to work with the Fairtrade Forum to promote the fair-trade initiative.

Following further discussion it was

Resolved: That Cabinet agree to:

- (i) Confirm City of York Council's continued desire for Fairtrade City status.
- (ii) Note the suggestions for future work in support of Fairtrade City. ¹.

Reason: To allow the continuation of work to achieve the renewal of Fairtrade City status.

Action Required

1. Proceed with renewal of status and action plan. WB

Cllr J Alexander, Chair

[The Meeting started at 5.30 pm and finished at 6.05 pm].

Cabinet Meeting: 9 September 2014

FORWARD PLAN

Table 1: Items scheduled on the Forward Plan for the Cabinet Meeting on 25 September 2014

Title & Description	Author	Portfolio Holder
<p>City of York Local Plan Publication Draft Purpose of Report: To progress the Local Plan to its publication for statutory consultation prior to the Examination in Public.</p> <p>Members are asked to approve the draft plan for statutory consultation purposes.</p>	Mike Slater	Cabinet Member for Environmental Services, Planning & Sustainability

Table 2: Items scheduled on the Forward Plan for the Cabinet Meeting on 7 October 2014

Title & Description	Author	Portfolio Holder
<p>York Guildhall and Riverside creating a Digital Media and Arts Centre Purpose of Report: To ask Cabinet to approve the procurement of a commercial partner to facilitate the creation of a digital media and arts centre in the Guildhall complex.</p> <p>Members are asked to note the progress made in developing the project to date, following cabinet approval of the development fund 16 July 2013, and to approve the procurement of a commercial partner to work alongside the council in further developing and delivering the project.</p> <p>This report contains an annex that may be considered in private as it contains Exempt Information as described in Paragraph 3 of Part 1 of Schedule 12A to the Local Government Act 1972 (as amended) in that the information relates to the financial or business affairs of any particular person (including the authority holding that information).</p>	David Warburton	Cabinet Member for Finance & Performance

<p>Proposed Expansion of Fulford Secondary School</p> <p>Purpose of Report: The report explains proposals to provide additional accommodation at Fulford School to meet catchment demand, and seeks approval for the capital expenditure.</p> <p>Members will be asked to approve Basic Need capital investment over three years.</p>	<p>Jake Wood/Mark Ellis</p>	<p>Cabinet Member for Education, Children & Young People</p>
<p>Delivering Marketing, Culture, Tourism and Business Development – Stage 3</p> <p>Purpose of Report: This report asks Cabinet to agree the outline business plan and governance arrangements.</p> <p>Members are asked to note the progress made to date.</p>	<p>Katie Stewart</p>	<p>Cabinet Member for Leisure, Culture & Tourism</p>

Table 3: Items slipped on the Forward Plan					
Title & Description	Author	Portfolio Holder	Original Date	Revised Date	Reason for Slippage
<p>York Equality Scheme</p> <p>Purpose of Report: To inform Members of the priorities within the Single Equality Scheme.</p> <p>Members are asked to approve the Single Equality Scheme.</p>	<p>Sharon Brown</p>	<p>Cabinet Member for Health & Community Engagement</p>	<p>Nov 14</p>	<p>Dec 14</p>	<p>Following discussions with the Corporate and Scrutiny Management Committee this item has been moved to the December Cabinet to allow officers to consult with all the Scrutiny Committees.</p>

<p>York Guildhall and Riverside creating a Digital Media and Arts Centre</p> <p>Purpose of Report: To ask Cabinet to approve the procurement of a commercial partner to facilitate the creation of a digital media and arts centre in the Guildhall complex.</p> <p>Members are asked to note the progress made in developing the project to date, following cabinet approval of the development fund 16 July 2013, and to approve the procurement of a commercial partner to work alongside the council in further developing and delivering the project.</p> <p>This item has been slipped to the July Cabinet to allow further discussions in respect of the development and delivery of the project.</p> <p>This item has been slipped to the September Cabinet to allow further work and discussions on the proposals.</p>	<p>David Warburton</p>	<p>Cabinet Member for Finance & Performance</p>	<p>June 14</p>	<p>Oct 14</p>	<p>Officers are awaiting announcement from national funding body about award of grant in order to complete the financial analysis.</p>
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Cabinet**9 September 2014****Report of the Cabinet Member for Finance and Performance****2014/15 Finance Monitor 1****Purpose of the Report**

- 1 To present details of the Council's financial position for the period covering 1 April to 30 June 2014, together with an overview of any emerging issues. This is the first report of the financial year and assesses performance against budgets, including progress in delivering the Council's savings programme.

Summary

- 2 The forecast financial pressures facing the council are projected at £2,924k, compared to £3,722k at this time last year. Within this report it is proposed that £600k of contingency is allocated to known pressures in Health & Wellbeing which would, if agreed, bring the overall position down to £2,324k.

Analysis

- 3 All aspects of the public sector are continuing to face challenging times in the light of the Government's commitment to reduce the national deficit as first outlined in the Comprehensive Spending Review (CSR) published in October 2010. As a result, in recent years the Council has had to deal with very large reductions in funding, combined with a range of significant pressures.
- 4 To provide some context to this, the Council:
 - has made £16.4m of savings over the period 2007/08 to 2009/10.
 - has made a further £74.2m of savings covering the period 2010/11 to 2015/16.
 - and has therefore made a total of £90.6m of savings over the 9 years covering 2007/08 to 2015/16.
 - has since the 2010 CSR (2011/12-2015/16) experienced government grant reductions of some £37.6m, or 46%.

- 5 In common with councils across the country, the largest budget pressure is in respect of meeting increased demographic demand for adult social care and the increasing complexity, and therefore cost, of care packages for the ageing population. The recently published ONS Population Projections show that the 65-69 year old population of the City of York expanded by 18.9% (1,738 people) between 2011-2013, while the over 90 year old population expanded by 14.3% (337 people) in the same 2 years. The council has allocated, between 2007/08 and 2014/15, £16m of additional funding to meet rising demand.
- 6 The Council's net budget is £124,186k. Following on from previous years, the challenge of delivering savings continues with £11m to be achieved in order to reach a balanced budget. Early forecasts indicate the Council is facing financial pressures of £2,924k (£2,324k after allocating contingency) and an overview of this forecast, on a directorate by directorate basis, is outlined in Table 1 below.

2013/14 outturn		2014/15 Forecast Variation
£'000		£'000
+309	Children's Services, Education & Skills	+707
+443	City & Environmental Services	+1,098
-61	Communities & Neighbourhoods	Nil
-318	Customer & Business Support Services	-35
+1,391	Health & Wellbeing	+1,680
-4	Office of the Chief Executive	-26
-2,074	Corporate	-500
-314	Total	+2,924
	Less Contingency	-600
	Revised Total	+2,324

Table 1: Finance overview

- 7 The following sections provide more details of the main variations and any mitigating actions that are proposed.

Children's Services, Education & Skills

- 8 Despite a reduction in the number of Looked After Children and a reduction in expenditure of almost £1m since 2012/13, the underlying budget pressure from previous years results in a net projected overspend within children's social care resources budgets. This includes forecast pressures on Out of City and Independent Foster Agency placements (£372k and £368k respectively). It also includes additional staffing costs within Children's Safeguarding, Children's Trust teams and the Integrated Family Service (£170k and £50k respectively).
- 9 Offsetting these overspends a significant saving of £105k is currently projected on children's services legal fees. This is in excess of the budget saving already delivered for 2014/15 but allows no provision for any new complex cases requiring significant expert legal support.
- 10 A number of posts being kept vacant within the school improvement service in advance of delivering savings proposed for the 2015/16 financial year results in a forecast underspend of £267k.

City & Environmental Services

- 11 There is a continued shortfall from parking income (£400k) and further monitoring will be required to assess the impact of the current parking initiatives, including the charges for Minster Badges, the free parking introduced in late June and pay-on-exit at Marygate.
- 12 There is pressure on the staffing and transport budgets (£300k) within waste collection and a forecast overspend of £120k due to lower than budgeted income from commercial waste, £100k due to the forecast shortfall in dividend from Yorwaste and £220k due to lower than expected income from charges at the Household Waste Recycling Centre and additional costs from the processing of wood. These overspends are reduced by a forecast saving of £120k on landfill costs based on current tonnage forecasts and £100k additional income from landfill gas at Harewood Whin.
- 13 A range of other minor underspends and proposed mitigations make up the total directorate position.

Communities & Neighbourhoods

- 14 There are a number of budget pressures being experienced including, Learning Services (£110k) where a restructure will be implemented over the coming months, Smarter York (£60k) and Housing and Community Safety

(£25k). However, a mitigation plan is in place to identify additional savings so that the directorate will outturn within the approved budget.

- 15 There are a number of internal payments made between Health & Wellbeing and CANS for Early Intervention and Prevention work, formerly Supporting People funding. It is proposed that the budget of £1,074,810 for these payments is transferred from Health and Wellbeing to CANS to remove these internal transactions and enable a review of this budget in conjunction with the linked services within CANS. Cabinet are asked to approve this virement.
- 16 At budget council earlier this year it was agreed to increase the Gypsy, Roma and Traveller sites rents by £25. This amount was based on two key elements, increasing the management capacity and recovering costs associated with fly tipping on and around the Traveller Sites. Following budget council, discussions have taken place with the travelling community and their support organisations to discuss the rent increase and its impact.
- 17 As a result of these discussions it has been decided that by enhancing the management and enforcement on the sites the issue of fly-tipping can be reduced, thereby avoiding the additional cost and the need to recover it. An increase of £25 would therefore mean the authority would over recover its costs. It has been determined to amend the charge to £12.90 per week per pitch which would enable the authority to recover its costs associated with the increased management capacity.
- 18 The increase would bring the weekly rent to £71.28 per week. Benchmarking this rent with other authorities in the region show that these rents are below and compare favourably with the rent levels in Leeds, Ryedale and Durham.

Customer & Business Support Services

- 19 A small underspend of £35k is currently forecast and work will continue to try and identify additional savings to help the overall position.

Health & Wellbeing

- 20 The largest budget within Health and Wellbeing is adults social care. As part of the department's response to the recent audit of department, a major exercise is currently underway to review this budget on an item-by-item basis in relation to both income and expenditure. At the end of this exercise there will be an unambiguous budget for adults which will clearly identify controllable spend within the department and crucially, will differentiate between individual line items that are under-budgeted due to

the way in which the budget is distributed at present, and those that are genuinely overspent. On completion of this exercise the adults team will move on to benchmarking against best practice, both the adults budget and the major expenditure categories within that budget.

- 21 At present, the initial estimate of the major variations for 2014/15 includes 3 items that relate to direct provision of care packages to vulnerable residents. These are Non Residential Care Packages (£649k), Emergency Placements (£92k) and Short Term Breaks (£116k).
- 22 There is also a projected overspend in relation to DOLS (Deprivation of Liberty). All councils with adults responsibilities have been impacted by a recent court ruling that is dramatically increasing the number of formal applications that must be processed and this increase could not have been foreseen at the time that the 2014/15 budget was set.
- 23 The contingency budget for 2014/15 was set at £650k, of which £50k has already been allocated. It is proposed that Cabinet agree to allocate the remaining £600k contingency to offset pressures of care package provision and DOLS.
- 24 In addition, there is a projected overspend of £763k within provider services, predominantly in respect of the Council's own Elderly Persons Homes. The main reasons for this are in relation to the costs of temporary staff through Working with York (WWY), for which there is no budget but a projected expenditure of £407k, and the implementation of the household model of care for dementia at our specialist homes at a cost of £68k for additional staffing.
- 25 Costs of EPH provision are offset by income from health partners who commission beds from us. Income from these beds for Q1 was £95k with a full-year projection of £382k.

Office of the Chief Executive

- 26 A small underspend of £26k is currently forecast and work will continue to try and identify additional savings to help the overall position.

Housing Revenue Account

- 27 The Housing Revenue Account is expected to make a small in year surplus of £0.6m. A review of the budgets in the area shows that, overall, the account is expected to outturn on budget. There are pressures of £400k on housing repairs, however this is offset by a range of savings including lower than forecast rent arrears and staffing vacancies. The working balance of £12.1m at 31/3/14 will therefore increase to £12.7m by 31/3/15 in line with the HRA business plan. A report elsewhere on this

agenda sets out more detail regarding the investment plans and expenditure pressures associated with the HRA.

Corporate Budgets

- 28 These budgets include Treasury Management and other corporately held funds. It is anticipated that a £500k underspend will be achieved, predominantly through improved Treasury Management performance as a result of reviewing some assumptions on the cash flow position which will mean more interest being earned than previously anticipated.
- 29 Following the industrial action during July, it is expected that there will be a one off saving. It is proposed that once this figure is known, approximately £10k will be donated to support the work of a food bank charity and the remaining amount allocated to offset pressures in Health & Wellbeing. The exact amounts will be confirmed in a future report and the process of making the donation will be agreed with the Financial Inclusion Steering Group.

Loans

- 30 Further to a recent scrutiny review, Cabinet agreed that these quarterly monitoring reports would include a review of any outstanding loans over £100k. The only loan in this category is that of £1m that was made to Yorwaste, a company part owned by the Council, in June 2012. Interest is charged at bank base rate plus 1% and all repayments are up to date.

Municipal Bonds Agency

- 31 The majority of borrowing by local authorities is from the Public Works Loan Board (PWLB), an arm of the Government. However, the Local Government Association (LGA) has for some months been developing proposals for a Municipal Bonds Agency. The Agency would raise finance in bulk from the capital markets and on-lend it to local authorities. If successful, a Bonds Agency could provide loans to local authorities at rates below the PWLB and help to diversify the sources of borrowing available to local authorities, making them less vulnerable to PWLB policy changes. All borrowing from the agency falls within the 'prudential borrowing' system whereby all borrowing must be affordable and sustainable in accordance with the Prudential Code and the costs of borrowing will need to be met from available revenue.
- 32 An investment of £40k is proposed, subject to approval by the Director of Business & Support Services to the final terms, with the main benefit to the Council being cheaper borrowing. If the Agency is successful the

shares are expected earn dividends after approximately 5 years that will be sufficient to cover the borrowing costs. In the meantime this contribution will be funded from within existing Treasury Management budgets. It should be noted that this is a start up proposal so whilst there is a risk that some of this investment might be abortive if the Agency fails to succeed, if this is because the PWLB decide to undercut its rates, the council will still benefit from a reduced cost of borrowing.

Consultation & Options

33 This report is for information so no options are presented.

Consultation

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

Council Plan

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

Implications

36 The implications are:

- Financial - the financial implications are dealt with in the body of the report.
- Human Resources - the HR implications of change is managed in accordance with established council procedures. As part of this process consultation with trade unions and affected staff will continue to be undertaken and every opportunity will be explored to mitigate compulsory redundancies, such as vacancy controls, flexible working, voluntary redundancy / early retirement and extended redeployment. Where consideration is being given to the transfer of services to another provider TUPE will apply which will protect the terms and conditions of employment of transferring staff. A programme of support for staff who are going through change is planned which will help staff adapt to changes to the way they will need to work or to prepare for a move into a new role.
- Equalities - there are no specific equality implications to this report, however equalities issues are accounted for at all stages of the financial planning and reporting process.
- Legal - there are no legal implications to this report.

- Crime and Disorder - there are no specific crime and disorder implications to this report.
- Information Technology - there are no information technology implications to this report.
- Property - there are no property implications to this report.
- Other - there are no other implications to this report.

Risk Management

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

Recommendations

- 38 Cabinet is asked to:
- a) Note the current financial position of the Council
 - b) Allocate £600k of contingency to meet pressures in Health & Wellbeing as set out in paragraph 23
 - c) Agree to invest £40k in the municipal bonds agency as set out in paragraphs 31 and 32
 - d) Agree to the virement set out in paragraph 15
 - e) Agree to donate £10k of the strike savings to support the work of food banks and the remaining saving to Health & Wellbeing as set out in paragraph 29
 - f) Agree travellers increase as set out in paragraphs 16 to 18

Reason: To ensure expenditure is kept within the approved budget

Contact Details:

Authors:	Cabinet Member and Chief Officer Responsible for the report:			
Debbie Mitchell Corporate Finance Manager Ext 4161	Councillor Daf Williams, Cabinet Member for Finance and Performance			
	Ian Floyd Director of Customer & Business Support Services			
	Report Approved	√	Date	29 August 2014
Wards Affected: All				√
For further information please contact the authors of the report				

Annexes - None

List of abbreviations used in the report:

CANS - Communities & Neighbourhoods

CSR - Comprehensive Spending Review

DOLS -Deprivation of Liberty

EPH – Elderly Persons Homes

HR – Human Resources

LGA – Local Government Association

ONS – Office for National Statistics

PWLB - Public Works Loan Board

TUPE - Transfer of Undertakings (Protection of Employment)

WWY - Working with York

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Cabinet

9 September 2014

Report of the Cabinet Member for Finance and Performance

CAPITAL PROGRAMME – MONITOR ONE 2014/15

Report Summary

1. The purpose of this report is to set out the projected capital programme outturn position for 2014/15 including any under/ over spends and adjustments, along with requests to re-profile budgets to/from current and future years.
2. The 2014/15 capital programme approved by Council on 27 February 2014 and updated for amendments reported to Cabinet in the July outturn report is £83m, financed by £41m of external funding and internal funding of £42m.

Consultation

3. The capital programme was developed under the Capital Resource Allocation Model (CRAM) framework and agreed by Council on 27 February 2014. Whilst the capital programme as a whole is not consulted on, the individual scheme proposals and associated capital receipt sales do follow a consultation process with local Councillors and residents in the locality of the individual schemes.

Summary of Key Issues

4. A decrease of £6.912m is detailed in this monitor resulting in a revised capital programme of £76.319m. £6.767m of the decrease is attributable to re-profiling to budgets to future years. The net decrease of £145k is attributable to a reduction in government grants available.
5. Table 1 outlines the variances reported against each portfolio area.

Directorate	Department	Current Approved Budget £m	Projected Outturn £m	Variance £m
CSES	Children's Services, Education & Skills	12.221	10.202	(2.019)
H&WB	Adult Social Services and Public Health	1.013	1.013	0.000
CANS	Communities Culture & Public Realm	4.333	5.973	1.640
CANS	Housing & Community Safety	17.483	17.292	(0.181)
CES	Highways & Waste	7.460	7.460	0.000
CES	Transport	9.042	9.042	0.000
CES	Economic Development	0.058	0.058	0.000
CES	Community Stadium	10.482	6.026	(4.456)
CBSS	Asset Management	2.548	2.548	0.000
CBSS	West Offices - Admin Accom	0.533	0.533	0.000
CBSS	IT Development Plan	2.284	2.284	0.000
CBSS	Misc(Contingency)	0.558	0.483	(0.075)
CBSS	Economic Infrastructure Fund	15.216	13.405	(1.811)
	Total	83.231	76.319	(6.912)

Table 1 Capital Programme Forecast Outturn 2014/15

6. To the mid point in August there was £13.458m of capital spend representing 17.6% of the revised monitor 1 budget.

Analysis

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

CSES – Children Services, Education and Skills

8. Two amendments are made to the Children's services capital programme as part of this report. The first is a reduction in budget of £19k per annum. This is as a result of two primary schools converting to academies in 2013/14 and the subsequent amount of Devolved Formula Capital received for these two schools being reduced. As these amounts were previously included in the budget they need to be removed.
9. The second change is in relation to the Basic Need programme of works. Within the main Basic Need programme the schemes that are currently in progress are the provision of an additional classroom at Skelton Primary School at an estimated cost of £180k (also incorporating some roof repairs and toilet refurbishment funded from maintenance at a cost of £50k), and an additional classroom at Badger Hill Primary School at a cost of £230k. Both these schemes are on site and are scheduled for completion by September 2014. The schemes are in response to already identified demand pressures being experienced by these schools.
10. As previously reported, the authority is experiencing demographic pressures in a number of areas across the city and the implications of this need to be considered carefully to plan and prioritise the use of basic need funding. Work is in progress on a strategic assessment of where and when future pressures will emerge to enable schemes to be developed in advance of these pressures becoming critical. The result of this is that a significant amount of the Basic Need programme in 2014/15 will not be required until future years. Initially, it is requested that £2m of the 2014/15 approved programme be re-profiled into 2015/16 whilst further work is done on planning the best use of this funding and the timing of individual schemes.
11. The forecast spend for 14/15 is £10.202m.

Health & Wellbeing – Adult Social Services and Public Health

12. There are no adjustments or re-profiling requests to the Adult Social Services and Public Health capital programme as a result of this monitor and the 14/15 forecast spend is £1.013m.

Communities and Neighbourhood Services – Communities, Culture and Public Realm

13. Three changes are proposed to the Communities, Culture and Public Realm capital programme.
14. It is proposed to include £65k of Section 106 funding in relation to Parks and Open Spaces Development programme of works. The developer's contributions will be used to fund play area improvements.
15. The second change is the request to re-profile funds currently approved in 15/16 to 14/15 to reflect the intended expenditure profile of the Councils financial contribution the Museums Trust works. This will result in £1.5m of budget being brought into 14/15.
16. The third change is the request to use capital contingency of £75k to fund works in relation to the War Memorials. The funding will be spent as follows:
 - War Memorial and Triangle Gardens £50k – the scheme is to replace 75 metres of timber fencing adjacent to Rowing Club boundary with a metal fence. Once the metal fencing is in place the area will be replanted with new shrubs. Triangle Gardens which is used as a gathering place for events in War Memorial Gardens will be repaved and refurbished with a new access ramp, repairs to water features, new hanging basket / light columns and seating.
 - Local War Memorials £25k – the Acomb Green memorial requires repairs to the concrete plinth, whilst the WW2 Roll of Honour will be cleaned and re-engraved. The access path to the grounds will be levelled and straightened. The memorial at Leeman Road will be moved to a more spacious location nearby as part of re-landscaping the old bowling green.
17. The forecast spend inclusive of the above for 14/15 is £5.973m.

Communities and Neighbourhood Services - Housing & Community Safety

18. A single amendment is proposed in relation to Housing and Community Safety. The Disabled Facilities Grant funding allocation has now been confirmed and as a result a reduction in budget of £191k is required.

19. The forecast spend for 14/15 is £17.292m.

City & Environmental Services – Highways, Waste & Fleet

20. There are no variances to report at Monitor 1 in relation to the Highways, Waste and Fleet capital programme. The programme is currently projecting a 14/15 spend of £7.460m

City & Environmental Services - Transport + Economic Development

21. There are no variances to report against current approved budget. The Transport capital programme is projected to outturn at £9.042m.
22. The Economic Development capital programme is projected to outturn at £58k.

City & Environmental Services – Community Stadium

23. The Community Stadium Project requires re-profiling to reflect the main capital expenditure spend on the construction of the facility. The contract to build & operate the new stadium is well progressed and, in line with the timetable the majority of construction costs will be incurred in 15/16 year. Accordingly it is requested £4.456m is re-profiled from 14/15 to 15/16. Work has started on the athletics track and this is expected to be completed in the autumn of 2014.
24. For specific information with regard to scheme progress please refer to the Community Stadium and Leisure Facilities Update report on this agenda.

Customer and Business Support Services - Administrative Accommodation

25. No changes to the projected spend are proposed at this monitor with in year spend budgeted at £0.533m.

Customer and Business Support Services – Asset Management / IT Development Plan / Contingency/ Economic Infrastructure Fund (EIF)

26. Use of £75k contingency as set out in the Communities, Culture and Public Realm paragraphs.

27. Further to the July Cabinet Report on Reinvigorate York to update Members on the Theatre Interchange (Better Bus Area Fund programme) project and the rolling programme of public realm improvement works. The design for the Theatre Interchange (Better Bus Area Fund programme) aspect of the Exhibition Square/Theatre Interchange project was agreed by Cabinet on 1 July 2014. Site works are due to start on 15 September 2014 and be completed by the end of November 2014. This is the first phase of a rolling programme of public realm improvement works at Exhibition Square.
28. Liaison with bus operators, traders and other key stakeholders is ongoing. Arrangements are being made to ensure that vehicular and pedestrian access to properties, businesses and traders in the area is maintained throughout the works as well as pedestrian and cycle access through the area. Alternative arrangements are being put in place for bus passengers during the works and information on what is happening is being widely communicated via leaflets, the council's web site, the i-Travel York web site and real time screens.
29. There are a number of emerging issues within the broader city wide context that have implications for the overall Reinvigorate York delivery programme. With a background of limited and decreasing availability of capital funding, new and emerging regeneration opportunities within the city centre and other overall council priorities, this has led to the conclusion that the Reinvigorate York delivery programme now needs to be re-assessed. It is proposed that the current programme is paused for a period of planning to enable consideration and review of how best to move forward to support these broader emerging issues.
30. Two specific examples of emerging issues that will need to be considered include:
 - Developing a master plan concept for the future development and enhancement of York station and its integration with the surrounding area and;
 - Considering the possibility of developing an initiative to support the economy of York by creating a Business Improvement District to cover the city centre.
31. No further changes are proposed as part of this report to the Asset Management, IT Development Plan and Economic Infrastructure Fund (EIF).

Summary

32. As a result of the changes highlighted above the revised 5 year capital programme is summarised in Table 2.

Gross Capital Programme	2014/15	2015/16	2016/17	2017/18	2018/19	Total
	£m	£m	£m	£m	£m	£m
Current Programme						
Adjustments :						
Children's Services, Education and Skills	10.202	13.658	9.962	5.106	2.250	41.178
Adult Social Services and Public Health	1.013	0.525	0.505	0.505	0.505	3.053
Communities Culture & Public Realm	5.973	0.575	0.000	0.000	0.000	6.548
Highways & Waste	7.460	3.497	2.934	2.839	1.350	18.080
Housing & Community Safety	17.292	11.562	10.026	8.753	9.023	56.656
Transport	9.042	2.713	2.713	2.713	0.090	17.271
Community Stadium	6.026	12.135	0.000	0.000	0.000	18.161
Economic Development	0.058	0.000	0.000	0.000	0.000	0.058
Asset Management	2.548	0.420	0.200	0.200	0.100	3.468
West Offices - Admin Accom	0.533	0.000	0.000	0.000	0.000	0.533
IT Development Plan	2.284	1.870	1.920	2.245	2.025	10.344
Contingency	0.483	0.000	0.000	0.000	0.000	0.483
Economic Infrastructure Fund	13.405	8.611	5.800	0.000	0.000	27.816
Revised Programme	76.319	55.566	34.060	22.361	15.343	203.649

Table 2 Revised 5 Year Capital Programme

Funding the 2014/15 – 2018/19 Capital Programme

33. The 2014/15 capital programme of £76.319m is currently being funded from £34.893m external funding and £43.237m of internal funding. The internal funding is comprised of revenue contributions, revenue reserves, prudential borrowing, right to buy housing capital receipts and general capital receipts.

34. Table 3 shows the projected call on Council resources going forward.

	2014/15	2015/16	2016/17	2017/18	2018/19	Total
	£m	£m	£m	£m	£m	£m
Gross Capital Programme	76.319	55.566	34.060	22.361	15.343	203.649
Funded by:						
External Funding	34.893	37.321	22.246	14.278	8.359	117.097
Council Controlled Resources	41.426	18.245	11.814	8.083	6.984	86.552
Total Funding	76.319	55.566	34.060	22.361	15.343	203.649

Table 3 – 2014/15 –2018/19 Capital Programme Financing

35. The Council controlled figure is comprised of a number of resources that the Council has ultimate control over how it chooses to apply them, these include Right to Buy receipts, Revenue Contributions, Supported (government awarded) Borrowing, Prudential (Council funded) Borrowing, Reserves and Capital Receipts.

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

Council Plan

37. 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 capital resources to schemes that contribute toward the achievement of the Council Plan. The Capital Asset Board (CAB) meet monthly to ensure the capital programme targets the Councils Plan. The capital programme addresses all priorities of the Council Plan due to its varied and numerous schemes as shown in the main body of the report.

Implications

Financial Implications

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

Human Resources Implications

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

Equalities Implications

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

Legal Implications

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

Crime and Disorder

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

Information Technology

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

Property

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

Risk Management

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

Recommendations

46. The Cabinet is requested to:

- Recommend to Full Council the adjustments in the Capital programme of a decrease of £6.912m in 2014/15 as detailed in the report and contained in Annex A.
- Note the 2014/15 revised budget of £76.319m as set out in paragraph 5 and Table 1.
- Note the restated capital programme for 2014/15 – 2018/19 as set out in paragraph 28, Table 2 and detailed in Annex A.
- Recommend to Full Council the use of £75k Contingency for works in relation to the War Memorial sites as set out in paragraph 16.

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

Contact Details

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Debbie Mitchell Corporate Finance Manager 01904 554161	Ian Floyd Director of Customer & Business Support Services			
	Report Approved	√	Date	15/08/14
Wards Affected: All				

For further information please contact the author of the report

Specialist Implications:

Legal – Not Applicable

Property – Not Applicable

Information Technology – Not Applicable

Annexes

Annex A –Capital Programme 2014/15 to 2018/19

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	2014/15 Mon 1 Adj £000	2014/15 Mon 1 Reprofile £000	2014/15 Revised Budget £000	2014/15 Mon 1 Adj £000	2014/15 Mon 1 Reprofile £000	2015/16 Revised Budget £000	2016/17 Revised Budget £000	2017/18 Revised Budget £000	2018/19 Revised Budget £000	Gross Capital Programme To be Funded 14/15 - 18/19 £000
CSES - Children's Services, Education and Skills										
NDS Devolved Capital	-19		456	-19		456	456	456	0	1,824
Targeted Capital Fund 14-19 Diploma			0			0	0	0	0	0
DfE Maintenance			4,231			2,400	2,400	2,400	0	11,431
Basic Need		-2,000	2,376		2,000	4,747	6,656	2,250	2,250	18,279
Huntington Secondary School - New Block			900			0	0	0	0	900
Universal Infant Free School Meals			379			0	0	0	0	379
Fulford School Expansion			1,250			5,345	450	0	0	7,045
Carr Junior Expansion			610			0	0	0	0	610
St Barnabas Primary Expansion			0			710	0	0	0	710
TOTAL GROSS EXPENDITURE	-19	-2,000	10,202	-19	2,000	13,658	9,962	5,106	2,250	41,178
TOTAL EXTERNAL FUNDING	-19	-2,000	10,002	-19	2,000	13,658	9,962	5,106	2,250	40,978
TOTAL INTERNAL FUNDING	0	0	200	0	0	0	0	0	0	200
H&WB - Adult Social Services & Public Health										
Joint Equipment Store			112			105	105	105	105	532
Disabled Support Grant			160			170	150	150	150	780
Telecare Equipment			289			250	250	250	250	1,289
Health and Safety Works at Social Services Establishments			17			0	0	0	0	17
Adult Services Community Space			117			0	0	0	0	117
EPH Infrastructure Works			318			0	0	0	0	318
Adult Social Care IT			0			0	0	0	0	0
TOTAL GROSS EXPENDITURE			1,013	0	0	525	505	505	505	3,053
TOTAL EXTERNAL FUNDING			452	0	0	0	0	0	0	452
TOTAL INTERNAL FUNDING	0	0	561	0	0	525	505	505	505	2,601
CANS - Communities, Culture and Public Realm										
Millfield Lane Comm Sports Centre			380			0	0	0	0	380
York Explore Phase 2			1,581			0	0	0	0	1,581
Barbican Auditorium			17			0	0	0	0	17
City Art Gallery Refurb and Extension			250			0	0	0	0	250
Parks and Open Spaces Development	65		65			0	0	0	0	65
Little Knavesmire Pavilion			500			0	0	0	0	500
York Explore - Infrastructure Improvements			146			0	0	0	0	146
Museums Trust		1,500	1,500		-1,500	0	0	0	0	1,500
War Memorial	75		115			0	0	0	0	115
Smarter York - Better Play Areas			70			225	0	0	0	295
York Art Gallery Gardens			0			350	0	0	0	350
Theatre Royal - Temporary Structure			115			0	0	0	0	115
York Theatre Royal			470			0	0	0	0	470
Public Convenience Facilities			663			0	0	0	0	663
Litter Bin Upgrade			101			0	0	0	0	101
TOTAL GROSS EXPENDITURE	140	1,500	5,973	0	-1,500	575	0	0	0	6,548
TOTAL EXTERNAL FUNDING	65	0	1,746	0	0	75	0	0	0	1,821
TOTAL INTERNAL FUNDING	75	1,500	4,227	0	-1,500	500	0	0	0	4,727
CES - Highways & Waste										
Highway Resurfacing & Reconstruction (Struct Maint)			3,173			2,797	2,334	2,239	750	11,293
Special Bridge Maintenance (Struct maint)			427			200	200	200	200	1,227
Replacement of Unsound Lighting Columns			270			0	0	0	0	270
Carbon Reduction in Street Lighting			360			200	200	200	200	1,160
Fleet Vehicles			430			0	0	0	0	430
Highways Improvements			2,300			0	0	0	0	2,300
Watercourse Restoration			100			100	0	0	0	200
Tour de France Highways Improvements			200			0	0	0	0	200
Highways Drainage Works			200			200	200	200	200	1,000
TOTAL GROSS EXPENDITURE	0	0	7,460	0	0	3,497	2,934	2,839	1,350	18,080
TOTAL EXTERNAL FUNDING	0	0	1,857	0	0	2,047	1,584	1,489	0	6,977
TOTAL INTERNAL FUNDING	0	0	5,603	0	0	1,450	1,350	1,350	1,350	11,103
CANS - Housing & Community Safety										
Modernisation of Local Authority Homes			3,072			1,798	1,480	1,230	1,268	8,848
Assistance to Older & Disabled People			400			412	424	437	450	2,123
MRA Schemes			4,324			4,856	5,527	4,310	6,109	25,126
Local Authority Homes			5,284			1,500	0	0	0	6,784
Water Mains Upgrade			300			1,400	1,000	1,000	500	4,200
Building Insulation Programme			1,000			221	170	170	171	1,732

	2014/15 Mon 1 Adj £000	2014/15 Mon 1 Reprofile £000	2014/15 Revised Budget £000	2014/15 Mon 1 Adj £000	2014/15 Mon 1 Reprofile £000	2015/16 Revised Budget £000	2016/17 Revised Budget £000	2017/18 Revised Budget £000	2018/19 Revised Budget £000	Gross Capital Programme To be Funded 14/15 - 18/19 £000
Disabled Facilities Grant (Gfund)	-191		934			1,175	1,225	1,225	475	5,034
Air Quality Monitoring (Gfund)			172			0	0	0	0	172
Crematorium (Gfund)			67			0	0	0	0	67
Travellers Site Improvements (Gfund)			664			0	0	0	0	664
Loft Conversions			725			0	0	281	0	1,006
IT Infrastructure			75			50	50	50	50	275
Empty Homes (Gfund)			200			100	100	0	0	400
Property Buy Back			75			50	50	50	0	225
TOTAL GROSS EXPENDITURE	-191	0	17,292	0	0	11,562	10,026	8,753	9,023	56,656
TOTAL EXTERNAL FUNDING	-191	0	6,378	0	0	5,556	6,277	5,060	6,109	29,380
TOTAL INTERNAL FUNDING	0	0	10,914	0	0	6,006	3,749	3,693	2,914	27,276
CES - Transport										0
Better Bus Area Fund			413			0	0	0	0	413
Local Transport Plan (LTP)			5,607			2,623	2,623	2,623	0	13,476
York City Walls - Repairs & Renewals (City Walls)			340			90	90	90	90	700
Access York			2,230			0	0	0	0	2,230
Leeman Road Flood Defences			317			0	0	0	0	317
Alley Gating			110			0	0	0	0	110
Pay on Exit Car Parking Pilot			25			0	0	0	0	25
TOTAL GROSS EXPENDITURE	0	0	9,042	0	0	2,713	2,713	2,713	90	17,271
TOTAL EXTERNAL FUNDING	0	0	6,023	0	0	2,623	2,623	2,623	0	13,892
TOTAL INTERNAL FUNDING	0	0	3,019	0	0	90	90	90	90	3,379
CES - Community Stadium										0
Community Stadium		-4,456	6,026		4,456	12,135	0	0	0	18,161
TOTAL GROSS EXPENDITURE	0	-4,456	6,026	0	4,456	12,135	0	0	0	18,161
TOTAL EXTERNAL FUNDING	0	-4,000	3,500	0	4,000	11,562	0	0	0	15,062
TOTAL INTERNAL FUNDING	0	-456	2,526	0	456	573	0	0	0	3,099
CES - Economic Development										0
Small Business Workshops			58			0	0	0	0	58
TOTAL GROSS EXPENDITURE	0	0	58	0	0	0	0	0	0	58
TOTAL EXTERNAL FUNDING	0	0	0	0	0	0	0	0	0	0
TOTAL INTERNAL FUNDING	0	0	58	0	0	0	0	0	0	58
CBSS - Asset Management										0
Fire Safety Regulations - Adaptations			108			0	0	0	0	108
Removal of Asbestos			68			0	0	0	0	68
Riverbank Repairs - Scarborough to Clifton Bridge			6			0	0	0	0	6
Riverbank Repairs - Marygate			525			0	0	0	0	525
Photovoltaic Energy Programme			246			100	0	0	0	346
Parliament Street Toilet Demolition			7			0	0	0	0	7
29 Castlegate Repairs			33			0	0	0	0	33
Decent Home Standards Works			11			0	0	0	0	11
Fishergate Postern			53			0	0	0	0	53
Holgate Park Land - York Central Land and Clearance			397			0	0	0	0	397
Hazel Court - Office of the Future Improvements			15			0	0	0	0	15
Asset Maintenance + Critical H&S Repairs			217			200	200	200	100	917
Community Asset Transfer			175			0	0	0	0	175
River Bank repairs			269			120	0	0	0	389
Stonebow House Freehold			62			0	0	0	0	62
Critical Repairs and Contingency			356			0	0	0	0	356
TOTAL GROSS EXPENDITURE	0	0	2,548	0	0	420	200	200	100	3,468
TOTAL EXTERNAL FUNDING	0	0	35	0	0	0	0	0	0	35
TOTAL INTERNAL FUNDING	0	0	2,513	0	0	420	200	200	100	3,433
CBSS - IT Development Plan										0
IT Equipment			2,284			1,870	1,920	2,245	2,025	10,344
TOTAL GROSS EXPENDITURE	0	0	2,284	0	0	1,870	1,920	2,245	2,025	10,344
TOTAL EXTERNAL FUNDING	0	0	0	0	0	0	0	0	0	0
TOTAL INTERNAL FUNDING	0	0	2,284	0	0	1,870	1,920	2,245	2,025	10,344
CBSS - West Offices (Admin Accommodation)										0
West Offices - Admin Accom			533			0	0	0	0	533
TOTAL GROSS EXPENDITURE	0	0	533	0	0	0	0	0	0	533
TOTAL EXTERNAL FUNDING	0	0	0	0	0	0	0	0	0	0

	2014/15 Mon 1 Adj £000	2014/15 Mon 1 Reprofile £000	2014/15 Revised Budget £000	2014/15 Mon 1 Adj £000	2014/15 Mon 1 Reprofile £000	2015/16 Revised Budget £000	2016/17 Revised Budget £000	2017/18 Revised Budget £000	2018/19 Revised Budget £000	Gross Capital Programme To be Funded 14/15 - 18/19 £000
TOTAL INTERNAL FUNDING	0	0	533	0	0	0	0	0	0	533
Capital Contingency										0
Capital Contingency	-75		483			0	0	0	0	483
TOTAL GROSS EXPENDITURE	-75	0	483	0	0	0	0	0	0	483
TOTAL EXTERNAL FUNDING	0	0	0	0	0	0	0	0	0	0
TOTAL INTERNAL FUNDING	-75	0	483	0	0	0	0	0	0	483
Economic Infrastructure Fund										
Access York Phase 1			3,250			0	0	0	0	3,250
Better Bus Fund			1,470			0	0	0	0	1,470
Re-invigorate York		1,811	700		1,811	1,811	0	0	0	2,511
EIF central fund			7,985			6,800	5,800	0	0	20,585
TOTAL GROSS EXPENDITURE	0	-1,811	13,405	0	1,811	8,611	5,800	0	0	27,816
TOTAL EXTERNAL FUNDING	0	0	4,900	0	0	1,800	1,800	0	0	8,500
TOTAL INTERNAL FUNDING	0	-1,811	8,505	0	1,811	6,811	4,000	0	0	19,316
Gross Expenditure by Department										
CSES - Children's Services, Education and Skills	-19	-2,000	10,202	-19	2,000	13,658	9,962	5,106	2,250	41,178
H&WB - Adult Social Services & Public Health	0	0	1,013	0	0	525	505	505	505	3,053
CANS - Communities, Culture and Public Realm	140	1,500	5,973	0	-1,500	575	0	0	0	6,548
CES - Highways & Waste	0	0	7,460	0	0	3,497	2,934	2,839	1,350	18,080
CANS - Housing & Community Safety	-191	0	17,292	0	0	11,562	10,026	8,753	9,023	56,656
CES - Transport	0	0	9,042	0	0	2,713	2,713	2,713	90	17,271
CES - Community Stadium	0	-4,456	6,026	0	4,456	12,135	0	0	0	18,161
CES - Economic Development	0	0	58	0	0	0	0	0	0	58
CBSS - Asset Management	0	0	2,548	0	0	420	200	200	100	3,468
CBSS - IT Development Plan	0	0	2,284	0	0	1,870	1,920	2,245	2,025	10,344
CBSS - West Offices (Admin Accommodation)	0	0	533	0	0	0	0	0	0	533
Capital Contingency	-75	0	483	0	0	0	0	0	0	483
Economic Infrastructure Fund	0	-1,811	13,405	0	1,811	8,611	5,800	0	0	27,816
Total by Department	-145	-6,767	76,319	-19	6,767	55,566	34,060	22,361	15,343	203,649

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Cabinet

9 September 2014

Report of the Cabinet Member for Finance and Performance

2014/15 Performance Monitor Quarter 1

Purpose of the Report

- 1 To present details of the Council's performance covering 1 April to 30 June 2014. This is the first report of the financial year and assesses performance against key themes, including Council Plan Priorities.

Summary and Analysis

- 2 This is contained in the attached York Monitor report.

Consultation & Options

- 3 This report is for information so no options are presented.

Council Plan

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

Implications

- 5 Any implications are dealt with within the report.

Risk Management

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

Recommendations

- 7 Cabinet is asked to note the council's current performance against its key priorities.

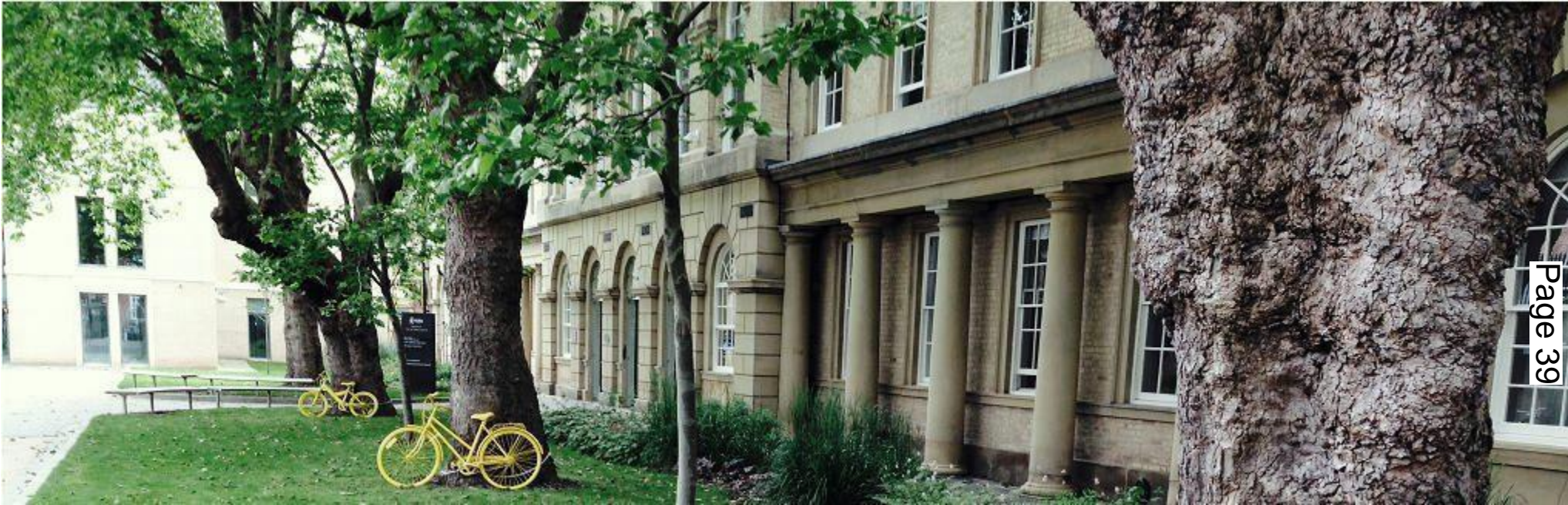
Reason: To update Cabinet on the Council's performance against key themes for the last quarter.

Authors:	Cabinet Member and Chief Officer Responsible for the report:		
Chris Hewitt, Principal Analyst, Shared Intelligence Bureau	Councillor Daf Williams, Cabinet Member for Finance and Performance		
	Ian Cunningham, Group Manager, Shared Intelligence Bureau		
	Report Approved	√	Date 29 August 2014
Wards Affected: All			√
For further information please contact the authors of the report			

Annexes

Annex 1 – York Monitor - Quarter 1 Update 2014 – 2015

York Monitor



Quarter 1 Update 2014 – 2015

Welcome to the Quarter 1 update of the York Monitor for 2014 – 2015.

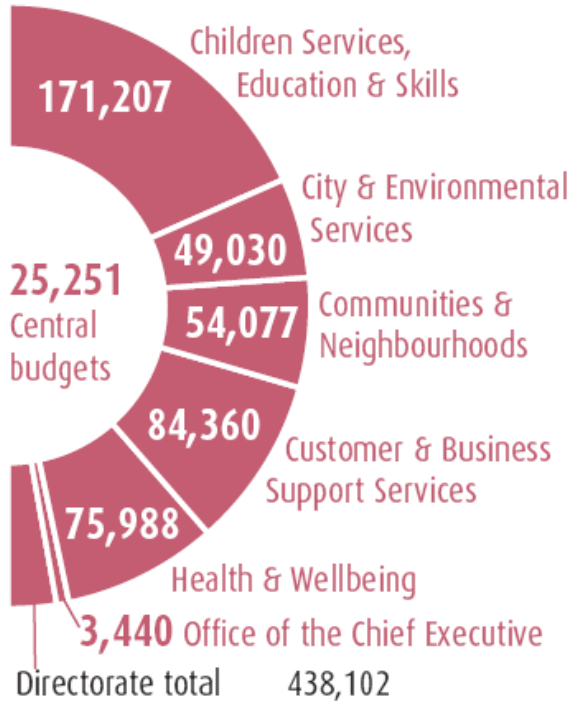
This report presents a range of information illustrating the ‘state of the nation’ in the City, activities and achievements undertaken by the Council over the last financial year and a short tour of just some of the priorities that the Council has committed to for the coming year. There are some case studies under each of the Council Plan priorities set out below, to illustrate how the work is contributing to real outcomes and benefits for the community.

	Create jobs and grow the economy ..	4
	Build strong communities	6
	Protect vulnerable people	8
	Protect the environment	10
	Get York moving	12

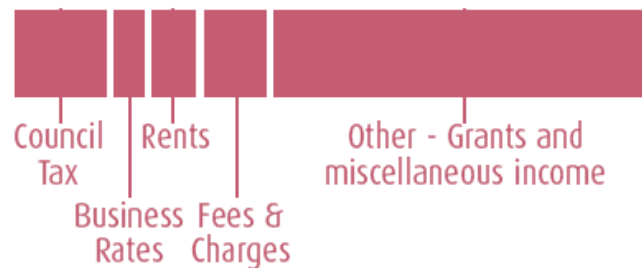
The Council delivers a wide range of services to approximately 200,000 people across a City that covers 105 square miles. It is a City that is rich in heritage and has a great deal to offer. It has remained resilient and continues to thrive against a backdrop of an economic downturn across the Country.

Managing the Money ▲

Gross Expenditure Budget (£000s)



Income



Work to achieve a balanced budget for 2014/15 and to develop council's longer term budget for 2015 – 2020

The current financial climate for local councils continues to be extremely challenging and this is set to continue over the next few years. The Council has put plans in place to control spend where feasible to do so, whilst also working to save money and meet strict financial targets. During 2013/14 the Council saved £9m and has an overall net General Fund budget of £124.2m in 2014/15. Looking ahead, the Council needs to save a further £23m over the next two years to continue to operate within the funds available. This presents a significant challenge, particularly given the efficiencies already made. The council's 'Rewiring' Programme launched in February 2014 has been set up to help meet these challenges head on. Financial strategy reports continue to highlight challenges and have also set out the need to ensure the Council continues to invest in growing the economy given the financial benefits that economic prosperity brings. Ensuring the Council grows its income sources and avoids the costs of deprivation remain factors in the council's financial strategy.

York's people are passionate and its cultural identity strong. The Council is committed to using its position to support the City and its residents in being the best it and they can be. Whilst the economy is strong and growing stronger, the Council's own financial climate remains extremely challenging and this shows no signs of an early reprieve. The Council is pleased to report it has saved £9m this year alone, but the going will become tougher and it is anticipated the Council will need to save a further £23m over the next two years. All Council officers are working hard to come up with innovative ways to deliver services, but the landscape that is local government is a difficult one. The Council is very pleased to present the achievements we have made this year in spite of this. The Council wants to continue to work with partners to improve the quality of life in York and continue the journey towards being a truly great modern European city.

A strong financial plan will always ensure capacity is created so that the organisation can fund its priorities. By assuming funding reductions will remain into the next Parliament, that constraints will be placed on Council Tax increases, linking national studies like those from the Local Government Association as well as local intelligence, it is projected the Council will continue to have to make around £7-10m in budget reductions each year until 2019-20.

Provide support to the council's Rewiring Public Services programme

The Re-wiring Public Services programme demonstrates a change in emphasis, transforming the Council into a more responsive and flexible organisation which places residents at the heart of everything we do, involving them in shaping outcomes and services.

However, transformation can only deal with part of the financial challenges facing the Council and there will continue to be a need for difficult choices to be made in terms of the services to provide and at what levels.

Continue to ensure high levels of income collection and debt management

After a recent scrutiny review, Cabinet has agreed that the quarterly 'Finance Monitor' report will now include a review of any outstanding loans over £100k.

Looking Ahead... The council's Customer Service and Business Support Directorate is home to the council's Financial team. Their priorities in 2014-15 include:

- Working to achieve a balanced budget for 2014/15 and to develop and agree the council's longer term budget for 2015 – 2020.
- Providing support to the council's Rewiring Public Services programme including support to procurement, finance, legal, customers, ICT, Human Resources and Asset Management functions, whilst providing support to financial reporting across a range of projects under the banner of the Rewiring Programme.
- Complete a strategic review of assets held by the Council.
- Ensure high financial standards and financial innovation.
- Continue to ensure high levels of income collection and debt management
- Implement category management in the commercial procurement hub to achieve efficiencies.
- Respond to Welfare Reform, lead on financial inclusion and support work on poverty.

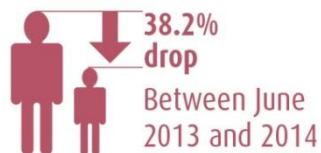
Create Jobs and Grow the Economy

£4.31 billion (2013/14)



£4.17bn (2013/14)

Number of people on Job Seeker's Allowance



83% of primary and secondary schools are 'Good' or 'Outstanding' up from 74% in September 2013

New Businesses York has seen a number of new businesses locate in the city in the last period including Anaplan, a fast-growing IT firm moving into new offices at the Bonding Warehouse and Parsons Brinckerhoff, a global engineering consultancy setting up a new Yorkshire & Humber office in the city.

Deliver a successful Tour de France Event

On 6th July, York hosted the start of the 2nd day of the Grand Depart of the Tour de France 2014. 29,000 people watched at York racecourse and over 100,000 lined the streets to cheer the 200 riders as they passed the city's historic landmarks. The Tour de France is televised in 190 countries reaching 3.5 billion people and the event is estimated to be worth £100m for the region. The race was preceded by a 100 day festival of art and culture across Yorkshire as well as a festival of business in the week before. Detailed local reports from the TdF Hub 2014 will be written during the summer and a full report on the event will go to Cabinet in the autumn.

Address skills gaps in the city The 100 Apprentices in 100 days 2014 Campaign outstripped 2011 outcome, with 164 pledges for new Apprenticeships (up from 105) from 104 businesses (up from 80). Other successes include the Apprenticeship Brokerage service for SMEs, Apprenticeship Talent Pool (pilot), and the Apprenticeship Recruitment Event.



Improving access to better quality, full-time, well paid jobs

In the year to March 2014, the number of the working age population in Full Time Employment in York decreased by 2.2% to 65.9%. Nationally and regionally saw an increase of 0.3% to 74.1% and 72.9% respectively. This has meant a decrease of 800 full time jobs for males and 700 jobs for females. We have the second highest proportion of part time female workers in the country, and are working to understand the issue and its implications. Job Seekers Allowance claimants are at pre-recession levels of 1.3% (end June), compared to 3.4% regionally, and Youth unemployment is at its lowest since 2006. Projects such as the May Jobs Fair (1,000 attendees) and the Head Start programme for longer-term unemployed 18-24s (30 participants/10 job outcomes) have been a success.

Focus on Tour de Bio

Over the Tour de France weekend, partners across York welcomed major industrial biotechnology and agri-tech businesses and investors from across the UK and Europe for a series of events. Companies such as Uniliver and GlaxoSmithKline discussed opportunities around the Bioeconomy in York and the wider region, with around 70 attending an event at the Ron Cooke Hub on the Friday before the Tour.

The centrepiece of the weekend was a ceremony for the signing of a memorandum of understanding between BioVale, a Bioeconomy cluster for Yorkshire & Humber and the Northern France based cluster, IAR. IAR and BioVale agreed to work together on a number of fronts including promoting cooperation and information exchange between SMEs and universities, supporting businesses breaking into emerging markets, and research and development collaboration on high-tech projects, particularly conversion of biomass and renewable raw materials into value-added biobased products.

Tony Duncan, CEO of Circa Group, an Australian business which has recently expanded to York, said “It was stunning - and perfect combination of functions....and sport.”

Continue work to ensure good growth

We are continuing to make ‘Good Growth’ a key priority for the city. Employers in the city have already made significant progress on the Living Wage. The existing group of employers signed up to paying the Living Wage includes City of York Council, Joseph Rowntree Foundation, Aviva, York St John University, York CVS and the York Citizen’s Advice Bureau. This has expanded to include large businesses such as Nestle and smaller businesses including the Golden Ball pub.

Open a refurbished Newgate city centre market

The (£1.5m) project is expected to take 16 weeks and followed months of consultation earlier this year. The refurbished Newgate Market is expected to be open for business and the stalls back in their usual place in time for St Nicholas’ Fair which starts on Thursday November 27.

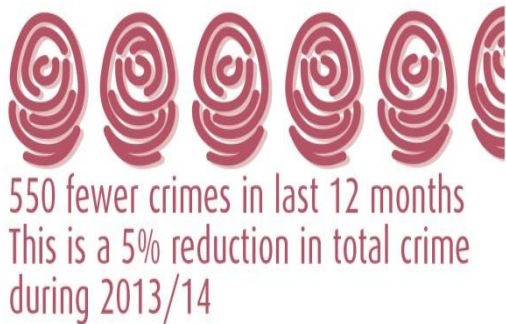
City of Media Arts

York has submitted an application to become a UNESCO City of Media Arts and to join the global Creative Cities Network. This permanent, non-competitive title would bestow international recognition as a place of exceptional media arts practices and experiences. York is due to hear the official decision by 30 November 2014.

Looking Ahead...To create jobs and grow the economy the Council will:

- Set up marketing & business development agency for the city to work with the private sector to bring economic growth.
- Deliver key projects including York Central, York BioHub, and Skills capital through Askham Bryan. These are funded through the Local Growth Fund for the Leeds City Region and York, North Yorkshire and East Riding Local Enterprise Partnerships.
- Ensure York is well placed to take advantage of opportunities from LEP agendas, including European Social Funding (ESIF).
- Host access to finance/business support events:
 - Manufacturing Match
 - Growth Accelerator Going For Growth
 - Pop Up Cafe
- Work with City Centre businesses to develop Business Improvement Districts.
- Hold a conference for city businesses on 18th November, with a range of activities providing advice and support to business. Speakers include: Sir Stuart Rose (Chief executive of Ocado), Martin Van de Weyer (Business Editor, Spectator) and other local entrepreneurs. This will be linked to activity around Global Entrepreneurship week.

Build Strong Communities



Deliver a community stadium including a county standard athletics facility

In May 2014 two final bids were submitted for the Design Build Operate and Maintain (DBOM) contract for the community stadium and city leisure facilities. These are being evaluated and a preferred bidder confirmed. A report will then go to Cabinet in September on progress with procurement and scheme details.

Support community groups to take greater ownership of the management and operation of parks and green spaces

During Q1 the Smarter York team have worked on 49 community schemes including: the community running West Bank Park summer fair; the Poppy Road WW1 Memorial planting; Heworth Tennis Club taking on the management of Glen Gardens tennis courts for 25 years; refurbishment of the King George V playing field play area with Dodsworth Area Residents Association and the Anti dog fouling signage campaign with Carr Lane, Tang Hall and Osbaldwick schools.

Focus on... Community Safety

Year end results for 2013-14 have now been published which show that the level of reported crime fell by 550 crimes over the past 12 months, which is a 5% reduction in total crime on the previous year. Available data for the start of 2014-15 suggests that total crime in York is predicted to rise between 2 and 5% and if this happens it will only be the 2nd year within the last 10 where crime has risen.

A Summer Safety campaign will launch in July and will centre around the 'Plan Safe, Drink Safe, Home Safe' campaign developed by the University of York St. John Students' Union. By YSJSU allowing the Council to adopt their campaign demonstrates the strength of collaborative working in York and particularly the positive relationship Safer York Partnership has with the student population.

The new Night-safe radio system is now live within the city serving the day-time retail community in combating shoplifting, and the night-time evening economy in making sure appropriate action is taken to reduce violence and anti-social behaviour.

Through the ‘Rewiring’ programme the Council will develop community hubs where we can work in partnership with local communities at a neighbourhood level

Greater consultation and engagement with residents and communities is a strong thread running through the council’s new way of working. To ensure the resident is at the heart of everything we do, an Approach to Community Engagement has been developed together with a variety of resources to help develop skills and confidence. The new process will be consolidated through a training programme available to staff.

The Council plans to provide residents and communities with a number of different resources to help build resilience and independence. In addition, councillors and ward teams will be supported to help them be champions of the new way of working.

Raise standards in the private rented sector

The council’s Landlord Accreditation Scheme, YorProperty, goes from strength to strength. As at 28th July 2014, 97 landlords, managers and letting agents had signed up to the scheme. In total 386 properties have been registered.

Deliver the Community Learning Strategy and expand opportunities available to residents to promote health and wellbeing, including the development of a pilot programme focusing on living with dementia

The Council has worked with the Joseph Rowntree Foundation and Sports Coach UK to deliver its first dementia friendly training package and has delivered this to voluntary clubs in the city.

The Council is also running a sporting memories programme as part of the dementia friendly campaign and running 14 community and residential care sessions. Fortnightly sessions of chair based exercises are being run in 5 sheltered housing schemes.

Consult on the draft local plan that sets out how York’s housing needs will be met up to 2030.

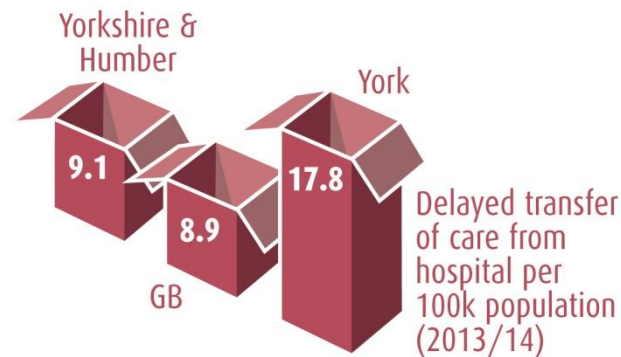
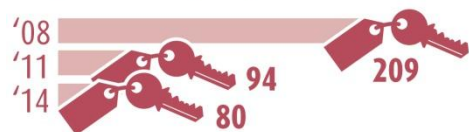
The Further Sites consultation closed on 16th July. The comments received as part of this consultation will help inform future recommendations on the portfolio of sites for inclusion in the final draft Local Plan. There will be a further opportunity to comment on the whole of the final Plan later in the year before it is submitted to the Secretary of State to be examined by an independent inspector.

Looking Ahead... To build strong communities the Council will:

- Deliver a community stadium including a county standard athletics facility
- Support community groups to take greater ownership of the management and operation of parks and green spaces
- Through the ‘Rewiring’ programme the Council will develop community hubs where we can work in partnership with local communities at a neighbourhood level
- Raise standards in the private rented sector and continue to tackle homelessness through a sustained focus on early intervention and prevention
- Deliver the Community Learning Strategy and expand opportunities available to residents to promote health and wellbeing, including the development of a pilot programme focusing on living with dementia
- Consult on the draft local plan that sets out how York’s housing needs will be met up to 2030.

Protect Vulnerable People

People in temporary accommodation in York



Continue to reduce the number of looked after children

The Multi Agency Looked After Children, Executive Group met on 8th July to agree an approach to the review and refresh of the Looked After Children’s strategy for 2015/18. An action plan has been agreed which includes:

- A survey of agencies views about their responsibilities and priorities for Looked After Children.
- A facilitated workshop between the Multi Agency Looked After Partnership Executive and the Corporate Parenting Board.
- Completion by the Children in Care Council of a refreshed ‘pledge’ to inform the new strategy.

Launch the Learning & Development framework for social care practitioners to strengthen services for children requiring support and protection

A Peer Challenge of the Referral and Assessment arrangements for Children’s Social Care has been commissioned. This review will address:

- Practice Improvement Issues
- Service Manager development
- Vision implementation

Focus the School Improvement and Skills Service on improving the outcomes of the most vulnerable

- Analysis of gaps data will be available in Qtr 2 and Qtr 3.
- A narrowing the gap conference to share best practice is being planned for 3rd October.
- Detailed profiling of the gaps data has taken place to inform and target the work of the school improvement team from September 2014.

Continue to mitigate the impact on vulnerable people of welfare reforms and lead on Financial Inclusion and support the work of the Financial Inclusion Steering Group

- In response to Universal Credit and to promote financial inclusion more local hubs are being opened so that customers can access benefits, housing and employment advice.
- 217 Lindsey Avenue is due to come on line shortly and Marjorie Waite Court Clifton is in development to come on line later this year.

Focus on Special Educational Needs and Disability

York has been nominated as a Champion for its Special Educational Needs and Disability reforms in recognition of the progress made in implementing far reaching reforms.

In York all our developments were based on co-production. We asked parents how they wanted to share information about their child with professionals, how we could improve assessment, how to increase their understanding of what is on offer and parents inspired us with their thoughts.

We were the first LA to publish a Local Offer in 2012, (show-cased on the Council for Disabled Children's website) and piloted Education Health and Care Plans, improving the plans in the process.

Feedback from parents involved in the new process has been outstanding. "This was the most relaxed review we have been to. Everything I wanted to say was included. It made it easier. It was really about Jo and not about the paperwork. "

Tackle homelessness through a sustained focus on early intervention and prevention.

Housing Options and partner agencies continue to focus on prevention work through a range of services including:

- housing advice
- specialist youth homeless (brought in house March 2014)
- older persons advice (pilot project September 2013 – March 2015)
- Salvation Army Early Intervention and Prevention team (rough sleeper and No Second Night Out focus)

In focusing on prevention, we have seen a decrease in statutory homeless over past few years

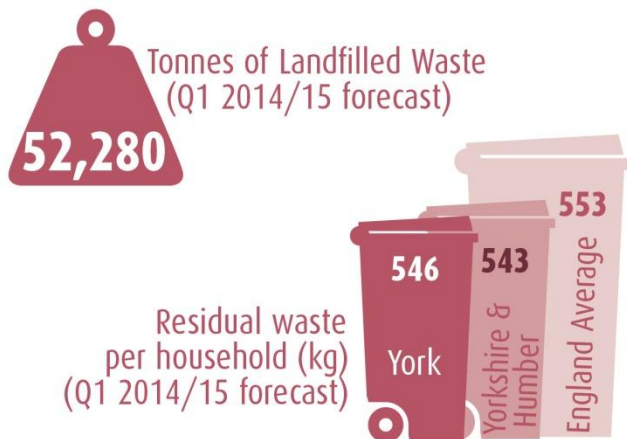
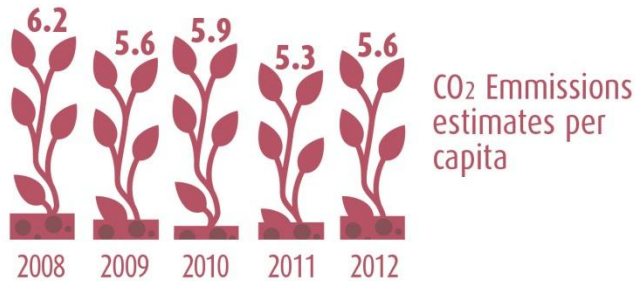
Deliver the Better Care Agenda through partnership working between Adult Social Care and Housing and achieve financial efficiencies by implementing the outcomes of the Sheltered Housing with Extra Care review

Developing options for integrated health and social care teams: A social worker has been seconded from the CYC hospital team to work with the Priory Medical Group of practices attending Multi Disciplinary Team meetings twice a week with a focus on early community intervention and promoting early discharge.

Looking Ahead... To protect vulnerable people the Council will:

- Continue to reduce the number of looked after children
- Launch the Learning & Development framework for social care practitioners to strengthen services for children requiring support and protection.
- Focus the School Improvement and Skills Service on improving the outcomes of the most vulnerable.
- Continue to mitigate the impact on vulnerable people of welfare reforms and lead on Financial Inclusion and support the work of the Financial Inclusion Steering Group.
- Tackle homelessness through a sustained focus on early intervention and prevention
- Improve quality of life outcomes for Gypsies and Travellers by increasing engagement, improving facilities and expanding site provision
- Deliver the Better Care Agenda through partnership working between Adult Social Care and Housing and achieve financial efficiencies by implementing the outcomes of the Sheltered Housing with Extra Care review.

Protect the Environment



Gain approval for a new Waste Strategy to obtain greater efficiency and cost savings

A draft waste strategy has been written and is being consulted on. The service is also looking at further reducing collection and disposal costs in the next two years.

Develop and implement a communication programme to increase public understanding of the Waste Strategy to encourage more recycling and reduce landfill

The service continues to seek opportunities to engage with residents to increase participation in recycling schemes and reduce waste sent to landfill. Recent projects include a trial in the Clifton area aimed at increasing awareness and participation and a trial of mixed plastics in the Poppleton area.

Meet York's health-based air quality objectives and promote the links between public health and air quality

Several meetings have taken place with Public Health locally and regionally to look at the links between public health and air quality.

Focus on Reinvigorate York

Site works on the Theatre Interchange (Better Bus Area Fund programme) project is due to start on 15 September 2014 and be completed by the end of November 2014, following agreement at Cabinet. This is the first phase of a rolling programme of public realm improvement works at Exhibition Square.

Vehicular, cycle and pedestrian access to properties, businesses and traders will be maintained during this time with arrangements being discussed with key stakeholders in order to make this happen. There will be alternative arrangements for bus passengers during the works and information on what is happening is being communicated via leaflets, i-Travel York and council websites and real time screens.

Due to pressures on capital funding and new and emerging regeneration opportunities within the city centre, the Reinvigorate York delivery programme is now being reviewed. We are proposing to put the current programme on hold whilst we consider how best to support the wider priorities of the city.

Implement and promote Green Deal, along with Leeds City Region partners, to reduce fuel poverty, improve home energy efficiency and reduce carbon emissions

Cabinet approval will be sought in October to use the Leeds City Region Green Deal Provider Framework contract to establish a CYC endorsed Green Deal Provider for York. They will then work with us to deliver energy efficiency measures in homes.

Green Deal

Cabinet approval will be sought in October to use the Leeds City Region Green Deal Provider Framework contract to establish a CYC endorsed Green Deal Provider for York. They will then work with us to deliver energy efficiency measures in homes.

Climate Change

A new Heat Map has been created for York which identifies district heat networks to explore. The map will be included in the draft Local Plan to encourage renewable energy and deliver the draft Sustainable Energy Road Map.

Feasibility studies have been completed on seven opportunities for low carbon district heat networks in York. As part of delivering the council's climate change action plan, a third collective energy switch will launch on 5th August.

The Council is also focussing on **increasing the use of recyclable materials and is investing in resilient new materials to reduce future maintenance costs** as well as **investing in LED based street lighting**. An update on these priorities is due later in the year.

Looking Ahead... To protect the environment the Council will:

- Gain approval for a new Waste Strategy to obtain greater efficiency and cost savings
- Develop and implement a communication programme to increase public understanding of the Waste Strategy to encourage more recycling and reduce landfill
- Meet York's health-based air quality objectives and promote the links between public health and air quality
- Implement and promote Green Deal, along with Leeds City Region partners, to reduce fuel poverty, improve home energy efficiency and reduce carbon emissions
- Increase use of recyclable materials and investment in resilient new materials to reduce future maintenance cost
- Invest in LED based street lighting

Get York Moving

Results from the i-Travel 2013 roll-out show



(Next update due August 2014)



Arriving at the station using sustainable transport

Successfully deliver traffic management for the Tour de France

The transport team successfully managed the road closure and public transport implications of the Tour de France with over 20 people working on the day.

Complete the Haxby Road to Clifton Moor Cycle Route

The Haxby/Clifton cycle route is complete but is awaiting completion of a bridge over the railway line. It is anticipated the route will open in early 2015.

Parking

Pay on Exit parking payment has been introduced at Marygate Car Park on a trial basis. The Minster Card offering discounted parking for residents was launched at the beginning of July with the 2 month transition period coming to an end on 31 August. Free parking was introduced in the majority of Council Car Parks on Thursday, Friday and Saturday mornings from 19 June.

Complete the Access York Project which increases the capacity of the service by 30%

Two new Park and Ride sites were opened on 8 June 2014 to improve the existing service and boost capacity. Askham Bar, a new 1,100-space site replaced the current site and Poppleton Bar, a new 600-space site caters for passengers travelling to York via the A59 and other areas west of the city. The Poppleton Bar Park and Ride service has become York's first all-electric Park and Ride route. Funding for the £22.7m project was approx. 70% DfT and 30% Council. The upgraded A59/A1237 roundabout has been fully opened at peak times since early July with traffic management in place at off peak times

Traffic

A decision to make a payment to settle disputed Penalty Charge Notices imposed on travellers who contravened the Lendal Bridge traffic restriction has been made by Cabinet. A process for applying for payment is currently being finalised.

Focus on Cycling

The women only cycling project, Bike Belles, is exceeding all expectations. To the end of June there have been a total of 1,546 engagements with women including 19 events such as led rides, maintenance classes and other social meetings. So far, 21 Bike Belles champions have been recruited from key businesses in York and there are almost 1,000 followers on Twitter and Facebook. As part of the TdF Legacy the Council is looking to roll out the project across the Yorkshire & Humber region.

The 2014 Business Cycling Challenge took place during the 3 weeks leading up to the Tour de France Grand Depart. The 2014 challenge exceeded the numbers involved in the 2013 challenge with 81 businesses taking part. The challenge has engaged with 131 organisations and 5,172 people resulting in 73,883 cycle rides covering 587,165 miles.

In July the Department for Transport announced the council's bid for funding to continue the iTravel York programme to 2016 had been successful. The maximum £1m was awarded, meaning work can continue on the TdF Legacy objective to encourage 'more people to cycle more often'.

Bus travel

Composite timetable information has been posted at all stops in the city centre. The timetables provide a common style for all bus operators' services and each timetable contains Near Field Communication (NFC) and QR code tags to access real time bus information when activated by a smart phone.

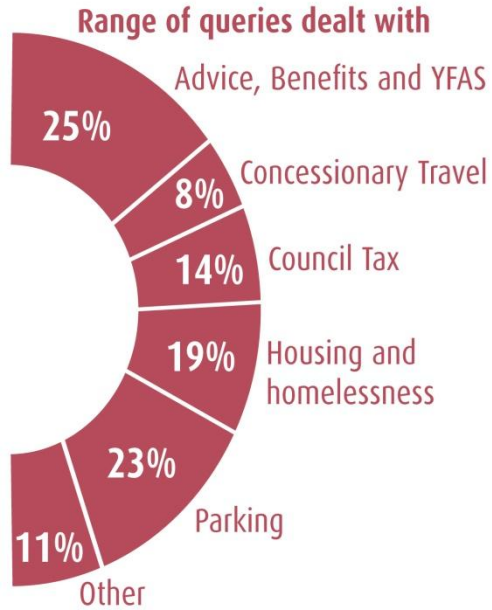
York has been established as a 'Better Bus Area' (BBA). One of five BBAs across England and the only one not identified as one of England's 'core cities', the BBA brings £130k of revenue funding for 2014/15 for York's 9 bus operators and CYC to deliver improvements to the bus network and to increase bus patronage. The partnership has allocated some of the funding to the provision of additional early evening journeys to improve York's more frequent commercially operated bus routes.

York's Quality Bus Partnership was fully engaged in the delivery of a successful Tour de France. Operators worked closely with the Council's transport team to ensure that the bus services operated to plan.

Looking Ahead... To get York moving in 2014/15 the Council will:

- Successfully deliver traffic management for the Tour de France
- Complete the Access York Project which increases the capacity of the service by 30% (2 New Park & Ride sites and the upgrade of the A59/A1237 roundabout).
- Complete the Haxby Road to Clifton Moor Cycle Route providing a new route for cyclists from Haxby and New Earswick to Clifton Moor
- Complete 20mph speed limit programme for residential areas across the city
- Deliver Better Bus Area Funded schemes such as Exhibition Square, Capacity enhancements to Clarence Street/Lord Mayors Walk junction, Museum Street bus shelter, and new shelter in Rougier Street
- Work with the West Yorkshire plus Transport Fund to deliver infrastructure improvements in the city including the completion of the first stages of the Outer Ring Road upgrade study, commencement of detailed design of the A1237 roundabout improvements and review of the station frontage to reduce the conflict between users and improve the interface between modes

Our Organisation



Improve the whole customer service experience

The Council have started up skilling a number of customer service staff (CSRs) to be multi-skilled, enabling them to deal with a wider range of enquiries. In the past a customer would have to rejoin a queue to see different staff depending on their query.

Floor walkers now also play a key role now in meeting & greeting customers to ensure we understand their need and offer support and guidance depending on the nature of their visit. Their role also includes supporting customers to serve themselves on our self serve points, which supports our channel shift strategy and aims.

A 'Seeds of Change' Tree has been introduced in West Offices for customers to leave free feedback, whether it be service related, general views or improvements. These pieces of feedback are recorded and acted on where possible.

Deliver an organisational change programme to enable people to work in a different way to support the Rewiring programme

In the last quarter the Council have introduced a new performance management system which incorporates a Behavioural Standards Framework where we assess staff's performance at work not just on what they have achieved but by how they achieved it, and whether their behaviours at work support our core CYC values.

Roll out a new offer to young people on apprenticeships, work experience

The Council have agreed a training allowance for student and graduate interns with Higher York which will help ensure that interns, from whichever university they attend, are paid a fair allowance. This includes using the Living Wage as the allowance rate for graduate interns who work for us.



Focus on Public Health

The Council now has a statutory responsibility to provide public health advice, expertise and intelligence after the transfer of these services from the NHS during 2013/14. The Council provides analysis and interpretation of health data to the Vale of York Clinical Commissioning Group and has recently launched the Joint Strategic Needs Assessment website to help support this. The website can be found at healthyorke.org

Overall York's health status is good, but there is a gap in life expectancy between people living in the most and least deprived areas in the City – people living in the least deprived areas could live between 5.9 and 7.2 years longer than those living in the most deprived areas (7.2 years for men, 5.9 for women).

The Council also has a statutory responsibility to provide an open access, comprehensive sexual health service and is tendering for an integrated sexual health service in September. This will provide residents better value for money following the division of resources between York and North Yorkshire.

Improve feedback from staff around work demands and create a wellbeing offer to better support staff through change

The Council have reviewed Craft workers terms and conditions to mitigate any potential equal pay claims, and help create a fairer and more equitable workplace. A new Occupational Health Contract and Employee Assistance Programme has also been introduced as part of our commitment to creating a better wellbeing offer to staff.

With the organisation continuing to undergo change, staff engagement has been reviewed and a new toolkit is being developed that will allow employees to feed back their views to managers and make better use of the topical staff groups that currently take place.

A new programme has been developed for employees called Support through Change which will provide online and face to face support for people who are affected by change in the organisation, including those who are being made redundant or are going through a restructure.

Looking Ahead... The Council aims to:

- Improve the whole customer service experience
- Develop new ways of working to engage local economies and local communities in co-design and co-production of services
- Continue to stream Council meetings on the internet and on YouTube
- Deliver an organisational change programme to enable people to work in a different way to support the Rewiring programme
- Improve feedback from staff around work demands and create a wellbeing offer to better support staff through change
- Roll out a new offer to young people on apprenticeships, work experience placements and internships

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Cabinet

9 September 2014

Report of the Cabinet Members for Homes & Safer Communities & Finance & Performance

Review Housing Revenue Account Business Plan 2013 to 2043

Summary

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

Background

2. The core purpose of the HRA Business Plan is to set out the priorities for the business over the next 30 years and to demonstrate that the council can maintain its housing assets, deliver a quality customer focused service as well as improve its homes and neighbourhoods. It is first and foremost a financial document, which determines how the council will meet the needs of present and future tenants whilst ensuring the long-term viability of the stock.
3. In April 2012, the funding regime for local authority social housing changed radically. The abolition of the national (HRA) subsidy system, a national system for redistributing housing resources, was replaced with a locally managed 'self financing' system. Local authorities now retain the rental streams from their housing assets, alongside the responsibility for managing, maintaining and improving the housing stock and supporting an opening level of debt that was allocated to each authority. The level of debt allocated to York was £122m.
4. The Business Plan needs to be read in conjunction with the Asset Management Strategy, which covers the 30-year period 2013/14 to 2042/43 and sets out priorities for the physical care and improvement of the housing stock and related housing assets. This Business Plan draws upon the stock condition information and data analysis used in the formulation of the Asset Management Strategy.
5. In February 2013 Cabinet approved the business plan. The attached

document is a revised version to reflect the progress that has been made and highlight any changes in direction and new priorities

Consultation

6. The development of the business plan has involved a wide range of staff from within housing services, building maintenance and corporate finance. In developing the plan we have had regard to a number national issues and local strategies that have informed the key priorities for the service
7. The original business plan has been shared with the Federation of tenant and residents associations. The revisions have also been discussed with the Federation in May 2014
8. The new building programme has been subject to extensive consultation with local residents through the planning process. Much of the capital programme also includes consultation with tenants

Options

9. Option one – To adopt the revised plan set out at Annex one
10. Option two – To ask officers to revise the document

Analysis

11. **Option one** - This Business Plan covers 7 areas where there are investment issues for the HRA. It also looks at assumptions around performance and treasury management, which have informed the plan, particularly in relation to the development of the Investment Fund. The key areas are

New build

12. York is a city with a growing population with the number of people living in the city increasing from 177,100 to 198,800 between 1999 and 2009.
 - Demand for housing, and housing costs are high for both homeownership and the private rented sector.
 - Welfare reforms will exacerbate the problems of affordability within the private rented sector.
 - At April 2014 there were 2,300 households registered for social housing in York

- The council averages 500 council lettings per annum
 - The Strategic Housing Market Assessment concludes that 790 additional affordable homes are required to be built in York each year.
 - An average 150 affordable homes per annum have been built over the last 5 years.
13. Building on the success of the Archer Close development of 19 new council houses, the HRA investment fund combined with the borrowing powers give us a great opportunity to invest in building more council houses and increasing the affordable housing supply in the city.
14. Building new council homes will also enable the council to take a leadership role within the city and support the priorities set out in the Council Plan, in particular, creating jobs and growing the economy. Research by the UK Contractors Group¹ identifies that every £1 spent on construction generates a total of £2.84 in extra economic activity. Whilst acknowledging not all this would be in York. The first phase of the council house building programme is on course to deliver 50 new homes by the end 2015. The next challenge is to identify further sites for phase two of the programme.

Repairs and maintenance/stock investment

15. The Council's housing stock is well maintained. The stock has been the subject of significant investment over many years with a structured program of maintenance and improvement carried out and with a range of ongoing improvement programmes.
16. Over the next 5 years £74.5m will be spent on responsive repairs / maintenance and improvements to the housing stock.
- As at January 2014, there were 114 dwellings considered to be non-decent². Every year a number of homes fall out of decency on a rolling basis and are improved within the financial year that they become non-decent.
 - As at January 2014 the average energy SAP rating of the housing stock was 74. This rating is in the top quartile across local authorities.
 - There are 611 non-traditional homes. These are properties whose original construction was not done in the conventional way.

¹ National Federation of ALMO's – Lets get building

² Dwellings fall out of decency on a rolling basis and are improved within the financial year that they become non-decent

- The Business Plan sets out a capital improvement budget of £41.5m over the next five years to meet its capital maintenance and improvement programme.
- £33m to be invested in responsive repairs and cyclical maintenance over the next 5 years.

17. During 2013/14 year the department has:

- Modernised 266 homes to full decency standard (kitchen's, bathrooms, central heating & rewires)
- Replaced windows to 700 homes
- Renewed 60 roofs
- Replaced 712 doors with high security GRP doors
- Carried out external Painting to 1022 homes
- Loft Conversions to 7 homes
- Replaced old boilers with high efficiency gas boilers to 410 homes
- Carried out sound proofing to 67 homes
- Rewires to 33 properties

18. The current years programme continues to deliver improvements to the housing stock, key figures are:

- Modernise 250 homes to full decency standard
- Full refurbishment of 18 Airey (non-traditional) houses including new external skin, full insulation, windows, roofs
- Replace windows to 700 homes
- Renew 60 roofs
- External Painting to 1200 homes
- Loft Conversions to 10-16 homes
- Replace old boilers with high efficiency gas boilers to 400 homes
- Carried out sound proofing to 65 homes

19. In addition to the above work is ongoing to develop a solution to address a number of issues relating to dampness, in particular rising damp as a result of high water table levels in certain areas. This will be factored into the financial element of the Business Plan as part of the capital programme development.

Landlord services

20. The landlord function of the Housing Service deals with the pro-active estate management and community involvement which make our estates vibrant places to live and work. Key functions within this are: income management, tenancy management, letting of properties, Right to Buy

administration, resident involvement and low-level tenant ASB functions for the councils housing stock.

21. In 2013/14 the housing management team has reviewed its approach to community engagement and with tenant associations, ward councillors and other stakeholders they have been developing local action plans. A number of local hubs have been developed over the last year reflecting the council's ambitions to provide accessible local services. Further work is being undertaken to develop the offer that these hubs make to the community.
22. As part of ensuring that, as a strategic landlord, we make best use of our stock including tackling over crowding and under occupying, we will review the choice based letting process to determine its effectiveness and how efficient it is.
23. As part of the council's priority to develop community capacity the landlord services will continue to take a lead and develop the Local Estate Action Plans (LEAP). The purpose of these plans is to identify those things that are important to residents and local stakeholders and put action plans in place to tackle the issues. It is acknowledged that these are in their infancy and work will be undertaken over the next 12 months to strengthen their development.
24. Welfare reform remains a critical issue and over the next twelve months the service will continue to offer support and assistance to those that are affected by the reforms and those that are financially excluded. Preparations will continue in readiness for the introduction of universal credit. The mitigation that the council has put in place appear to have ensured that the performance on income recovery has not been maintained, it has improved, current rent arrears fell to £422K representing 1.3% of the debt at the end of 2013/14.

Supported housing

25. Supported housing is defined as housing which is designated for a specific group (such as older people, people with learning disabilities etc.) and in which there is some level of support provided as part of the accommodation offer, this is usually funded through a service charge to residents.
26. A supported housing strategy was approved last year to address the supported housing needs of the City, and to prioritise resources appropriately.

- The Council directly manages 7 sheltered housing schemes, and a further 4 sheltered housing with extra care schemes.
- Temporary accommodation for statutory homeless households includes Ordnance Lane (currently providing 31 units of various sizes) Holgate Road and Crombie House (20 units)
- Around 30 per cent of the total population in York is aged 55 or over, this is reflected in the profile of council tenants.
- Sheltered housing makes up 13% of social housing stock in York

27. Priorities for the next twelve months are to review the authorities' homeless accommodation to ensure that it is fit for purpose and where necessary bring forward proposals for re-provision, improvements to the sheltered accommodation and the implementation of the priorities within the Supported housing strategy.

Adaptations

28. Local authority social housing providers are expected to meet the cost of any adaptation work required by tenants of their social housing stock. Currently 450 council homes are adapted each year to meet the needs of particular households. The investment requirement ranges from the need for minor adaptations, such as grab-rails and ramps, through more major adaptations such as stair lifts, through floor lifts and assisted bathing facilities, up to the need for major structural changes.
29. Once a property has been adapted, the council processes, via the choice based lettings system for managing our housing waiting list and allocations activity, ensures that properties with specific adaptations are prioritised for the use of those with appropriate need.

Tenant involvement

30. Tenant involvement is critical to the delivery of an effective and efficient housing service. The authority is in the process of reviewing the approach to customer services. Housing services are part of this transformational review.
31. Working with our customers we have developed a range of involvement activities from which customers choose how they wish to influence services from a wide range of options including:
- York Resident Federation and 20 Resident Associations
 - Tenant Scrutiny Panel

- Tenant Inspectors
- Annual Tenant and Leaseholder Open Day
- A range of satisfaction surveys, focus groups and drop-in sessions

32. The long-standing York Residents' Federation is the umbrella group for York's Residents' Associations. With a formal structure, access to senior staff and the Cabinet portfolio holder as a standing member, the Federation's voice influences our policies, priorities and performance

Information systems

33. The Housing Services relies very heavily on a number of business critical ICT systems, with the Integrated Housing Management Information System (Northgate SX3) being one of the key applications. This system is currently being upgraded with the existing supplier.

34. There are a number of other key systems, which work alongside or integrate with this application, and a review of a number of these is required to make best use of the IT functionality currently available to support a housing business.

35. The integration of these systems requires significant resources and infrastructure to allow it to be fully operational and effective. Positive outcomes for the business will include the ability to support service delivery with accurate and comprehensive data, a reduction in waste and duplication and reduction in staff time spent interrogating systems that are not integrated. These benefits will feed through to customers as better informed decisions are taken and staff time is freed up to deliver for customers.

36. The development and use of advanced ICT technology and social media will fundamentally change and improve efficiency and coincide with a council wide initiative to work smarter and become less reliant on office accommodation for its field staff. This will help us take services to customers and communities and allow them to actively participate in service delivery and development in a wide variety of convenient ways.

37. The HRA plays an important role also in the delivery of Council priorities, this has been evident through recent in work on poverty prevention, strengthening engagement and customer experience. Further work is planned within the plan to ensure alignment with wider priorities is achieved.

38. **Option Two** – The revised plan broadly follows the original business plan any significant changes would require the forecasts to be remodelled and would delay approval.

Council Plan

39. The HRA business plan specifically relates to four of the five priorities with the council plan.
- **Create jobs and grow the economy** – with the considerable investment that is proposed in the existing stock and the intention to build new home.
 - **Building string communities** – The plan clearly sets out housing services intention as part of the wider council approach to develop local services and work to develop community involvement in determining priorities
 - **Protect vulnerable people** – proposal within the support housing sector and the increased expenditure on adapting home demonstrate how the plan supports this priority
 - **Protecting the environment** – proposals to continue to invest in energy efficiency measure demonstrate a commitment to reducing the carbon footprint with the city. At the same time as tackling issues around financial inclusion

Implications

40. The implications arising from this report are:
- **Financial** - The Business Plan sets out the financial details for managing the councils housing stock over the next 30 years. Adopting this Business Plan will enable the council to effectively manage its stock in a way that ensures that the HRA is financially sustainable. Details of how any investment fund may be allocated will be subject to separate reports and any specific financial implications arising from subsequent recommendations and their implication on the HRA Business Plan will be considered as part of the specific reports.
 - **Human Resources (HR)** - None
 - **Equalities** – Community Impact Assessments has been completed the details are contained in annex 3
 - **Legal** - None
 - **Crime and Disorder** - None

- **Information Technology (IT)** - Significant investment is proposed for ICT to support the ambitions of the plan. These will be discussed with the ICT team and built into work plans
- **Property** None

Risk Management

41. Whilst the self financing regime has created a number opportunities, in particular the option to consider the building of new homes, there are a number of areas of risk that will need to be closely monitored and suitable mitigation identified.
42. The changes contain in the Welfare Reform Act continue to pose a challenge to the authority as the reduce income to some families and may increase the level of bad debts. Whilst the impact of spare room subsidy has been mitigated by the emphasis being placed on preventative work, such as financial inclusion, financial capacity building and measures to prevent households from falling into poverty. This work needs to continue with the pending implementation of universal credit.
43. Following the government changes to the Right to Buy, sales are higher than projected, reducing the overall level of rental income received. This has been absorbed into the plan any further increase could effect the capital programme which would need to be reduced for a period to compensate. The situation will be kept under review and any material impact reported to members.
44. The Government will continue to set national social rent setting policy and maintaining the rental income stream is essential for the viability of the business plan. Any variation from the national policy is likely to result in a negative financial impact on the business plan and could result in reductions in services to tenants.

Recommendations

45. Cabinet are asked to

Agree Option One to adopt the HRA business plan as set out in Annex A

Reason: The plan sets out the priorities for the housing revenue account for the next 5 years and gives clear messages as to the commitment to continue to invest in the council's exist stock, the local communities and build new much needed social rented housing

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Specialist Implications Officer(s)			
Implication Financial Name Jayne Close Finance Manager Tel No. 01904 554175			
Wards Affected: All			√
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Annexes**Annex 1** – HRA Business Plan.**Annex 2** – Housing Revenue and Capital Projections**Annex 3** – Community Impact Assessment**List of abbreviations used in the report:**

ASB – Anti-Social Behaviour RTB – Right to Buy
CPI – Consumer Price Index SAP – Standard Assessment Procedure
EPH – Elderly Persons Home
HCA – Homes and Communities Agency
HRA - Housing Revenue Account
LEAP - Local Estate Action Plans
LHA – Local Housing Allowance
PWLB – Public Works Loans Board

City of York Council

Housing Revenue Account 30 Year Business Plan: 2013-2043

Revised July 2014

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Forward

We are pleased to introduce our Housing Revenue Account (HRA) Business Plan 2013-2043, which sets out our priorities, plans and actions for council housing in our city for the coming years. This plan will be reviewed annually.

The purpose of the Housing Revenue Account (HRA) Business Plan is to demonstrate that the council can maintain its housing assets, and deliver the levels of service, home and neighbourhood improvements. It is first and foremost a financial document, which determines how the council will meet the needs of present and future tenants, demonstrating that Government and local targets can be achieved and ensuring the long-term viability of the stock.

The Business Plan needs to be read in conjunction with the Asset Management Strategy, which covers the 30-year period 2013/14 to 2042/43 and sets out priorities for the physical care and improvement of the housing stock and related housing assets. This Business Plan draws upon the stock condition information and data analysis used in the formulation of the Asset Management Strategy.

An effective Business Plan has become evermore crucial since central government announced the reform of the rules governing local authority housing finance and the introduction of the self-financing system. This new system requires local authorities to take on a one off debt, in York's case £121.5 million and in return keep all its revenue income, a proportion of right to buy receipts are still pooled and returned to central government. It is therefore critical that the HRA continues to be managed on sound business principles

The reforms open up some exciting opportunities for York, the financial modelling demonstrates that a regeneration / investment fund can be developed to enable the council and its housing stock to play a pivotal role in not only developing much needed social housing but also delivering council priorities to grow the economy.

The 30 year financial model assumes levels of expenditure to ensure properties are maintained to the standards currently prescribed within the Asset Management Strategy and the rent increases are applied to meet the rent convergence model to generate the income stream to fund the Council's aspirations.

This plan sets out the national and local strategic context and corporate priorities under which we are currently operating. This framework has enabled us to identify our challenges and priorities specifically over the next five years as well as identifying longer terms issues and goals for the next thirty years.

Demand for social housing remains high, particularly for larger family homes and therefore the plan sets out the Council's aspiration to build new council housing of the types required.

We are committed to achieving Customer Service Excellence in all aspect of its work within the next 3 years.

Introduction

Background

This Housing Revenue Account (HRA) business plan covers the 30-year period 2013/14 to 2042/43. The plan concentrates largely on those activities relevant to the management of the council's housing related assets and the challenges facing key service delivery areas and contains an investment programme, formulated on a five year and a 30 year basis.

The Asset Management Strategy is a key component of the HRA Business Plan as it sets out priorities for the physical care and improvement of the housing stock and related housing assets, using stock condition information to inform the strategic framework within which decisions on investment or disinvestment are made. It recognises the natural tension between competing investment needs, for example investment in the existing housing stock, investment in new affordable housing and investment in housing management services.

York is an area of high property values and intense demand for social housing. This means that the council has not experienced significant difficulty when letting vacant property. It is, however, aware of the need to anticipate and where possible to forestall obsolescence in the housing stock and maintain housing to a standard which is attractive to potential tenants, meets the changing nature of household formation and responds to other demographic or cultural issues. An element of re-development is also a key part of the business plan.

Housing Revenue Account

In April 2012, the funding regime for local authority social housing changed radically. The abolition of the national (HRA) subsidy system, a national system for redistributing housing resources, was replaced with a locally managed 'self financing' system. Local authorities now retain the rental streams from their housing assets, alongside the responsibility for managing, maintaining and improving the housing stock and supporting an opening level of debt that was allocated to each authority.

HRA reform placed councils in control of their housing assets. The changes also resulted in a range of options for unlocking HRA investment capacity that remain consistent with government's current priority to control the national debt. The key aspects of HRA reform relevant to York are that:

- Efficient operation of the HRA should generate an investment fund that will be available for new investment.
- A £20 million investment/regeneration fund over the next five years will be available to support our priorities including the potential for investing in new build and we anticipate continued funds being available over the life of this business plan.
- Housing will become a real asset capable of generating additional investment resources for new and improved social and affordable housing
- Councils will be able to shape their "housing business" to deliver against their local service and investment priorities.

The Council manages its properties and landlord services through its business plan and asset management strategy. The finances for both are managed through the Housing Revenue Account.

National Policy Context

Under the current Government significant changes will take place through the Localism Act 2011 and the Welfare Reform Act 2012, which will create huge challenges for our communities and housing services.

The Localism Act

The Localism Act 2011 has wide implications for social landlords and includes measures on:

- Implementation of a tenancy strategy, which will affect the allocation of social housing
- Abolition of the HRA subsidy system and the introduction of self-financing for all local authority housing
- Regulatory reform including the introduction of complaints and tenant panels

Welfare Reform

The welfare reform programme is aimed at reducing the overall benefits bill and making work pay. It is the biggest shake up of the welfare system since its inception. Although these changes will be implemented nationally, the extent of their impacts will vary according to local circumstances. What is clear is that the Act will have a massive impact on tenants who claim benefits, their landlords, local housing markets and a range of agencies providing money and benefits advice. The key changes include:

- Creation of Universal Credit which will cap the overall amount of benefits individuals and families can claim
- Ending housing benefit and direct payments to social landlords

- Caps to the maximum Local Housing Allowance(LHA) payable
- Increases in non-dependant deductions
- Calculating LHA rates using the 30th percentile of market rents rather than the 50th percentile and indexed to the Consumer Price Index from April 2013
- Limiting housing benefit for working age tenants so it only covers the size of property they are judged to need
- Raising the shared accommodation rate age limit from 25 years to 35 years

We anticipate these measures will have a significant impact on the local housing market and people's ability to afford their home. Residents on lower incomes will face additional financial and housing pressures.

A significant risk for the Business Plan is the collection of rental income and we predict that rent arrears will increase by 400% over the next 5 years because of the impact of these welfare reform changes.

Housing Services has restructured to deal with the initial impact of these changes and has adopted a more localised and consultative approach to service delivery.

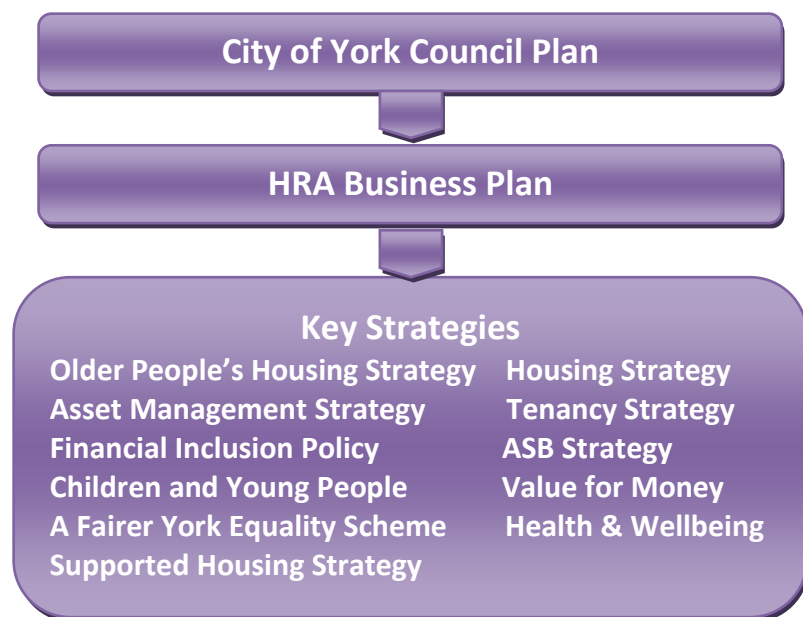
Right to Buy

The current government has reinvigorated the Right to Buy scheme by encouraging more tenants to exercise their Right to Buy their council house by increasing the maximum discount that buyers can get off the market value of their home to £75,000.

Local Policy Context

The business plan is guided by the Council's Corporate Plan and contributes to a number of its aims. The plan must be viewed in conjunction with the Asset Management Strategy.

The HRA Business Plan in Context



The Business Plan sets out the investment required to:

- Maintain our housing stock to provide good quality sustainable council homes to meet a range of needs for today and future generations
- Achieve and maintain high standards of housing management and effective tenant involvement

- Assist people in housing need to access social housing and to offer support to help vulnerable tenants to maintain their tenancy and independent living
- Respond to and pre-empt changing demand patterns, maintaining a balanced portfolio of housing to address a wide range of needs
- Increase the environmental sustainability of the council's housing stock
- Deliver the investment programme in a cost effective manner in accordance with sound procurement principles

Strategic Aims and Priorities

The HRA business plan supports our vision "creating homes, building communities" and aligns with the following plans and strategies.

- 'Delivering for the People of York' Corporate Council Plan 2011-2015
- 'Creating homes, building communities' housing strategy 2011/15
- 'Positive Ageing, Housing Choices' older people's housing strategy 2011/15
- Asset Management Strategy 2013/43

The business plan is intended to assist in meeting the council's wider strategic aims to:

Build strong communities

- Increasing the supply of affordable housing and making best use of the existing stock.
- Developing community engagement activities so that tenants are engaged in planning and influencing services

Protect vulnerable people

- Providing great facilities that support dedicated high quality care for people with specialist needs

Protect the environment

- Reducing carbon emissions and making more use of renewable energy

It also contributes to our key priorities on the housing strategy and older people's housing strategy developed in consultation with a wide range of stakeholders and customers, these are:

:

- Make best use of existing housing stock
- Maximise the supply of decent environmentally sustainable homes that people can afford
- Improve the condition, energy efficiency and suitability of homes and create attractive, sustainable neighbourhoods
- Ensure supported housing is designed to promote and enable maximum independence and choice

York has one of the highest ratios outside London of earnings to average rent, giving the city a particularly acute problem in finding suitable accommodation for those on benefits, vent more so in light of recent welfare reform. A Financial Inclusion Policy was approved by Cabinet in November 2012 to address these issues.

Priorities for the business plans are aligned to the key actions of the financial inclusion policy:

- Reduce levels of financial and social exclusion by relieving the pressure on family budgets, helping disadvantaged individuals to access cost effective financial products and tools
- Develop sustainable solutions to improve the financial capacity and capability of individuals and communities within

- within the City, reduce levels of debt and raise awareness of benefit entitlement
- Work with partners towards a comprehensive customer profiling system, tracking specific customer needs around financial inclusion, identifying when client groups will require intervention / support and how they are likely to access it.
- Create financial support packages which effectively target vulnerable and marginalised families, individuals and communities in settings that are comfortable and familiar to them

Financial Summary

The introduction of self financing resulted in the council taking on £121.5m of additional debt from central government in March 2012. However, on the flip side the council no longer has to pay the government an annual negative subsidy payment which was in the region of £7m.

In taking on this debt the council considered all options as part of its decision making; more detail is set out in the Treasury Management section of this business plan. However, the net impact of this is that the debt repayments are lower than the negative subsidy payment thereby placing the HRA Business Plan on a sound financial platform. This has resulted in the council having a strong revenue & capital projection moving forward. Details of this is set out in Annex B

Given the nature of the Business Plan there are clear financial risks that need to be considered and factored into any projections. To ensure the plan is robust and future proofed, the following assumptions have been included

Key Area	Assumption	Comment
General inflation	2.50%	
Rent increase inflation	3.00%	Rent increases assumed in line with proposed government guidelines of CPI plus 1%
External borrowing interest rate	2.76% to 3.51%	Portfolio of fixed rate maturity loans with PWLB
Minimum HRA balance	£5,500,000	Recognise increased risk in self financing environment
Right to buy sales	30 to 40 per annum	In line with increased sales forecast
Void rate	1.20%	In line with current position, no significant increase/decrease forecast
Bad debts	0.4% to 1.5%	Increase assumed to allow for changes under welfare reform

Investment decisions are made based on customer priorities supported by robust financial business cases.

The key financial investment points within the Business Plan are:

- £20 million to spend on new homes for rent and redevelopment of existing stock over the next 5 years
- £41.5 million to be invested in the existing council homes over the next five years
- £1m to be invested in addressing overcrowding by extending council homes.
- £33m to be invested in responsive repairs and cyclical

maintenance over the next 5 years.

Within the £41.5 million

- 1365 homes will be modernised at a cost of £14million
- £5.8m will be spent replacing heating systems to 1800 homes
- A further £0.75m will be invested in loft conversions to existing homes to help address overcrowding.
- To help elderly and disabled tenants remain in their homes £2 million will be spent adapting their property
- Soundproofing of 105 properties will be undertaken to reduce noise nuisance between flats at a cost of £0.5m
- A programme of renewing decayed water mains in our ownership costing in excess of £4m
- Several hundred residents within blocks of flats benefitting from improved security systems to communal entrances at a cost of £1m

Investment Challenges

Overview

Whilst there are numerous challenges that require investment, both in terms of finance and time, when considering the delivery of the strategic aims of the Business Plan there are a number of identified key areas that require investment and where relevant key messages from the Asset Management Plan have been included.

These key areas cover:

- New build
- Building/asset management
- Landlord services
- Supported housing & Adaptations.
- Resident and community involvement
- Investment in ICT

Each of these key areas is detailed below in the following sections and includes contextual information together with a summary of the key messages, which identify areas for improvement and investment and the subsequent priorities to address this.

New Build

York is a city with a growing population with the number of people living in the city increasing from 177,100 to 198,800 between 1999 and 2009.

- Demand for housing, and housing costs are high for both homeownership and the private rented sector.
- Welfare reforms will exacerbate the problems of affordability within the private rented sector
- At the end of March 2014 there were 2306 households registered for social housing in York

- The council averages 500 council lettings per annum
- The SHMA concludes that 790¹ additional affordable homes are required to be built in York each year, over a five year period
- An average 173 new affordable homes have been completed each year over the last five years

Building on the success of the Archer Close development of 19 new council houses, the HRA investment and regeneration fund combined with the borrowing powers give us a great opportunity to invest in building more council houses and increasing the affordable housing supply in the city.

Building new council homes will also enable the council to take a leadership role within the city and support the priorities set out in the Council Plan, in particular, creating jobs and growing the economy. Research by the UK Contractors Group² identifies that every £1 spent on construction generates a total of £2.84 in extra economic activity. Whilst acknowledging not all this would be in York, a council house build program to build 60 new homes would generate over £17m of additional economic activity, a significant element of which would be in the city.

Identifying sites

A strong combined HRA & Corporate Asset Management Plan will ensure we make the right decisions on investing in capital funding for new homes.

Capital investment proposals will need to be worked up over several years because the numbers of “easy” sites to develop within the HRA are limited. The bigger challenge is to link new build

¹ SHMA covering the period 2011-2016

² National Federation of ALMOs – Let’s get building

development to the remodelling and in some cases demolition of existing stock to create new homes that better meet the needs of residents and households.

In 2012 an initial assessment of the development potential of 179 sites in the HRA was undertaken to identify 'quick win' opportunities for new development. Further viability and feasibility testing proposed six deliverable sites for a first phase of new council house building, delivering between 50 and 70 new homes.

Five of these sites have been taken forward for new development. The first site will complete in March 2015, with the remaining four sites completing later that year. These homes will be funded through £6m of HRA revenue, £1m of affordable housing commuted sums and HCA³ grant. {Pack of Cards, Capital Receipts}.

There are very few developable sites within the HRA which will only provide a limited number of opportunities to build new homes. To meet the council's aspirations to build future phases of new homes a more strategic approach will be required. Work to assess options for the remodelling and demolition of challenging HRA stock which could open up significant redevelopment opportunities will be considered during 2014.

Any decisions regarding investment in either new build or remodelling will be reported through the Corporate Asset Management Board to ensure opportunities for joint investment and land swaps are maximized, allowing effective corporate use of all our combined assets.

Outside of the HRA but within the council's general fund, we need to consider further sites that are suitable for new council housing.

³ Homes & Community Agency

Opportunities have already been identified with proposals taken to the council's Asset Board for consideration. Further work will be undertaken to explore these opportunities.

Identifying funding and ensuring value for money

The new flexibilities as a result of the HRA Self Financing regime and the resulting investment/regeneration fund, alongside opportunities to borrow against future rental streams, will deliver new homes. However, we also need to ensure that we stretch available resources and use / invest any investment fund to maximize the number of new homes built and in a way that also delivers high quality, sustainable dwellings and represents best value for money.

As a Registered Provider with the Homes and Communities Agency the council can bid for Affordable Housing Grant. Although the level of grant has reduced drastically in recent years at around £22,000 per home it can still represent a significant contribution to capital costs. In 2012 an initial assessment of the development potential of 179 sites in the HRA was undertaken to identify 'quick win' opportunities for new development. Further viability and feasibility testing proposed six deliverable sites for a first phase of new council house building, delivering between 50 and 70 new homes.

The prospectus for the 2015-18 Affordable Homes Programme 2 was released in January 2014. This provided the detailed requirements of the bid round and confirmed that local authorities will once again be eligible for funding. However, this comes with a number of restrictions, most notably that it can not be used in conjunction with Right to Buy receipts. A decision as to whether to pursue grant funding for the remaining sites in phase one or future

phases will be taken following detailed analysis of the potential funding streams.

Consideration will also be given to the different delivery mechanisms for new council housing to ensure value for money from the HRA investment fund. This will investigate different options including:

- Building new homes with no grant funding
- Building new homes with, where available, grant funding
- The use of affordable housing commuted sums to develop new homes
- Options for innovative investment of HRA and/or commuted sums on land purchases to facilitate mixed tenure developments that will maximise affordable housing delivery and provide a return on capital investment made through equity stakes or commercial loans.
- Purchasing homes on the open market
- Taking homes through planning gain on private developments
- The potential for wider partnerships and delivery vehicle.

Agreeing how new build development will be procured

The first phase of new council house building is being led 'in house' by the housing development team, replicating the delivery model of Archer Close. A New Build Project Manager will be appointed to lead the on site construction. The Housing Development Manager will focus on future supply, securing planning permissions, and sourcing sites.

The procurement mechanisms will be regularly reviewed

throughout the plan period to ensure that the most appropriate and cost effective models are applied.

Summary of Key Messages

Significant demand on existing social housing stock and a need to increase provision of affordable housing

Regular reviews of procurement model for new build council housing

To undertake a full review of the dispersed and high value stock owned by housing and where appropriate make recommendations for its retention, conversion or disposal.

Actively seek opportunities to develop new build schemes that will be prioritised for households wishing to downsize and free up family homes. We will introduce a range of incentives to encourage and enable households to downsize.

Priorities

Develop a 3 year rolling programme for the development of new council houses. 5 sites have been identified in phase one to deliver 50 to 70 new council homes by autumn 2015

Establish preferred methods for funding

Continue to review available procurement options for the delivery of homes

12-18 months – Bring forward proposals on further council sites that necessitate wider re-modelling of stock/selective demolition etc. as part of HRA Asset Plan

3-4 years – completion of further 30 council houses

All the above are subject to funding opportunities, the pace of development of other major housing sites in the city where there may be other or better opportunities to invest, and resources available within CYC.

Repairs and Maintenance / Stock Investment

The Council's housing stock is well maintained. The stock has been the subject of significant investment over many years with a structured program of maintenance and improvement carried out and with a range of ongoing improvement programmes. At the end of December 2010 the Council successfully achieved the Government's Decent Homes compliance target.

- As at 1 January 2014, there were 114 dwellings considered to be non-decent⁴
- Of these 84 dwellings result from tenants not consenting to having the work undertaken.
- As at 1 January 2014, the average energy SAP rating of the housing stock was 74
- There are 611 non-traditional homes
- The Council has an annual capital improvement budget which is used to meet its improvement programme. Over the next 5 years we will invest £41.5m in our stock.
- The Council have embarked on a £2.4m window replacement programme, to be completed in March 2015
- In 2013/14 we carried out 32,000 responsive repairs
- The average unit cost per void property is £1730

The Building Services team maps their service around one customer base, one housing stock and one budget. This ensures that there is cohesive decision making and management of projects in the most efficient and cost effective way, whether that is a

⁴ Dwellings fall out of decency on a rolling basis and are improved within the financial year that they become non-decent

reactive, planned or cyclical approach along with ensuring the best value procurement method is used.

The following key priorities for the service have been identified in the Asset Management Plan.

Asset Management Data

Codeman is the database that holds data on the housing stock. There is an amount of data held in various places that is being coordinated and loaded into the central database. This will enable the data to be utilized in programme modelling in Asset Management Planning.

There is an increased focus to increase the quantity and quality of data on individual properties to add to what is already held in Codeman. Data on communal areas for both Sheltered Housing and Flats will also be collated. Critical to the effective management of this process is the use of ICT; it is inefficient to continue manually inputting this information when it is able to be collected electronically. A new application is being released in spring 2014 which, when applied to new hardware, will help facilitate data capture in the field as well as a more streamlined approach to up loading the data back into the asset management database.

IT Infrastructure

There are a variety of IT systems in use within Housing Services and for varying reasons these have not benefitted from historical investment when needed. This has resulted in a number of inefficiencies that need to be addressed.

The first steps in addressing this are being taken through the

upgrade of both Servitor and Opti-time systems that manage the reactive and void processes

Analysis has been undertaken of what is required in the medium and short term to improve the functionality of the systems in place. This comprises upgrades to versions, self service modules to support the corporate drive to 'channel shift' alongside additional interfaces and new programmes that support the existing systems that are in place. This will allow us to give better customer service, improve efficiencies and allow us to effectively analyse work content to map programmes of work which is more efficient.

In addition the council has retendered its mobile working platform, for the front line operatives that integrate with the Works Management Systems. This will improve productivity by eliminating administrative inefficiencies. Roll out of the platform is taking place through 2014/15.

Customer Service

The repairs service is regularly described by our customers as one of the most important services they receive from their landlord. Carrying out 32,000 individual repairs, with a minimum of two customer contacts per repair (report and repair) makes this the biggest customer contact function of the service and as such one of the biggest areas of service delivery to influence customer satisfaction.

The Building Services team is currently reviewing all of its operations with Customer Service central to that process. This work is being done in conjunction with the corporate customer contact team to ensure a single approach to how the council interacts with its customers. This will result in analysis of customer feedback alongside the process mapping to look for improvements

that can be made to the service being delivered. Examples of improvements will be better customer service, improved customer satisfaction and increased efficiency.

This includes improvements to the information held on the council's website along with ensuring consistency of approach to all methods of communication relating to repairs, maintenance and investment programmes.

The Building Services Team is working with the Service Inspectors to review the repairs service including undertaking questionnaires and mystery shopping in order to measure the quality of service currently being provided and identify areas for improvement.

Procurement

Robust procurement of all contracts, i.e. reactive maintenance, void maintenance, cyclical maintenance and planned investment programmes, is critical to ensure that best value is obtained whilst balancing the need to continue developing and supporting the local economy of the city. All procurement is carried out in accordance with the council's procurement strategy.

A 5 Year Procurement Plan is being developed in partnership with the Commercial Team that will both identify our priorities as well as result in cost effective long term procurements. Going forward, procurements will be designed so that we can also utilise them to facilitate opportunities for External Trading.

Energy Efficiency

Although the Standard Assessment Procedure (SAP) rating of the housing stock is within top quartile across the authorities, there are still improvements to be made. Energy Company Obligation (ECO)

funding is being determined nationally and we need to be best placed with good, accurate stock data to be at the forefront of Utility Providers opportunities.

All stock needs to be assessed to look for further improvements that can be made particularly with regards to insulation, either internal or external, subject to planning and conservation considerations. There are various types of “hard to treat” construction such as like the non-traditional forms of construction that are in various areas of the stock. Clearly the authority has an opportunity to take a leadership role in developing its contribution to the council target of reducing carbon emissions by 40% by 2020. Improving the energy efficiency of its homes will also play a vital part in the council’s financial inclusion policy.

Whilst researching potential funding streams that support these programmes we will also discuss whether other local landlords or private householders can take advantage of these schemes thereby leading the ECO agenda on behalf of neighbourhoods, not just the council’s housing stock.

Asbestos and Fire Management

Asbestos management is crucial in all programmes of work. It is an integral part of all processes and effective processes are in place to manage this safely and to legislative practices. Corporate processes are in place and we share these with our contractors to ensure a consistent best practice is integrated into the works. Training is given on an annual basis, whether this is refresher training or comprehensive training for new staff. Invasive surveys will be carried out as necessary to inform programmes of work.

The asbestos database will be further developed as part of our ongoing drive to improve our stock condition database and

electronic information usage.

Working with our colleagues in the Housing team, we will review our processes for managing the risk of fire, in line with the Regulatory Reform Order (Fire Safety) 2005. Key areas for further work include developing the reports available from Fire Management database, so that Fire Risk Assessments are in place/up to date and that all works arising have been closed out.

Working with the Housing teams, option appraisals will be carried out over the next 12 months on the flats on the Bell Farm area that have the asbestos containing bathroom pods, with a view to retaining them as flats or reconfiguring some/all back into single large houses as they were originally constructed.

Summary of Key Messages

We will continue to maintain and improve our properties

We will continue to work with the tenants and leaseholders to determine the priorities for the service.

We will continue to collect stock condition data in a programmed approach to intelligently inform planned investment ensuring a fair approach for our customers.

We will analyse the energy condition of different forms of housing construction to take advantage of potential funding streams, to reduce the carbon footprint and reduce fuel poverty for our customers.

To improve accessibility of information for our customers we will update the investment plan onto the website making the information more accessible.

We will continue to manage legislative surveys in a planned manner and carry out necessary works as required keeping our customers safe.

We will continue to manage Asbestos by carrying out detailing surveys in advance of any works being undertaken and update the

database accordingly, allaying health and safety concerns from our customers.

We will continue to train our staff and operatives on Asbestos Awareness and ensure all procedures are followed.

We will continue to manage gas servicing contracts within government timescales including the utilisation of the Planned Maintenance module within the Works Management System to keep our boilers servicing and maintained which reduces the inconvenience to our customers of potential breakdowns.

By keeping our staff trained and updated in future changes to legislation we will ensure that we have plans and budgets available from a risk management viewpoint to make sure we spend budgets wisely and effectively

We will continue to carry out stock condition surveys across the housing stock to ensure that our customers receive the correct works at the correct time

We will continue to carry out Fire Risk Assessments to all communal areas to all blocks of flats, and follow through on remedial works so as to ensure we minimise the risk of death or injury to residents

We will carry out stock condition surveys of all communal areas both to sheltered housing and flats. to improve the communal living environment and also ensuring that investment to improve these facilities are carried out at the correct time

We will continue to cross reference reactive repairs to capture intelligence of product failure and implement planned maintenance schemes where necessary. This reduces the need for customers to contact us to report some regular repairs as we will have some planned programmes in place to repair before failure

We will ensure that we use Best Value principles when designing capital investment programmes to ensure the best life cycles can be achieved across the longer life of the product. This means less visits and disruption for our customers

Priorities

Dec 2013 – commence the project to implement the Planned module onto Servitor

April 2014 – map the delivery of the 14/15 capital programmes

April 2014 – develop the 5 year procurement plan

April 2014 – conclude update of CYC Housing website

June 2014 – conclude the IT upgrade of Servitor and Opti-time

3-5 years – achievement of at least 95% stock condition data collection

All the above are subject to funding opportunities and current staffing levels within the service.

Landlord Services

The landlord function of the Housing Service deals with the proactive estate management and community involvement which make our estates vibrant places to live and work. Key functions within this are: income management, tenancy management, letting of properties, Right to Buy administration, resident involvement and low-level tenant ASB functions for the councils housing stock,.

The service also manages 207⁵ tenancies on behalf of Fabrick Housing Association and received an income of £124k in 2013/14 and £129,600 is expected in 2014/15.

Category	Stock numbers 1/4/14
Total HRA stock (units) of which:	7848
General Housing	7389
Sheltered Housing	239
Sheltered Housing with Extra Care	142
Temp Housing	39
Temp Housing (Hostels)	39

Landlord services work closely with Housing options, homelessness, the city-wide ASB team soon to become the ASB hub jointly staffed with North Yorkshire Police, housing standards/adaptations, supported housing and the Housing Strategy team to deliver a comprehensive, joined-up service for tenants at all stages of their tenancy.

⁵ As at 23.04.2014

There are a number of issues that are driving the need change our approach.

- 580 council tenant households are currently affected by the bedroom tax as at April 2014
- 9 tenants affected by the benefits cap as at March 2014
- Approximately 1000 tenants are under-occupying their homes and of these, 160 are actively seeking a move – **Waiting list at 1 April 14 shows approx 480 where the number of bedrooms required are less than their current home. But more work needed to verify this data by matching against tenants**
- 260 are overcrowded - **(No data on this at present – need to match waiting list data against tenants)**
- Garage vacancy levels have risen to 20% of overall stock
- Tenancy turnover is 7.4%
- Total rent loss through voids is 0.69%
- Current rent arrears at 06.04.14 £422K. This represents 1.31% of the rent debit.
- Former tenant arrears at 31 March 2014 £324K

Housing Management function

In 2012 we reviewed our management arrangements and developed 3 estate management teams. Each team has tenancy management and income management lead staff and in recognition of the challenges that welfare reforms bring additional posts were created to provide money and employment advice within a developing advice hub across York. The area teams are managed by a single team leader who has the responsibility to ensure that the service that is provided is generic and seamless. Each of the team leaders has a portfolio and is expected to lead in developing one of these service areas

- Income Management and welfare reform
- Anti social Behaviour and tenancy management
- Community Development and localising the service

In addition the Housing Landlord Service Manager holds the portfolio for developing the infrastructure to deliver the service in a rapidly changing and challenging environment.

Income Management

Over the last five years we have seen a significant and consistent reduction in current tenant rent arrears. This has been based on a pro-active/early intervention approach working with key partners such as Housing Benefit, CAB, Keyhouse and York Learning.

The biggest change arising from the welfare reforms will be the payment of the housing element of universal credit being paid directly to claimants. This has the potential to significantly undermine the very stable nature of the landlord income base thus challenging our financial stability. Processes and policies to manage direct payments and the impact this will have upon customers and income stream needs are being developed and an overarching action plan for the department around welfare reform. The challenges that welfare reform presents requires an increased focus on early intervention and a more holistic approach in assisting tenants in their financial management.

Performance in income management over the last 2 years has improved with arrears remaining stable in 2012/13 and a reduction of £65k in 2013/14.

To assist in making best use of stock and to help those affected by the bedroom tax the local authority has approved a downsizing

incentive scheme that was introduced from January 2013 and organises events periodically to bring together customers wishing to swap homes.

Anti-social Behaviour

The housing management team is supported by a specialist tenancy enforcement team based within the Community Safety Unit, along with a community mediation service. This will be incorporated in the soon to be introduced ASB hub. The use of Restorative Practice, a victim base approach to dealing with the consequences of crime and ASB is to be introduced shortly.

There has been an increase in the complexity of cases, particularly from people suffering from mental health and dual diagnosis issues. It is acknowledged that there is currently a shortfall in specialist and supported accommodation to meet the needs of these groups.

Within the ASB strategy it was highlighted that there was a need to improve policies and procedures to ensure better outcomes and a consistent approach.

The Anti-social Behaviour, Crime and Policing Act, 2014 is due to come into force in October. The purpose of the act is to simplify the tools and powers that organisations have, and the main changes are the abolition of Anti-social behaviour orders and Criminal anti-social behaviour order, which will be replaced by Criminal Behaviour Orders and the Injunction to Prevent Nuisance or Annoyance. Other changes include bringing together some of the environmental legislation into a single Community Protection Notice, and the merging of some of the public order legislation including the Designated Public Place Orders into a Public Spaces Protection Order. The adoption of these measures has been coordinated at a

county level to ensure consistency of approach across this area.

Community Development

Local Estate Action Plans are being developed based on evidenced priorities identified from various sources of information and statistical data. The action plans will help customers and staff monitor the progress made towards delivering on the identified priorities over time. The action plans will be used by Housing and residents to influence ward based action plans and committees which are being developed with residents and set out the key local priorities for the year ahead at ward level. This is known as the Neighbourhood model and also involves the use of Community Conversation events. The housing estate managers will act as community champions and will lead on the delivery of the local action plans.

In 2012, the housing service restructured to deliver efficiencies, embed equalities and better meet the needs of customers. We have adopted a neighbourhood style of working, with housing estate managers based in the communities they serve. In addition to the existing Tang Hall advice hub two new local hubs are being developed in the Lindsey Avenue (Acomb) area and the Clifton area; the latter being attached to a sheltered scheme. These will bring together advice agencies to offer housing, money and general advice, employment and training opportunities, in addition to providing a venue for local interest groups and residents. In addition we continue to provide drop in advice sessions at venues across the city alongside other advice and support services.

We will develop our approach to work with schools and educational establishments to provide advice and support for pupils and parents who may be customers of housing and homeless services in the future.

Letting & Allocation of Homes

The allocation of homes is delivered via the North Yorkshire HomeChoice sub-regional choice based lettings scheme. The system has created greater transparency for customers but has not been successful in reducing the levels of administration. There continues to be a large number of applicants on the housing register who are placed in bronze band with no housing need and realistically many applicants on the register will never be offered a home due to the shortage of available properties.

The lettable standard has been reviewed by our service inspectors and as a result a comprehensive review of the void process took place. The recommendations of this will be implemented throughout 2014 ensuring that the lettable standard is delivered at the heart of an improved void letting service.

Customer Services

Our approach to customer services will be based on customer preference when making contact. We will enable and promote channel shift via self-service options and communication media (email, text, social media) whilst retaining and developing more traditional methods of communication for those customers who need and prefer this. The Customer Service Advisor team will develop to form the core phone and reception contact for all customers of Housing Services and contribute and compliment the councils contact centre.

Getting it right first time – Housing Services will ensure that services are delivered in the way that customers want, when they want it by

ensuring that staff are supported through training, ICT support, effective management and comprehensive policies and procedures

A comprehensive training plan to ensure that staff deliver services in a customer focused, knowledgeable and efficient way will be developed in 2013/14 as part of the Workforce Development Strategy. This will be refreshed annually to include any new requirements for the department, individual staff and customers.

Housing Services will work towards, achieve and exceed customer excellence standards across the department, taking a whole service approach to our business.

Housing Services will develop its approach to collecting and utilising customer information to ensure that services meet the individual needs of its customers. Routine contact and a structured Customer Care visit scheme will be developed to provide more effective outcomes for customers and the service in terms of service provision and identifying and addressing safeguarding, support or enforcement issues. This will compliment the priorities of the council's customer strategy 2012-15:

- *Improve ways and choices of ways customers can access services.*
- *Provide a service in courteous, responsive and timely ways*
- *Working jointly with our customers and other providers of services*
- *Continually assess the quality of our service to make sure they can remain accessible, efficient and inclusive.*
- *Make it easier for our customers and communities to do things for themselves*

Right to Buy (RTB)

Historically RTB has been high with over 6000 homes sold within the city since its introduction. Following a lull in sales the last couple of years have seen an increase with the national reinvigoration of RTB. The government have increased maximum discounts, and reduced the qualifying period. The business plan settlement model had assumed RTB sales between 20 and 28 per year. This forecast has been increased to 30 to 40 sales since the change to RTB. The model excludes RTB receipts, the authority have indicated that it intends to retain its proportion of these receipts for re-provision of new homes.

RTB applications and sales

Year	Applications	Sales
11/12	20	6
12/13	88	23
13/14	77	53

Making best use of stock

In light of the issues of overcrowding and the limited number of large family homes a loft conversion scheme has been introduced to help alleviate these problems. Currently eight loft conversions have been completed with five more in the process of being done and eight potential conversions being looked at.

Demand for social housing in the city is high and there are properties that are not sustainable in the long term and need remodelling. Programmes of work will be developed to address these issues as part of our annual update of the Asset Management Plan.

Within the council stock there are one-off high value properties and a review is required to determine whether we retain or sell these properties using the capital to reinvest in more suitable accommodation

Summary of Key Messages

Welfare reform is going to significantly impact upon the council's ability to collect rental income and could lead to increased arrears

Tenants affected by welfare reform changes will find it more difficult to manage their household finances

Welfare reform will add additional pressures on household incomes and living arrangements that will affect tenants' health and wellbeing

We need to explore more ways of maximising income, tackling digital exclusion and assisting customers into employment or training

Universal credit payment will be at variance with the existing collection cycle

Alternatives to formal enforcement action can be effective and less costly so these measures should be prioritised

General needs accommodation is not always the most suitable accommodation for vulnerable groups including those with complex needs

We need to prepare for changes brought about by the ASB Act

Development of localised services is key to the effective delivery of the housing management function

The Neighbourhood Model will drive priorities within local areas

Choice Based Lettings does not always deliver for those with no housing need or those considering other housing options

Whilst demand for affordable homes in York remains high it has become apparent that the current way of letting homes does not provide a product of a consistent quality for customers

Need to address the issues of overcrowding and the limited supply of family homes

Need to refresh our focus on customer service

Priorities

Review rent arrears policies and procedures to ensure that rent is paid and households are supported to sustain their homes

Develop an accessible and timely welfare reform communication plan that targets those most likely to be effected, to minimise its impacts on households. To include use of social media

Encourage under occupiers to take advantage of downsizing incentives to help free up the availability of larger homes

Better understand the needs of our customers through detailed customer profiling to inform the development and improvement of services

Review the current rent cycle In preparation for the introduction of universal credit and the 4 weekly payment cycle that will be introduced

Develop targeted housing advice to meet the needs of different groups, such as younger households, older households and those with specialised needs

Address financial exclusion by work in partnership with high street banks and credit unions to provide basic bank accounts and encourage use of direct debit payments

Financial management training for tenants and staff to improve household budgeting

Introduce restorative practice pilot to complement the mediation service in focusing on successful outcomes in neighbour disputes and for victims

Explore options for the provision of suitable accommodation for customers with mental health problems

Further develop local advice services offering a range of advice and information linked to accessing and/or sustaining accommodation

Deliver Local Estate and Ward action plans to improve the delivery of services at the local level

Complete a review of the CBL framework to improve overall efficiency and outcomes for all customers

Monitor the new lettable standard in terms of performance and cost

Make best use of the existing affordable housing stock by continuing a programme of loft conversions and extensions to existing properties where households are currently overcrowded

Review options to remodel or redevelop obsolete or less sustainable housing stock to maximise the supply of decent affordable homes

Review the stock of high value homes and consider options for disposal and re-investment in new housing supply

Develop a single training plan for the whole service

Help launch and develop the ASB hub ensuring better outcomes for customers on ASB

Refresh the Tenancy Agreement by April 2015

Supported Housing

Supported housing is defined as housing which is designated for a specific group (such as older people, people with learning disabilities etc.) and in which there is some level of support provided as part of the accommodation offer, this is usually funded through a service charge to residents.

A supported housing strategy has been developed to address the supported housing needs of the City, and to prioritise resources appropriately. The strategy examined the needs of seven groups: older people, mental ill-health, learning disabilities, young people, offenders, homeless people and substance misuse. The key priorities and actions identified through the strategy can be found in the action plan.

- The Council directly manages 7 sheltered housing schemes, and a further 4 sheltered housing with extra care schemes.
- Temporary accommodation for statutory homeless households includes Ordnance Lane (currently providing 31 units of various sizes) Holgate Road and Crombie House (20 units)
- Around 30 per cent of the total population in York is aged 55 or over
- Sheltered housing makes up 13% of social housing stock in York

The priority of the supported housing strategy is to build on the proactive resettlement approach that has been developed to tackle rough sleepers and young people at Howe Hill and Peasholme.

There has been an ongoing programme of maintenance to fixtures and fittings in the 7 sheltered schemes over the past 4 years but little work has been undertaken on overall layout and design.

The investment need in sheltered housing is higher than in general needs stock, as it requires investment not only in the individual properties, but also in the communal facilities.

Work has been ongoing over the last 12 months to make use of more efficient lighting in communal areas, in order to increase energy efficiency. There has also been work to improve the access to the buildings for those with restricted mobility, and further work will be planned following stock condition surveys.

IT and internet access is increasingly an expectation in older peoples accommodation, in order to enable independence and communication. A priority across the Sheltered Housing Schemes will be to work with the Super Connected City team and other organisations in order to enable IT access in the schemes.

The Sheltered Housing schemes are linked to the warden call system using hard-wired equipment. This will need to be updated in 3-5 years in order to keep up to date with changes in technology. Work with procurement is ongoing to identify the most cost effective way to achieve this. The previous installation cost approximately £350k.

Older People

A major review of the provision of residential care is taking place across the city, which will involve the closure of the council's seven remaining elderly people's homes, and the construction of two new homes one of which will include a care village with sheltered with extra care housing attached. This will result in a reduction in the overall number of residential beds, however, the

new residential units will be purpose built to be able to meet the needs of those with dementia and more complex care needs.

The model of provision in the 4 Sheltered with Extra Care Schemes is being reviewed in order to ensure that it is sustainable an appropriate to meet current and future needs. This review is running along side the modernisation of the Elderly Person's Homes, and the recommendations will be made in recognition of the changed model of support that will be available in future.

Mental Health

The main priority identified through Supported Housing Strategy consultation was for the need for supported accommodation for people with mental health issues, along with complex or multiple issues such as substance misuse or offending. These individuals have multiple support needs, and require intensive and targeted support for the medium term (up to 5 years). This could help prevent re-admission to hospital, and support sustainable resettlement for those who are currently struggling to manage precarious accommodation in homeless accommodation, and are unable to engage fully in resettlement work due to their mental ill health.

There are currently a number of people with a mental health diagnosis who are not able to have their accommodation needs met through the existing housing stock, either due to the demand, or because they have a dual diagnosis (for example a mental health condition coupled with substance misuse issues) which make them unsuitable for the accommodation available. Alternative medium term supported housing is required

Summary of Key Messages

Some of temporary accommodation is not fit for purpose

The elderly person homes (EPH) review will potentially increase demand for sheltered accommodation

The audit of sheltered housing schemes identifies a need for ongoing planned maintenance and refurbishment

There is a need to explore the conversion or alternative use of schemes

The supported housing strategy has identified priorities for the city The facilities within the sheltered housing schemes need updating There is a need for more supported accommodation for people with

mental health problems who have complex needs

Priorities

Draw up plans for new supported housing provision by looking at options on existing sites such as Ordnance Lane and include detailed funding options

Ensure the supported housing strategy is used to help plan for future developments.

Bring forward proposals for the conversion of some of the councils existing general needs stock into medium term supported accommodation for people with mental health problems to address the shortfall in provision for this client group

Improve the quality of communal areas by completing stock condition surveys on all sheltered housing

Explore improvements to lighting and heating systems in sheltered housing schemes to minimise costs and ensure sustainability through a detailed stock condition survey

Review the need for Wi-Fi and ICT rooms within sheltered schemes to improve digital inclusion

Adaptations

Local authority social housing providers are expected to meet the cost of any adaptation work required by tenants of their social housing stock. Currently 450 council homes receive some form of adaptation each year to meet the needs of particular households. The investment requirement ranges from the need for minor adaptations, such as grab-rails and ramps, through more major adaptations such as stair lifts, through floor lifts and assisted bathing facilities, up to the need for major structural changes

Once a property has been adapted, the council processes, via the choice based lettings system for managing our housing waiting list and allocations activity, ensures that properties with specific adaptations are prioritised for the use of those with appropriate need.

Although every endeavour is made to let adapted properties to tenants who need them, this is not always possible. There is an ongoing need to relocate existing adaptations, renew existing installations and to provide additional installations to meet arising need. The Housing Capital Investment Programme of £400,000 supports this provision

An additional consideration is the increased revenue cost associated with servicing and maintaining specialist equipment that is installed in the housing stock, where again the budgets allocated for this purpose come under increased pressure over time as the number of adaptations increases. There is an acknowledgement that the recording of this information and the subsequent

prioritisation of re-lets to households with similar needs could be improved. This will be a priority for the asset plan

Summary of Key Messages

Significant progress has been made to reduce the number of people waiting for a bathing adaptation

The increase in funding in 2013 enabled the council to adapt a home through the provision of an extension. Another home is due to be extended this year. This work is particularly helpful for families with disabled children with complex needs where suitable alternative housing hasn't been found

There is scope for making more effective and efficient use of adapted homes

Priorities

We are introducing a new ICT system in 2014/15 which will monitor the timelessness of the adaptation service and also provide valuable information to ensure that adapted homes are better allocated

Governance and Tenant Involvement

Decision making

City of York Council is a unitary authority delivering a wide range of statutory and non statutory services to local residents. Working from its democratic mandate, it plays a key leadership role in the life of the city and is responsible for a wide range of services such as planning, education, transport, highways, adult social services, children's services and public health. The council is made up of 47 elected representatives drawn from 22 ward areas.

The council has a cabinet structure for governance and decision-making. Housing Services is led by the Cabinet Member for Health, Housing & Adult Social Services. Our portfolio holder delivers direct representation at full Cabinet coupled regular meetings with the Assistant Director of Housing, tenant activities and York Residents' forum. Decisions can be made efficiently and based on personal understanding and direct involvement.

Housing Services is aware of the need to keep pace with the changing requirements of regulators, especially in regard to residents monitoring services. The role of tenants in co-regulation has been embraced by the council, with the introduction of the Housing Inspectors and the forthcoming tenant scrutiny panel

Tenant Involvement

Tenant involvement is critical to the delivery of an effective and efficient housing service.

What matters to our customers, matter to us

Working with our customers we have developed a range of involvement activities from which customers choose how they wish to influence services from a wide range of options including:

- York Resident Federation and 20 Resident Associations
- Tenant Scrutiny Panel
- Tenant Inspectors
- Annual Tenant and Leaseholder Open Day
- A range of satisfaction surveys, focus groups and drop-in sessions

The long-standing York Residents' Federation is the umbrella group for York's Residents' Associations. With a formal structure, access to senior staff and the Cabinet portfolio holder as a standing member, the Federation's voice influences our policies, priorities and performance

Residents' Associations provide a tight focus on communities and localities. With access to an annual estate improvement budget of £170,000, each RA leads on consultation to determine how local tenants feel their funds should be spent to improve their areas. The current process will be reviewed in consultation with customers within the first year of this plan with the aim of delivering on priorities identified via community contracts and other indicators of local priorities.

The Tenant Scrutiny Panel check and challenge policies and performance. During their first year they have reviewed the local service standards originally agreed with customers in April 2011, and input into the service planning process. They are committed to ensuring our resources are focused on achieving the improvements

that really matter to tenants.

Our established group of Tenant Inspectors use a wide range of techniques to deliver their challenging, in-depth inspections. They look at services housing provides from a tenants' perspective to highlight changes that will make a difference. Their recent inspection of our lettable standard brought together staff from several teams to review the whole void process. Our monthly New Tenant Focus Group makes sure tenants' views continue to influence the voids process

The newly formed Leasehold Panel and Anti-social behaviour panels are setting their own agendas based on their priorities and are working to make sure their services improve. Leaseholders are a small customer group with service specific needs and the leaseholder panel provides an opportunity for them to influence the services they receive. Insurance cover as the hot topic at their early sessions and we have committed to working with them on this priority. The Anti-social behaviour panel comprises of residents with an interest in this area, often based on personal outcomes, and directly shape the service provided to all residents. As we move towards a new way of partnership working through the ASB hub, their continued input will be invaluable.

Summary of Key Messages

Younger people are currently under-represented in shaping and influencing services and appear less interested in attending traditional meetings

We must continue to seek broader representation and involvement in decision making to ensure services remain attuned to the needs of our increasingly diverse customer base

The current estate improvement schemes are restrictive and need to be reviewed

Priorities

We will explore new involvement activities and make use of social media such as Twitter and Facebook to reach a greater range of tenants and particularly target those that have not traditionally been involved to ensure services remain relevant and accessible to them.

Undertake a comprehensive review of estate improvement funding, recognising the introduction of local estate action plans to ensure resources are spent in an integrated way

Information Systems

Current IT Infrastructure

Housing Services employ a range of systems including commercially procured systems, web based applications and ad hoc databases.

Housing specific systems include:

- Northgate SX3 Integrated Housing Management System – (also used by Revenues and Benefits with an integrated database)
- Codeman – Property Database
- Servitor Housing Repairs – Works Management System
- Anite Document Management System – Housing Services
- Abris Choice Based Letting System
- Flare/APP (also used by Environmental Health and Trading Standards)

The Housing Service relies very heavily on a number of business critical ICT systems, with the Integrated Housing Management Information System (Northgate SX3) being one of the key applications. This system is currently being upgraded with the existing supplier.

There are a number of other key systems, which work alongside or integrate with this application, and a review of a number of these is required to make best use of the IT functionality currently available to support a housing business.

Whilst development of ICT has often been peripheral to service development, Housing Services will ensure that it is an integral part of developing effective data sharing across the department,

excellent customer service, and individualised outcomes for customers.

The integration of these systems requires significant resources and infrastructure to allow it to be fully operational and effective. Positive outcomes for the business will include the ability to support service delivery with accurate and comprehensive data, a reduction in waste and duplication and reduction in staff time spent interrogating systems that are not integrated. These benefits will feed through to customers as better informed decisions are taken and staff time is freed up to deliver for customers.

The development and use of advanced ICT technology and social media will fundamentally change and improve efficiency and coincide with a council wide initiative to work smarter and become less reliant on office accommodation for its field staff through the Total Mobile solution. This will help us take services to customers and communities and allow them to actively participate in service delivery and development in a wide variety of convenient ways.

Development and more effective use of ICT will also help us deliver customer service excellence with on-line packages to deliver staff training, provide universal access to data, records, procedures and documents as well as providing management information that will allow monitor service delivery in terms of quality and outcomes.

Upgrades to Servitor and Opti-time are currently being implemented. This is crucial to ensure mobile working for the service can then be implemented producing efficiencies in how we work which in turn will result in improved customer service.

The upgrades are also web based, giving greater flexibility to all Housing field staff to be able to raise and/or view orders in the system

Summary of Key Messages

Significant investment is required to ensure that the existing systems are fully integrated

Current reporting management information tools and ability to utilise customer profiling information are underdeveloped.

Current hardware does not support our ambitions around mobile technology and providing a local service, although the introduction of the Total Mobile working platform alongside the Servitor/Opti-time upgrades should assist going forward

A need to explore Wi-Fi possibilities on estates for financial inclusion and mobile working

Explore the opportunities that social media provide to engage with tenants

Need to develop self-service options to improve accessibility

West Offices and reduced desk space need further exploration of alternative methods of working

Priorities

Undertake an audit and analysis of ICT spending, provision and support for Housing Services within the corporate ICT context including a full review of all systems and interfaces and the necessary budget requirement to authorise what is needed

Ensure that a value for money and 'right first time' approach is enabled in the delivery of services

Use technology to make services easy to access, high quality and efficient, effectively managed and responsive to the particular needs of individuals and/or customer groups

Develop and promote mobile working solutions and self-service options that genuinely deliver business efficiency and choice of access for customers

Support CYC's Super-Connected Cities Programme, which focuses on digital inclusion for customers. A pilot project is planned that seeks to greatly increase digital inclusion within areas of deprivation in the city

Rent Arrears, Voids and Rent Setting

Rent Arrears and Bad Debt Provision

Historically rent collection has improved year on year.

Rent arrears in total are a combination of current and former tenant debt, with the latter being more difficult to pursue and recover. In recent years improved recovery and a rigorous approach has seen a reduction in former tenant arrears.

A pro-active approach to pursuing current tenant debt is key to keeping former tenant debt, and therefore the cost of rent written off, to a minimum.

The year end position in respect of current and former tenant debt is summarised in the table below.

Financial Year End	Value of Year End Current Arrears	Current Tenant Arrears as a % of Gross Debit	Value of Former Tenant Arrears
31/03/2014	£421,717	1.31%	£323,955
31/03/2013	£491,835	1.62%	£327,221
31/03/2012	£440,711	1.55%	£395,925
31/03/2011	£439,424	1.63%	£563,118
31/03/2010	£479,905	1.80%	£887,019
31/03/2009	£583,964	2.25%	£831,751

Despite improved performance in rent collection in recent years this

trend it was anticipated that this would reverse in 2013/14, particularly in light of the welfare reform changes. Against expectation there has been a £65K reduction. As a result of intensive work with tenants and partner we have continued to see improvement.

It is imperative that the council take positive action to minimise any increase in rent arrears, thus reducing the financial burden on the HRA that an increase in bad debt will create

The HRA maintains a provision for bad and doubtful debt, with the value of the provision reviewed annually, taking into consideration both the age and value of outstanding debt at the time. In light of the forthcoming welfare reform changes the bad debt assumption has been amended from 0.4% to 1.5%

Investment has been made in additional staff to pro-actively recover rent due by providing advice and assistance into training and employment.

Void Levels

The level of void properties in the housing stock is relatively low compared with other areas in the country. The average number of properties re-let in the last three years is 704, including transfers and non secure tenancies in Ordnance Lane hostel.

The value of rent lost as a direct result of void dwellings in 2013/14 was £221K, representing a void loss of 0.69%.

The number of voids unavailable for letting at year end remains low compared with other areas of the country and an assumption of 1.2% voids is currently considered appropriate.

Rent Restructuring

Rent restructuring was introduced in April 2002, with the key aim of converging rents across all social housing providers, whether local authority landlord or other registered provider.

The programme was originally anticipated to span a ten-year period, with target rents calculated based on property prices from January 1999. Since the outset, a national review of the system saw further changes imposed from April 2006, resulting in an increase in target rents for Local Authority housing stock with far fewer properties nationally expected to reach convergence by 2011/12; the end of the initial period.

Government-prescribed limits on average rent increases of 5% were imposed for 2006/07 & 2007/08, whilst April 2008 saw an extension of 5 years in the original 10-year convergence period, taking intended convergence to 2016/17.

The rent increase from April 2009 was retrospectively reduced, following re-issue of the 2009/10

HRA Subsidy Determination, resulting in a reduced average increase of 2.86% and a delay in the intended rent convergence date to 2023/24. In April 2010, an average rent increase of 1.83% was applied to the Council's Housing Stock, with the intended date of convergence brought forward to 2012/13.

In April 2011, the Housing Revenue Account Subsidy Determination again moved the intended rent convergence date, this time to 2015/16. The rate of inflation at September 2010,

however, still drove a significantly high increase in guideline, and therefore actual, rent, with an average increase in actual rent for 2011/12 of 6.4%. In April 2012 the rent convergence date remained at 2015/16 and the average increase in actual rent was 7.4%.

Throughout these changes individual annual rent rises have continued to be limited to a figure of inflation plus half a percent plus £2 per week.

As target rents are calculated using a formula, which considers both property prices and average manual earnings, both weighted for the geographical location of the housing stock, target rents for York were higher than the levels being charged at the outset of the regime.

New proposals on rent restructuring were issued in November 2013. These proposals would end rent convergence in 2014/15 and change annual increases to CPI plus 1% from RPI plus 0.5%. These changes would mean the majority of the rents would not be at target rent and lead to the estimated loss of income to the business plan of £400K per annum. This has been factored in to this revision of the business plan.

Performance Monitoring

Performance Management Framework

Housing's key actions and outcomes are contained within the overarching Service Plan for Housing and Community Safety. The actions and outcomes have been aligned to show how the Housing Service contributes to the ambitious outcomes and priorities set out in the Council Plan.

The actions and outcomes have been identified to address challenges the service faces from government and legislative changes, local priorities, budget and staffing considerations, and to strengthen areas of weak performance. Customer expectations are an essential source in driving improvement.

Customer influence is channelled through a number of sources including the annual Tenant Satisfaction survey, service specific customer satisfaction surveys, complaints, findings from Tenant Inspector reviews and feedback from the Resident Panel, Housing Tenant Scrutiny Panel, Resident Associations, Customer Panels and Focus groups.

The Housing Service has a three year Service Plan which is reviewed annually and contains the following service priorities:

- Get York Building including maximising affordable homes
- Make the best use of housing assets and improve decency
- Helping residents into employment & training
- Support independent living
- Improve community cohesion
- Widen and extend resident involvement
- Improve access to advice and services
- Address financial inclusion

Weekly and monthly operational reports are provided to Housing Managers to monitor performance concerning particular service areas. In addition a quarterly Service Plan performance status report including the status of performance indicators together with budgetary information is presented to Housing's Management Team and Housing and Community Safety Senior Management Team. Quarterly performance reports are also presented to Housing's Cabinet Portfolio Holder.

Performance updates are presented to the Resident Federation, and the Housing Tenant Scrutiny Panel will undertake this role in the future. Service Managers are invited along to these meetings to discuss performance concerns with residents. Performance issues are also discussed by Estate Managers attending Resident Association Meetings.

Benchmarking

The Housing Service has been a member of Housemark benchmarking club since 2009. This allows robust, comparable spend data and performance analysis in relation to a range of landlord activities covering

- Overheads
- Responsive Repairs and Void works
- Major Works and Cyclical Maintenance including Gas Servicing
- Value for money
- Housing Management
- Lettings
- Rent Arrears and Collection
- Anti-social Behaviour
- Resident Involvement

Value for Money

The key findings from the analysis are plotted on the Value for Money Matrix and inform service plan priorities and Housing's Value for Money approach. A full benchmarking report is presented to Housing Senior Management team. The newly established Housing Tenant Scrutiny Panel will oversee future benchmarking results.

Community Impact Assessments

Community Impact Assessments are carried out in respect of individual service area delivery and policy review. Self-financing is a change in a major financially driven process and therefore it is not appropriate to undertake a CIA in respect of the introduction of the Business Plan in its own right. However, CIAs will be carried out in respect of any potential changes in policy or service delivery that may result from this different financial process.

Reviewing the Business Plan

The business plan is a dynamic, working document. Consequently it is essential that it is reviewed and updated on an annual basis.

The plan will be monitored throughout the year by officers, Housing & Community Safety Management Team, the Housing Portfolio Holder and the Cabinet, as appropriate.

Treasury Management

The HRA Self Financing reform detailed in the Government White Paper in November 2012 resulted in City of York Council paying £121.550m to Department of Communities and Local Government (DCLG). This removed the Council from the HRA subsidy system from 1 April 2012 and the payment made on 28 March 2012 was effectively the debt which relates directly to the HRA.

The self-financing valuation of the local authority's council housing stock was made by the Government using a discounted cash flow model for the authority's social housing. The model was based on assumptions made by Government about rental income and expenditure required to maintain the council's housing stock over 30 years. It determined the amount paid to the Government of £121.550m and also the upper limit on housing debt that the Council may hold under the HRA self-financing reform.

In order to finance the £121.550m, significant exploration of the funding options available to the Council were undertaken with the final decision being made by the Director of Customer Business & Support Services in accordance with the delegated powers as approved by Council in the Treasury Management Strategy dated 23 February 2012.

Considerations in Constructing a Loan Portfolio

The following key factors were considered when constructing the loan portfolio for the HRA:

- Source of Borrowing
- Type of Loan
- Loan Portfolio

Source of Borrowing

The options investigated for the source of borrowing including:

- Internal borrowing
- Borrowing from North Yorkshire County Council pension fund
- Borrowing from other local authorities
- Borrowing from the Public Works Loans Board (PWLB)
- Raising funds through bond issuance (either individually or as part of a club)
- Raising funds through private market placement

The work undertaken also considered the benefits of adopting a mix of the above funding options.

Then, in October 2012, the Government announced a reduction in the interest rates to be offered by the PWLB for the HRA self-financing settlement transaction. Therefore, borrowing from the PWLB was the most favourable option.

Type of Loan

The two key considerations in determining the type of loan were

- (i) fixed or variable interest rates - it was financially advantageous to the HRA to take out fixed rate loans, which gave access to historically low rates and provided the advantage of greater certainty for financial planning purposes
- (ii) the repayment basis – considered maturity, Equal Instalments of interest & principle or Annuity loan. Maturity loans were taken as the best fit with the financial projections of the business plan and offered the greatest degree of flexibility, in terms of the potential to release resource during the life of the business plan to facilitate additional investment in service developments.

The proposal not to internally borrow at this point in time, does not preclude the possibility that it may be advantageous to undertake such borrowing at a future point, i.e. when the business plan requires additional borrowing against the headroom available, at which point the standard PWLB rates may compare less favourably against the rates which the General fund would seek to charge for any internal loan.

Loan Portfolio

The objective of creating the HRA loan portfolio was to keep interest rates to a minimum, mitigate risk as much as possible and create flexibility within the portfolio.

In considering the risks associated with the proposed borrowing strategy, a key factor was the implications of repaying the initial loans at a point earlier than their natural maturity. This may be required for treasury management purposes or to provide greater flexibility within the business plan for future developments.

The prudent approach to scheduling multiple loans was to ensure that the HRA business plan was capable of repaying debt at the point where loans were scheduled to mature and could seek opportunities to further invest in the level and quality of social housing.

Based on the PWLB's interest rate, information at the time the loans were taken on 28 March 2012, rates did not significantly vary for maturity loans from periods of 25 years to 50 years. Given this, the portfolio of 21 maturity loans was constructed taking loans with varying amounts, at a variety of interest rates, across different maturity periods in line with the HRA business plan.

HOUSING REVENUE ACCOUNT PROJECTIONS
City of York Council

Year	2012.13	2013.14	2014.15	2015.16	2016.17	2017.18	2018.19	2019.20	2020.21	2021.22	2022.23	2023.24	2024.25	2025.26	2026.27	2027.28	2028.29	2029.30	2030.31
£'000	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19
INCOME:																			
Rental Income	29,934	31,138	32,364	33,192	34,086	35,013	35,951	36,897	37,892	38,926	39,988	41,078	42,199	43,349	44,530	45,744	46,990	48,269	49,583
Void Losses	-165	-215	-257	-296	-371	-416	-427	-438	-450	-462	-475	-488	-501	-515	-529	-543	-558	-573	-589
Service Charges	750	766	983	1,008	1,033	1,059	1,085	1,112	1,140	1,168	1,198	1,228	1,258	1,290	1,322	1,355	1,389	1,424	1,459
Non-Dwelling Income	611	599	585	600	615	630	646	662	679	696	713	731	749	768	787	807	827	848	869
Grants & Other Income	479	511	464	467	470	474	477	480	484	488	491	495	499	503	507	511	516	520	525
Total Income	31,608	32,798	34,140	34,971	35,833	36,760	37,732	38,714	39,745	40,816	41,915	43,044	44,204	45,395	46,618	47,874	49,163	50,488	51,847
EXPENDITURE:																			
General Management	-5,281	-5,735	-5,663	-5,805	-5,950	-6,099	-6,251	-6,407	-6,567	-6,732	-6,900	-7,072	-7,249	-7,430	-7,616	-7,807	-8,002	-8,202	-8,407
Special Management	-1,955	-2,048	-2,174	-2,229	-2,284	-2,341	-2,400	-2,460	-2,521	-2,584	-2,649	-2,715	-2,783	-2,853	-2,924	-2,997	-3,072	-3,149	-3,228
Other Management	-166	-223	-235	-241	-247	-253	-259	-266	-272	-279	-286	-293	-301	-308	-316	-324	-332	-340	-349
Rent Rebates	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Bad Debt Provision	-155	-159	-479	-657	-674	-866	-889	-913	-937	-963	-989	-1,016	-1,044	-1,072	-1,102	-1,132	-1,162	-1,194	-1,227
Responsive & Cyclical Repairs	-6,725	-6,751	-6,612	-6,778	-6,947	-7,121	-7,299	-7,481	-7,668	-7,860	-8,057	-8,258	-8,464	-8,676	-8,893	-9,115	-9,343	-9,577	-9,816
Total Revenue Expenditure	-14,282	-14,916	-15,163	-15,708	-16,102	-16,680	-17,098	-17,527	-17,967	-18,418	-18,881	-19,355	-19,841	-20,340	-20,851	-21,374	-21,911	-22,462	-23,026
Interest Paid & Administration	-4,713	-4,623	-4,670	-4,611	-4,357	-4,308	-4,027	-3,722	-3,395	-3,064	-3,941	-3,563	-3,145	-2,686	-2,184	-1,616	-977	-359	-74
Interest Received	290	137	167	300	287	248	253	252	238	227	229	231	232	234	236	237	239	255	347
Depreciation	-7,053	-7,213	-7,430	-7,779	-7,950	-8,127	-8,305	-8,483	-8,670	-8,864	-9,063	-9,265	-9,472	-9,684	-9,901	-10,122	-10,348	-10,579	-10,815
Net Operating Income	5,851	6,183	7,044	7,173	7,710	7,894	8,555	9,234	9,952	10,697	10,260	11,092	11,978	12,919	13,918	14,999	16,166	17,343	18,280
APPROPRIATIONS:																			
FRS 17 /Other HRA Reserve Adj	-3,025	-4,220	-3,750	-3,145	-3,000	0	0	0	0	0	0	0	0	0	0	0	0	0	0
HRA CFR Revenue Provision	0	0	0	0	-15,806	-7,664	-8,432	-9,105	-9,679	-7,169	-8,006	-8,789	-9,626	-10,517	-12,279	-13,343	-11,463	0	0
Revenue Contribution to Capital	-907	-2,580	-3,212	0	0	0	0	-139	-1,244	-2,845	-2,940	-3,038	-3,139	-3,243	-2,567	-2,658	-2,753	-2,850	0
Total Appropriations	-3,932	-6,799	-6,962	-3,145	-18,806	-7,664	-8,432	-9,105	-9,818	-10,541	-10,014	-10,946	-11,827	-12,765	-13,760	-14,847	-16,001	-14,215	-2,850
ANNUAL CASHFLOW	1,919	-616	82	4,028	-11,096	230	123	128	134	155	246	146	151	154	158	152	164	3,128	15,430
Opening Balance	10,811	12,730	12,114	12,196	16,223	5,127	5,357	5,480	5,608	5,742	5,897	6,143	6,289	6,439	6,594	6,751	6,903	7,067	10,195
Closing Balance	12,730	12,114	12,196	16,223	5,127	5,357	5,480	5,608	5,742	5,897	6,143	6,289	6,439	6,594	6,751	6,903	7,067	10,195	25,625
Other HRA Reserve Balance	5,855	10,105	10,855	14,000	17,000	17,000	17,000	17,000	17,000	17,000	17,000	17,000	17,000	17,000	17,000	17,000	17,000	17,000	17,000

HOUSING REVENUE ACCOUNT PROJ
City of York Council

Year	2031.32	2032.33	2033.34	2034.35	2035.36	2036.37	2037.38	2038.39	2039.40	2040.41	2041.42	2042.43	2043.44	2044.45	2045.46	2046.47
£'000	20	21	22	23	24	25	26	27	28	29	30	31	32	33	34	35
INCOME:																
Rental Income	50,933	52,319	53,742	55,203	56,704	58,246	59,828	61,454	63,123	64,836	66,596	68,403	70,259	72,164	74,121	76,130
Void Losses	-605	-621	-638	-656	-673	-692	-711	-730	-750	-770	-791	-812	-835	-857	-880	-904
Service Charges	1,496	1,533	1,571	1,611	1,651	1,692	1,734	1,778	1,822	1,868	1,915	1,962	2,011	2,062	2,113	2,166
Non-Dwelling Income	891	913	936	959	983	1,008	1,033	1,059	1,085	1,112	1,140	1,169	1,198	1,228	1,259	1,290
Grants & Other Income	529	534	539	544	549	554	560	565	571	577	583	589	595	601	608	615
Total Income	53,244	54,677	56,150	57,662	59,214	60,808	62,445	64,126	65,851	67,623	69,443	71,311	73,229	75,198	77,220	79,296
EXPENDITURE:																
General Management	-8,617	-8,832	-9,053	-9,280	-9,512	-9,749	-9,993	-10,243	-10,499	-10,762	-11,031	-11,306	-11,589	-11,879	-12,176	-12,480
Special Management	-3,308	-3,391	-3,476	-3,563	-3,652	-3,743	-3,837	-3,932	-4,031	-4,132	-4,235	-4,341	-4,449	-4,560	-4,674	-4,791
Other Management	-357	-366	-375	-385	-394	-404	-414	-425	-435	-446	-457	-469	-480	-492	-505	-517
Rent Rebates	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Bad Debt Provision	-1,260	-1,294	-1,330	-1,366	-1,403	-1,441	-1,480	-1,521	-1,562	-1,604	-1,648	-1,693	-1,739	-1,786	-1,834	-1,884
Responsive & Cyclical Repairs	-10,062	-10,313	-10,571	-10,835	-11,106	-11,384	-11,668	-11,960	-12,259	-12,566	-12,880	-13,202	-13,532	-13,870	-14,217	-14,572
Total Revenue Expenditure	-23,604	-24,197	-24,805	-25,428	-26,067	-26,722	-27,393	-28,081	-28,786	-29,509	-30,250	-31,010	-31,789	-32,588	-33,406	-34,245
Interest Paid & Administration	-76	-78	-80	-82	-84	-86	-88	-90	-93	-95	-97	-100	-102	-105	-108	-110
Interest Received	504	629	722	819	919	1,025	1,138	1,258	1,383	1,513	1,649	1,821	2,030	2,247	2,472	2,706
Depreciation	-11,056	-11,303	-11,555	-11,812	-12,075	-12,344	-12,619	-12,900	-13,187	-13,480	-13,780	-14,087	-14,400	-14,719	-15,046	-15,380
Net Operating Income	19,011	19,729	20,432	21,158	21,907	22,681	23,482	24,312	25,168	26,052	26,964	27,935	28,968	30,033	31,133	32,267
APPROPRIATIONS:																
FRS 17 /Other HRA Reserve Adj	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
HRA CFR Revenue Provision	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Revenue Contribution to Capital	-2,950	-10,628	-10,924	-11,228	-11,541	-11,863	-12,199	-12,549	-12,905	-13,267	-13,635	-14,009	-14,389	-14,774	-15,164	-15,559
Total Appropriations	-2,950	-10,628	-10,924	-11,228	-11,541	-11,863	-12,199	-12,549	-12,905	-13,267	-13,635	-14,009	-14,389	-14,774	-15,164	-15,559
ANNUAL CASHFLOW																
Opening Balance	25,625	41,687	50,788	60,296	70,226	80,592	91,410	103,234	115,560	128,408	141,795	155,741	170,319	185,705	201,928	219,928
Closing Balance	41,687	50,788	60,296	70,226	80,592	91,410	103,234	115,560	128,408	141,795	155,741	170,319	185,705	201,928	219,928	243,014
Other HRA Reserve Balance	17,000	17,000	17,000	17,000	17,000	17,000	17,000	17,000	17,000	17,000	17,000	17,000	17,000	17,000	17,000	17,000

HOUSING CAPITAL PROJECTIONS
City of York Council

Year	2012.13	2013.14	2014.15	2015.16	2016.17	2017.18	2018.19	2019.20	2020.21	2021.22	2022.23	2023.24	2024.25	2025.26	2026.27	2027.28	2028.29	2029.30	2030.31
£'000	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19
EXPENDITURE:																			
Planned Variable Expenditure	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Planned Fixed Expenditure	-6,555	-8,588	-14,855	-9,844	-8,257	-6,838	-8,126	-8,390	-10,940	-9,655	-11,444	-11,730	-12,023	-12,324	-12,632	-12,164	-12,468	-12,780	-13,099
Disabled Adaptations	-237	-531	-400	-400	-400	-410	-420	-431	-442	-453	-464	-475	-487	-500	-512	-525	-538	-551	-565
New Build Expenditure	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Other Capital Expenditure	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Procurement Fees	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Previous Year's B/F Shortfall	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Total Capital Expenditure	-6,792	-9,119	-15,255	-10,244	-8,657	-7,248	-8,546	-8,821	-11,381	-10,108	-11,908	-12,205	-12,510	-12,823	-13,144	-12,689	-13,006	-13,331	-13,665
FUNDING:																			
Major Repairs Reserve	4,863	6,540	6,759	8,744	8,657	7,248	8,546	8,821	11,242	8,864	9,063	9,265	9,472	9,684	9,901	10,122	10,348	10,579	10,815
Right to Buy Receipts	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Unsupported Borrowing	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Other Receipts/Grants	1,022	0	2,284	1,500	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Other Reserves	0	0	3,000	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Revenue Contributions	907	2,580	3,212	0	0	0	0	0	139	1,244	2,845	2,940	3,038	3,139	3,243	2,567	2,658	2,753	2,850
Total Capital Funding	6,792	9,119	15,255	10,244	8,657	7,248	8,546	8,821	11,381	10,108	11,908	12,205	12,510	12,823	13,144	12,689	13,006	13,331	13,665
In-Year Net Cashflow	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Cumulative Position	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Major Repairs Reserve Bal:	2,661	3,272	3,943	2,978	2,272	3,151	2,910	2,572	0	0	0	0	0	0	0	0	0	0	0

HOUSING CAPITAL PROJECTIONS
City of York Council

Year	2031.32	2032.33	2033.34	2034.35	2035.36	2036.37	2037.38	2038.39	2039.40	2040.41	2041.42	2042.43	2043.44	2044.45	2045.46	2046.47
£'000	20	21	22	23	24	25	26	27	28	29	30	31	32	33	34	35
EXPENDITURE:																
Planned Variable Expenditure	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Planned Fixed Expenditure	-13,427	-21,337	-21,870	-22,417	-22,977	-23,552	-23,607	-24,197	-24,802	-25,422	-26,057	-20,686	-21,203	-21,733	-22,277	-22,834
Disabled Adaptations	-579	-594	-609	-624	-639	-655	-672	-689	-706	-723	-742	-758	-777	-796	-816	-837
New Build Expenditure	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Other Capital Expenditure	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Procurement Fees	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Previous Year's B/F Shortfall	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Total Capital Expenditure	-14,006	-21,930	-22,479	-23,041	-23,617	-24,207	-24,278	-24,885	-25,507	-26,145	-26,799	-21,444	-21,980	-22,530	-23,093	-23,670
FUNDING:																
Major Repairs Reserve	11,056	11,303	11,555	11,812	12,075	12,344	12,619	12,900	13,187	13,480	13,780	14,087	14,400	14,719	15,046	15,380
Right to Buy Receipts	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Unsupported Borrowing	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Other Receipts/Grants	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Other Reserves	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Revenue Contributions	2,950	10,628	10,924	11,228	11,541	11,863	11,659	11,985	12,320	12,665	13,019	7,358	7,581	7,810	8,047	8,290
Total Capital Funding	14,006	21,930	22,479	23,041	23,617	24,207	24,278	24,885	25,507	26,145	26,799	21,444	21,980	22,530	23,093	23,670
In-Year Net Cashflow	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Cumulative Position	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Major Repairs Reserve Bal:	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0

SECTION 1: CIA SUMMARY
Community Impact Assessment: Summary
1. Name of service, policy, function or criteria being assessed:

Housing Revenue Account (HRA) Business Plan

2. What are the main objectives or aims of the service/policy/function/criteria?

The HRA Business Plan sets out Housing Services' vision for the future of housing stock over the next 30 years.

It is first and foremost a financial document, which determines how the council will meet the needs of present and future tenants, demonstrating that Government and local targets can be achieved and ensuring the long-term viability of the stock.

It sets out the:

- national and local strategic context and corporate priorities under which we are currently operating
- our challenges and strategic priorities, specifically over the next five years as well as identifying longer term issues and goals for the next thirty years.
- our investment priorities include new build, redevelopment and modernisation of existing stock, including loft conversions, replacing heating systems and decaying water mains, and adaptations to help older and/or disabled tenants remain in their homes.

3. Name and Job Title of person completing assessment:

Alison Davies, Service Development Officer

4. Have any impacts been Identified? (Yes/No)

Yes

Community of Identity affected:

Age / Disability

Summary of impact:

The following positive impacts have been identified.

The investment programme and ongoing improvements & adaptations to existing stock, downsizing schemes and refurbishment of sheltered accommodation, will provide choice for older people and people with disabilities, in the homes they

		<p>want to live in. Improvements will provide better insulated homes & increased security as well as the promotion of digital inclusion within sheltered schemes.</p> <p>The investment in loft conversions, will allow families to remain in their existing homes & communities. The downsizing scheme will free up family homes and new builds will increase supply, which could benefit younger people and children. particularly in terms of overcrowding.</p> <p>A community impact assessment will be undertaken separately as part of the extra care sheltered accommodation review.</p> <p>The provision of mental health supported accommodation could help reduce the potential for discrimination, harassment and victimisation, as well as promote health and wellbeing by preventing re-admission to hospital and supporting sustainable resettlement</p>
<p>5. Date CIA completed: 16 May 2014</p>		
<p>6. Signed off by: A Davies</p>		
<p>7. I am satisfied that this service/policy/function has been successfully impact assessed. Name: Tom Brittain Position: Head of Housing Services Date:</p>		
<p>8. Decision-making body:</p>	<p>Date:</p>	<p>Decision Details:</p>
<p>Send the completed signed off document to ciasubmission@york.gov.uk It will be published on the intranet, as well as on the council website. Actions arising from the Assessments will be logged on Verto and progress updates will be required</p>		

Community Impact Assessment (CIA)

Community Impact Assessment Title:

Housing Revenue Account (HRA) Business Plan

What evidence is available to suggest that the proposed service, policy, function or criteria could have a negative (N), positive (P) or no (None) effect on quality of life outcomes? (Refer to guidance for further details)

Can negative impacts be justified? **For example: improving community cohesion; complying with other legislation or enforcement duties; taking positive action to address imbalances or under-representation; needing to target a particular community or group e.g. older people.** NB. Lack of financial resources alone is NOT justification!

Community of Identity: Age

Evidence	Quality of Life Indicators	Customer Impact (N/P/None)	Staff Impact (N/P/None)
Housing Strategy for Older People http://www.york.gov.uk/info/200485/housing_plans_and_strategies/417/housing_plans_and_strategies/4 Customer profiling of current tenants	Standard of living & Health	Positive	

Details of Impact	<i>Can negative impacts be justified?</i>	Reason/Action	Lead Officer	Completion Date
<p>Older People - will particularly benefit from the investment programme and ongoing improvements to existing stock, adaptations within their homes, downsizing schemes and refurbishment of sheltered accommodation, which will provide choice in the homes they want to live in. Improvements will provide better insulated homes & increased security. Wi-Fi & ICT rooms within sheltered schemes will improve digital inclusion.</p> <p>The review of provision of the 4 sheltered with extra care schemes will need to be assessed in more detail as part of the process, in order to identify more precisely the potential for both negative and positive impacts on this specific group.</p> <p>Younger people (17-25) & children: The Business Plan addresses the issue of overcrowding through the investment in loft conversions, which will allow families to</p>	Not applicable	Not applicable		

remain in their existing homes & communities. The downsizing scheme will free up family homes and new builds will increase supply, which could particularly benefit younger people and children.				
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Community of Identity: Carers of Older or Disabled People

Evidence		Quality of Life Indicators	Customer Impact (N/P/None)	Staff Impact (N/P/None)
Not applicable		Not applicable	None	None
Details of Impact	<i>Can negative impacts be justified?</i>	Reason/Action	Lead Officer	Completion Date
There is not expected to be either a positive or negative impact on this community of identity group.				

Community of Identity: Disability

Evidence	Quality of Life Indicators	Customer Impact (N/P/None)	Staff Impact (N/P/None)
Supported housing strategy http://www.york.gov.uk/info/200485/housing_plans_an	Standard of living & Health	Positive	

d strategies/417/housing plans and strategies/12				
Customer profiling of current tenants				
Details of Impact	<i>Can negative impacts be justified?</i>	Reason/Action	Lead Officer	Completion Date
<p>Mental Health: The Business Plan facilitates arrangements to deliver resources more effectively to address supported housing needs in York, which identified people with mental health issues as a main priority. The provision of supported accommodation could help reduce the potential for discrimination, harassment and victimisation, as well as promote health and wellbeing by preventing re-admission to hospital and supporting sustainable resettlement.</p> <p>Physical disability: The investment programme will enable people to remain independent and provide choice in the homes they want to live in through the renewal of existing adaptations and the provision of additional installations. New build flats will be more accessible with the</p>	Not applicable	Not applicable		

provision of lifts.				
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Community of Identity: Gender

Evidence		Quality of Life Indicators	Customer Impact (N/P/None)	Staff Impact (N/P/None)
Not applicable		Not applicable	None	None
Details of Impact	<i>Can negative impacts be justified?</i>	Reason/Action	Lead Officer	Completion Date
There is not expected to be either a positive or negative impact on this community of identity group.				

Community of Identity: Gender Reassignment

Evidence		Quality of Life Indicators	Customer Impact (N/P/None)	Staff Impact (N/P/None)
Not applicable		Not applicable	None	None
Details of Impact	<i>Can negative impacts be justified?</i>	Reason/Action	Lead Officer	Completion Date

There is not expected to be either a positive or negative impact on this community of identity group.				
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Community of Identity: Marriage & Civil Partnership

Evidence		Quality of Life Indicators	Customer Impact (N/P/None)	Staff Impact (N/P/None)
Not applicable		Not applicable	None	None
Details of Impact	<i>Can negative impacts be justified?</i>	Reason/Action	Lead Officer	Completion Date
There is not expected to be either a positive or negative impact on this community of identity group.				

Community of Identity: Pregnancy / Maternity

Evidence		Quality of Life Indicators	Customer Impact (N/P/None)	Staff Impact (N/P/None)
Not applicable		Not applicable	None	None
Details of Impact	<i>Can negative impacts be justified?</i>	Reason/Action	Lead Officer	Completion Date

There is not expected to be either a positive or negative impact on this community of identity group.				
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Community of Identity: Race

Evidence		Quality of Life Indicators	Customer Impact (N/P/None)	Staff Impact (N/P/None)
Not applicable		Not applicable	None	None
Details of Impact	<i>Can negative impacts be justified?</i>	Reason/Action	Lead Officer	Completion Date
There is not expected to be either a positive or negative impact on this community of identity group.				

Community of Identity: Religion / Spirituality / Belief

Evidence		Quality of Life Indicators	Customer Impact (N/P/None)	Staff Impact (N/P/None)
Not applicable		Not applicable	None	None
Details of Impact	<i>Can negative impacts be justified?</i>	Reason/Action	Lead Officer	Completion Date

There is not expected to be either a positive or negative impact on this community of identity group.				
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Community of Identity: Sexual Orientation

Evidence		Quality of Life Indicators	Customer Impact (N/P/None)	Staff Impact (N/P/None)
Not applicable		Not applicable	None	None
Details of Impact	<i>Can negative impacts be justified?</i>	Reason/Action	Lead Officer	Completion Date
There is not expected to be either a positive or negative impact on this community of identity group.				



Cabinet

9 September 2014

Report of Cabinet Member for Leisure, Culture & Tourism

Community Stadium & Leisure Facilities Update

Executive Summary

1. The purpose of this paper is to update Cabinet of the progress of the procurement for the Community Stadium & City Leisure Facilities contract. The scope of the project has expanded considerably with the inclusion of the city's leisure facilities since the approval of the original business case.
2. The final bid stage is now complete and Greenwich Leisure Limited (GLL) have been selected as the Preferred Bidder. GLL propose to create a new leisure destination of regional significance which will include an extensive and exciting range of community focused facilities.
3. This exciting new scheme the 'New Stadium Leisure Complex' (NSLC) proposes:
 - 8000 all-seat community sports stadium to host professional football and rugby league games.
 - New 'state-of-the-art' leisure and sports centre including 3 pools, a competition standard sports hall (meeting a priority need for the City) and a children's extreme / adventure play centre.
 - NHS Training & Development Centre with use within the Community Hub.
 - Community hub housing a range of community uses and partners focused around an atrium containing an Explore Library with a cafe meeting area
 - Commercial retail, digital cinema and restaurants / bars to complement the site creating a unique and exciting leisure destination that will provide the majority of the funding for the new leisure swimming facilities.
4. This scheme provides a major boost for the City's sport and leisure offer with a range of exciting high quality leisure facilities that far exceed those currently available. The total direct cost of the project will be c.£37M, requiring only c.£8M of CYC funds (22% of the total costs). The financial implications and associated risks of proceeding with the project up to

contract award are set out below. Council approval will be required of a revised capital budget.

Background

5. The Business Case and budget for the project were noted at Cabinet on 6th March 2012 and approved at Full Council on 29th March 2012. Outline planning permission was granted on the 5th July, following confirmation from the Secretary of State that the decision should be dealt with locally. The 3 month Judicial Review period ended without challenge on the 6th October 2012.
6. At the January 2012 meeting of the Cabinet Member for Leisure, Culture & Tourism the Procurement Strategy was agreed for the project. An OJEU notice starting the formal procurement activity for the project was posted on the 14th September 2012.
7. The scheme includes the Design, Build, Operation and ongoing Maintenance (DBOM) of the NSLC and the Council's leisure facilities for a 13 year period with the option for an additional 5 years (total 18 years).
8. There was a strong response from the market. The Council short listed four consortia to proceed in the Competitive Dialogue (CD) process. A number of key commercial messages emerged from the process:
 - Waterworld was considered not to be a commercially sustainable leisure concern in its current format and condition. It would require significant reconfiguration and investment to make it commercially sustainable.
 - Options for investment into Yearsley were also considered as part of the procurement. However, it would require considerable investment and better car parking facilities, which to date have not been secured, making it too expensive with a limited leisure offer compared with other options. The cost to the Council of operating Yearsley Pool has been consistently over £250k per annum over the last 5 years and this made it a commercial unattractive option as part of the future leisure management contract for the City.
 - There was considerable scope for the creation of a major leisure destination at the site, if effectively linked to the new Vangarde retail park.
 - The opportunity exists to increase the level of investment and community benefits through some additional commercial development.
 - Scope existed to increase the base capacity of the stadium.
9. To fully explore these issues, the 'outline proposal' stage of the procurement was extended so detailed feasibility work could be undertaken. This has created a delay to the outcome of the procurement

process. The feasibility examined the potential of using commercial development as a means of funding a suitable replacement for Waterworld and the most cost effective means of delivering the optimum master-plan for the site that will maximise community benefits. This has had a dramatic impact on the overall project costs.

10. In December 2013 two bidders were invited to prepare final submissions. Following in-depth evaluation, GLL have been appointed as the preferred bidder.

Scheme Proposals

11. The outcome of the last 18 months' work is a landmark leisure destination of regional significance with an extensive mix of sports, community, leisure and commercial facilities. Images of the scheme are provided in Annex 2. The new proposals fall into three separate categories: a) the New Stadium Leisure Complex, b) the wider leisure estate, c) off site facilities related to the project.

New Stadium Leisure Complex (NSLC)

12. The scheme proposes the following outputs at the existing Huntington Stadium / Waterworld site:
 - 8000 all-seat sports stadium to host professional football and rugby league games (originally 6,000 seats).
 - A large Community hub (4408 sqm) forming central atrium with cafe meeting area and access to stadium, leisure facilities and community uses which contains:
 - York NHS Hospital Trust facilities including use of the Stadium Hospitality areas for Training & Development and use of Community Hub space.
 - York St John University's 'Community Institute for Sport and Wellbeing team'.
 - Independent Living Assessment Centre retail & support unit which assists residents with information, assessments, and products to aid independent living operated by 'Be Independent' social enterprise.
 - Gateway Explore Library space that will be based in the main atrium area providing a new type of library aimed at accessing new users & groups.
 - Other charitable organisations seeking office & retail space.

- A major new 'state-of-the-art' leisure and sports centre totalling 5113 sqm (this is a new component of the project with a major financial value) containing:
 - 25m swimming pool
 - Teaching pool
 - Leisure fun pool
 - Café and viewing gallery
 - 4 court sports hall (competition standard basketball) with viewing gallery
 - Outdoor high ropes climbing facility
 - Children's Indoor adventure / extreme centre
 - Outdoor 3g sports pitches
 - 100 station gym
 - Spin and dance studio
 - Changing facilities
- The community uses will be supported by and integrated with an exciting range of commercial leisure uses that will add to the attraction of the destination and also provide the majority of the funding for the new leisure facilities, the 2000 additional seats to the stadium and associated project costs and external works. It is proposed to include:
 - Retail units totalling 4245 sq m
 - Two restaurants totalling 110 sq m
 - A digital cinema with bar totalling 1652 sq m

a) Wider City Leisure Facilities:

13. The proposal will involve the operation of the NSL Centre (set out above), Energise and Yearsley swimming pool. Waterworld will close as part of the redevelopment to make way for the new leisure complex. These facilities will be managed as part of an operational contract for 13 years with a 5 year extension clause. The future operation of Yearsley will be subject to a review 6 months before the opening of the NSLC, providing the option for the operator to continue with the management if it can be operated at no additional cost, or the option of exploring other operational structures with the community and stakeholders if the operator does not wish to take up this option. This will be linked to decisions and options that may arise regarding potential investment into the wider Yearsley site.

b) Off-site facilities

14. **Athletics:** The partnership between the University of York and CYC in improving the City's sport provisions has been further developed. The delivery of the County Standard Athletics facilities is now secured through a funding & user agreement with York University. The facilities are under construction. A new sand dressed astro-turf pitch has also been included as an additional project output that will significantly improve the City's sport offer. The capital cost for delivering this project has not changed and will be delivered within the £2M budget. The feasibility and project costs in developing the proposals of the off-site developments and agreements have been charged to the wider project costs budget.
15. **Rugby League Training & Reserve Facilities:** A user agreement has been signed between YSJ & CYC securing the development of a new 3G 'RFL Community Standard' pitch suitable for training and reserve grade matches at Haxby Road Playing Fields. The 20 year agreement secures use for 11 hours per week training and sports development use, reserve matches and the dedicated use of all support facilities including a gymnasium and pavilion. When the YSJ new pavilion proposals are implemented the agreement will allow their ongoing use. These facilities are transferable to the Rugby League team as part of the stadium development. These facilities are being delivered within the budget. Legal and feasibility costs have been charged to the wider project costs budget.

NSLC Site Management

16. GLL will be responsible for the overall management of the site and the direct management of the Community Hub, leisure facilities and associated assets. This will be controlled by an overarching lease and management contract for a 13 year period with a 5 year extension option. As part of the procurement process, GLL have appointed York City Football Club (YCFC) as a sub-contractor to operate the stadium area. YCFC will work with CGC (York Racecourse hospitality company). The proposal will involve changes to the existing parking and access arrangements. This will see the re-routing of Kathryn Avenue around the stadium, creating a pedestrian only and fan zone, strengthening links with the Vangarde retail scheme. The existing Park & Ride site will be extended to ensure the existing capacity remains.
17. GLL will be responsible for the management of all partners and tenants within the stadium & community hub. These relationships will be governed by management agreements between the parties. All community hub tenants will enter into lease agreements with CYC for the use of the facilities. All leases have been set at appropriate commercial rates. Now the final scheme and preferred bidder have been announced, the lease documentation can be finalised.

18. Match Day Agreements (MDAs) have been prepared for the sports clubs' occupation of the Stadium. The MDAs will govern their terms of use rentals and mechanisms for the generation of income.

Update on the Business Case

19. The original business case for the Project was approved in March 2012. This was based on a stadium only solution. The business case was updated at the Cabinet in November 2012. Since then the project scope has changed considerably, with the inclusion of the City leisure facilities and now the proposal to redevelop Waterworld with a new leisure complex. To deliver this exceptionally high quality and extensive regional leisure complex the overall value of the wider proposals have increased from c.£19M (stadium only) to c.£37M. The main drivers for the increase in cost are summarised below:
- Higher specification of the stadium element including an increase of base capacity by 2,000 seats to 8,000.
 - Inclusion of new state-of-art leisure complex for the City including a 25m pool, training & leisure pools, competition sports hall (a key priority for the City's leisure facilities strategy), 100 station gym, adventure / extreme play centre.
 - Increased quality design specification for the community hub, atrium that will also include an additional community tenants (including local charity York Against Cancer).
 - Uplift in project costs & contingencies due to an increase in overall value and complexity in delivery.
 - Improvement in the overall design and efficiency of the proposal to create a commercially sustainable scheme that meets the Council's long term financial objectives for the provision of high quality leisure facilities across the City.
20. The Council's original contribution towards the Community Stadium element of the proposal remains at £4M. The majority of the additional capital cost for the new items included within the scheme set out in the bullet points above. The commercial development proposed will be structured as a land transaction within the overall DBOM contract. The construction costs of the commercial development will be funded by the Developer. The commercial development will also generate £12m capital contribution to the construction of the stadium.

The Council will need to make an additional capital contribution to part-fund the new leisure facilities proposed, to ensure that the facilities maximise the potential of the site, deliver the widest range of community benefits and provide an acceptable balance of commercial and community uses. This additional capital would need to be funded through the Council's

Prudential Borrowing mechanism and is estimated to be c.£4M subject to the final scheme details. Approval is sought as part of this report.

21. The overall increased capital cost has also created a range of new income streams through the new facilities provided. This has the benefit of improving the long term financial sustainability of the complex, ensuring that its operation and maintenance remains within the Council revenue budget of £323K per annum, identified for the contract period.
22. A summary of the Project's progression and the overall capital financial position is provided in the tables below (based on the bid proposals);

Table 1: Comparison of Capital Costs 2012 - 2014

Component	Approved March 2012 (£Ms)	Approved Nov 2012 (£Ms)	Proposed Sept 2014 (£Ms)
Community Stadium	14.2	14.8	16
Leisure Complex	0	0	12
NSLC External works	1.5	1.45	3
NSLC sub total	15.7	15.25	31
Other facilities / Project costs & contingencies	3.5	3.95	6
Total	19.2	19.2	37
<i>Commercial Development Costs (externally funded)</i>	-	-	10
Gross Total Cost	19.2	19.2	47

Table 2: Proposed Project Funding

Overall Project Capital Funding (figures rounded)	Amount (£Ms)
CYC Stadium capital	4
CYC Leisure capital ¹	4
S106 funds ²	15
YCFC / FSIF funds ³	2
Commercial development land deal	12
TOTAL CAPITAL FUNDS	37

NOTES

1 This £4M is an additional funding requirement based on the bidder's proposals and is not yet approved in the Council's capital programme. The associated revenue cost of prudential borrowing will need to be factored into the appropriate revenue budget. Approval is sought as part of this report.

2 Contributions for transport mitigation and other technical issues relating to the retail aspect of the outline consent are not included in this figure and remain in a ring fenced S106 fund. A breakdown of the S106 funds is provided in Annex 4.

3 The legal agreement controlling the YCFC capital contribution through the sale of Bootham Crescent and FSIF grant is currently being finalised. The overall value will be dependent on a complex funding formula that will secure £2m over the life of the contract that will be used to support project costs, site enabling works and act as a project contingency.

Project Costs

23. The project costs have increased considerably from the original business case, yet remain within the overall budget parameters. This is a reflection of the significant increase in scope and complexity of the project. The decision to include the City's Leisure facilities and use Competitive Dialogue for a Design Build Operate & Maintain (DBOM) contract has added great complexity to the management of the project, particularly in relation to legal costs, commercial advice and ongoing risk management. The timescale through to financial close has also extended, compared to that originally envisaged. The increase in specification and inclusion of a new leisure complex has significantly increased the professional fees, feasibility, survey and site enabling works required.
24. The inclusion of the commercial proposals has introduced a new level of complexity which has required specialist commercial and legal advice. The cumulative effect of these additional aspects also required a better resourced CYC Project Team to ensure continuity and risk management for the Council as part of the delivery of this highly complex multi-partnership programme. These resources will need to be in place through to financial close which is estimated to be 2016/17 at the earliest.

Leisure Revenue Budget for the Contract

25. At the time the original business case was approved, considerable work was undertaken, on potential operational models for the stadium that were supported by estimated profit & loss accounts (P&Ls). As the scheme has been developed through the procurement process more certainty has been

provided regarding the model that will be used, and the flow of cost and income.

26. The detailed workings of the operation of the stadium and leisure contract will be transferred to the contractor for the management of the facilities; therefore further detailed analysis is not necessary. Detailed due diligence of the bid proposals has been undertaken. The Council will still retain some ongoing risks relating to the overall operation of the stadium and leisure contract. A summary of these risks is provided in the risk section of this report. A full risk assessment of the development and ongoing contractual risks will be provided as part of a future paper before the point of contract award, when all of the outstanding contractual issues have been resolved through the next stage of the procurement process.
27. The increased capital expenditure has not only created a significant improved range of community facilities, but it also enables the generation of new income streams and better quality facilities that are sustainable in the long term. These income streams will be contained within the DBOM contract, that also include lifecycle and maintenance programmes for all facilities for 25 years. All of these costs are contained within the budget set by the Council, and will be maintained over the life of this 18 year contract, minimising the ongoing financial risk to the Council.
28. The bid submission is within the Council's affordability target of £323K per annum (agreed CYC budget) for the ongoing management of the stadium and leisure facilities contract. Due diligence and risk assessment work suggests that there is sufficient scope through the 'Preferred Bidder' stage to deliver the contract within the budget set by the Council.
29. Consideration is given as part of this report to the cost of Prudential Borrowing an additional £4M for the new leisure facilities. This would be approximately £360K per annum and would take effect from 2016/17. Council would need to approve the borrowing and make a commitment to the future revenue costs. Further commentary is provided in the financial implications section below.

Sports clubs

30. Detailed commercial negotiations have been underway with York City Knights Rugby League Club (YCKs) and YCFC, since the approval of the business case in March 2012. This has resulted in the finalisation of MDAs which contain all terms for the occupation of the stadium.
31. These negotiations have required a careful balance to achieve a commercially viable solution that demonstrates best value for the Council, whilst providing a sound and affordable starting position for the City's professional football and rugby league clubs, using the new community stadium as their home. The outcome of these negotiations is set out in a suite of legal agreements, based around the MDA for each club.

32. With regards to York City FC, a number of associated agreements have been prepared that will secure the terms of the FSIF grant payment relating to the sale of Bootham Crescent.
33. With regards to York City Knights, separate agreements have been signed between the Council and:
- a) **YCFC**; to secure use of Bootham Crescent for up to two seasons for first team rugby league matches whilst the new stadium is built. A user agreement has been prepared between CYC and YCKs transferring those rights for the use of Bootham Crescent.
 - b) **York St John University**; for access to the YSJ Haxby Road Sports Village. This agreement secures the provision of a new purpose built 3G RFL 'Community' standard floodlit pitch and access to other facilities at the sports village. It secures 11 hours training use per week and access for reserve games, as well as access to the gym, classroom and other facilities. A user agreement has been prepared between CYC and YCKs transferring those rights for the use of the facilities to YCKs for up to a 20 year period.

Timescale

34. The estimated completion date of the project is July 2016. The key milestones are set out below. There remains a risk that during the final stage of the procurement process complications may delay the progress of the project, particularly in relation to resolving detailed contractual issues and the progress of the planning application. The key dates moving forward would be:

Table 3: Estimated Project Timetable

Date	Action / Milestone
December 2014	Waterworld closes
Nov / Dec 2014	Planning Submission
December 2014	Archaeological dig and intrusive / structural survey work
Feb / March 2015	Planning Approval
March 2015	Site mobilisation
April 2015	Contract live (GLL operation of Energise and Waterworld)
April 2015	Construction begins
July / August 2016	Construction complete / facilities operational

Implications & Risks

35. **Yearsley:** The pool will be operated under the contract until the NSLC opens. A review point is proposed to be completed 6 months prior to the opening of the NSLC. The contract provides the option for Yearsley Pool's ongoing operation, providing this is at no additional cost to the Council. It is proposed to now fully explore the potential for alternative options for Yearsley's ongoing operation outside the leisure contract once the NSLC is open should the operator not be able to operate it at no additional cost. There is a long lead-in time to the review date, providing a good opportunity to consider all potential options with the community and relevant stakeholders regarding future operational models.
36. **Waterworld:** Proposals for the NSLC provide an impressive range of additional leisure and community benefits compared with those currently offered at the site. The new swimming offer includes leisure water space and features. However, the closure of Waterworld will cause disruption to the swimming and gym provision in the City. It is proposed to close Waterworld just prior to Christmas 2014.
37. The closure will be managed to ensure residents and users (including swim lesson customers and gym members) are relocated to existing leisure provision in the city. Upon closure the site will be returned to CYC control and the site will be made secure until the construction programme commences.
38. **Planning:** Outline planning permission exists for the community stadium & retail development. The retail (enabling) element of this consent has now been implemented and the retail units (John Lewis, Marks & Spencer and Next) are all operational and reported to be trading well. The outline consent covered a 6,000 all-seat stadium & community hub only. This consent has been implemented through the reserved matters submission for the retail scheme. The stadium element has taken longer to bring forward due to the requirement to follow EU procurement regulations to procure its design, construction and operation. A decision was taken to follow a Competitive Dialogue process for a DBOM contract, to ensure that all development opportunities could be fully explored so that the community benefits of the scheme could be maximised.
39. The proposals include c.6000sq m of commercial development to support the delivery of the additional 2000 seats to the stadium and the new leisure complex. The retail element of the proposals will focus on sports and outdoor related retail uses that will contribute to the creation of a unique leisure and retail destination of regional significance. The commercial uses proposed are essential components of the scheme, providing the majority of the funding for the new leisure complex and the additional 2,000 seats in the stadium. Although, city centre footfall numbers have risen since the

opening of the Vanguard Retail Park, the proposals seek to minimise any negative impact on existing city centre business.

40. As with all major planning applications there remains a risk of delay or complication in the pre-application and submission stages. This could result in a change in format of the proposals. The planning submission being prepared will include specialist retail & commercial impact studies.
41. **FSIF / YCFC Funding:** Heads of Terms have been agreed with YCFC and the FSIF. Detailed legal documents are being finalised to secure YCFC's financial contribution to the Project. Until the legal documentation is executed there remains a risk that the funding will not be secured, which could create a financial pressure at project close.

Financial

42. The scope of the project has grown considerably from the approval of the March 2012 business case, including a new leisure complex and management of the wider leisure estate.
43. The bid submission suggests that the Project is deliverable from a financial perspective in both a capital and revenue terms. However, as is to be expected of a project of this scale and complexity the precise cost and annual budget cannot yet be finalised. Accordingly, further work needs to be programmed up to the preparation of a planning submission and through the mobilisation and construction phases to ensure that the financial impact of the final design phase is managed and mitigated where possible. Revisions to the financial submission, including capital costs, will be required as part of the planning and site mobilisation stages and these will be reported back where changes are necessary for appropriate approvals prior to contract award.
44. Initial due diligence suggests there is sufficient scope to deliver the Project as set out on the assumption the Council provide an additional £4m of capital investment to contribute toward the leisure facility, such a commitment would allow the on going operation of the facility as a whole to be contained within existing revenue budget provision. However, it should be noted that a number of the agreements and funding proposals still remain at risk until legally binding. Thus, careful risk and financial management of the project is required as it progresses through its final procurement and design phases.
45. The revenue implications an additional £4M council capital contribution towards the new leisure facilities is not included in the Project revenue budget of £323k per annum. The revenue cost of Prudential Borrowing this additional capital investment is c£360K per annum.
46. The new development will result in a change to the business rates (NNDR) position compared to the existing facility. It is estimated to yield an additional net improvement to the Council from the proposed commercial

development of approximately £400K per annum. This financial gain would offset the additional borrowing requirement of £360K per annum.

47. As set out in the Project Costs section above, considerable resources will be required to progress the Project through the final stages of the procurement and construction.

Public Health / Leisure / Play

48. The proposals will make a major contribution to the City's health improvement priorities. The site brings together a wide range of partners many with related health objectives; around mobility, physical activity health improvement and prolonged independence, focused around a new and exciting leisure destination. The co-location of health and leisure services offers unique opportunities for both to reach new audiences and to deliver their services collaboratively, this could include health information services, condition specific exercise sessions and combined appointments for users of multiple services.
49. Active York's 2014 Built Sports Facilities Strategy which is an adopted evidence base for York's emerging Local Plan, which identifies that the City has a shortage of 'open access' indoor sports space, and in particular York has no sports halls with spectator facilities, which could host competitions or showcase indoor sports. The need to address these two shortages is highlighted as key actions in the strategy. The stadium proposal will provide both casual and bookable sports hall space and a competition venue. This facility will be a major addition to the City's facility portfolio and will be welcomed by community clubs and sports governing bodies.
50. Analysis undertaken by Sport England and Active York indicates that York has a higher level of swimming pool provision per 1,000 in the population than comparable local authorities, the region or nationally. This analysis also highlights the need for modernisation of Waterworld and the need to expand the leisure offer to make Yearsley financially sustainable. The new pool at the stadium will provide a modern facility which caters for the full breadth of swimming activities, and will offer facilities which support the work of the community partners on site.
51. The City's play strategy "Taking Play Forward" 2013-2016, sets priorities for the development of high quality play provision, these include 'Support risk and challenge in all play activities; and allow children to test boundaries and assess risk for themselves.' The indoor and outdoor high ropes, climbing and adventurous play facilities will encourage risky play and provide challenge whilst enabling independence in the assessment of risk. We also welcome the additional provision of 3G football facilities which will encourage participation in physical activity and will enhance the

offer for young people in partnership with the community activities offered by the professional clubs.

Ecology

52. As part of the survey and site enabling process ecological mitigation is required to deliver the NSLC proposals, particularly relating to the expansion of the P&R car park. A number of options for mitigation are open to the Council that require the consent of English Nature. The potential for delay / complication in this process is possible. This issue & risk is constantly being managed and mitigations options being developed.

Risk Management

53. A paper was taken to the Council's Audit & Governance Committee (December 2013) regarding the Risk Process for the Stadium project. A robust risk management process is in place to control the projects risks and issues. The risk and issue registers are commercially sensitive and must remain confidential, however a summary of some of the key risks is provided in Annex 1.
54. It must be emphasised that these summaries are presented as potential risks i.e. issues or events that may arise or are yet to be resolved and may require mitigating action. They are not predictions or statements of actions that will occur or have occurred.

Legal

55. Section 122 of the Local Government Act 1972 enables the Council to 'appropriate' to another purpose/use any land owned by the Council which the Council no longer needs for the purpose for which the land was originally acquired by the Council. Where land has been appropriated for planning purposes Section 237 of the Town and Country Planning Act 1990 enables the carrying out of any development/building works authorised by planning permission where those works interfere with any easement or covenant benefiting a third party subject to payment of compensation to such third part(y/ies).
56. It is reasonable for the Council to use its powers in this case to appropriate the land for planning purposes as the appropriation will facilitate the carrying out of development, re-development or improvement works on the land and this which will contribute to the promotion of the economic, environmental or social well-being of the City.
57. Additionally the Council can only appropriate to another use any land comprising open space unless they have first advertised notice of their intention in at least two consecutive editions of a local newspaper and duly considered any objections/comments received from the local community.

Property issues

58. The land comprising the proposed stadium complex/leisure facilities site was originally acquired by Ryedale Council for leisure purposes.
59. It is considered that appropriation of the land to planning purposes will facilitate the carrying out of development, re-development or improvement works on the land which will contribute to the promotion or improvement of the economic, environmental or social well-being of its area

Human Resources (HR)

60. There has been regular briefing and consultation with Council staff and trade union representatives on the progress and development of the proposals for Leisure services.
61. Council staff employed at Energise and Yearsley will ultimately transfer to the new provider who will manage Leisure services. The TUPE transfer will be implemented in accordance with current legislation and in line with the Council's Supporting Transformation (Managing Change) policies and guidelines.
62. It is anticipated the new provider will have discussions with the North Yorkshire Pensions provider regarding application for Admitted Body Status.
63. There are no Council staff employed at Waterworld which is currently managed by Greenwich Leisure Limited (GLL).
64. Individual and collective consultation with staff and trade union representatives will be on going throughout the process, including consultation around time scales and likely date of transfer.

Equalities

65. An initial impact assessment and consultation events were held and completed in 2011 and 2012. Further consultation is planned for September and October 2014 including an event at York City FC on 1 September 2014. An updated Community Impact Assessment is being completed and will be submitted for sign off in September 2014 focusing on the changes to the leisure provision on site which were not originally included in the scheme.
66. The outcomes and impacts of these changes are all positive with the exception of a break in provision of 18 months during construction of the new facilities. However, this impact will be mitigated by the provision of alternative facilities and programmes at alternative leisure facilities in the City and the transition of customers to these venues in the short term.
67. Consultation and update has not been possible during the procurement exercise due to the commercial and legal restrictions of the process and so

will start immediately from the 01 September 2014 onwards. The original Equalities Impact Assessment form is included here in Annex 3.

Recommendations

68. Members are asked to:

- i. Proceed with the procurement on the basis of the proposals set out above, to deliver the 'New Stadium Leisure Complex' (NSLC) and the estimated project timetable set out in Table 3.
- ii. Note that GLL have been nominated as the Preferred Bidder following the Competitive Dialogue procurement exercise.
- iii. Recommend to Council the approval of £4m Prudential Borrowing for the capital investment in the replacement leisure facilities (as shown in the above tables). The associated revenue costs of the borrowing will be c£360k per annum and will be shown as growth in the treasury management budget from 2016/17.
- iv. Note the overall financial position and programme management arrangements as presented noting the financial risks and potential resultant liabilities that may arise as a result of proceeding with the scheme through the detailed planning submission and construction phases.
- v. Proceed with the submission of a detailed planning application on behalf of the Council by the preferred bidder seeking approval for the proposals for the NSLC.
- vi. Agree to the appropriation of the proposed stadium complex and leisure facilities site to planning purposes under S.122 of the Local Government Act 1972 and Section 226 of the Town and Country Planning Act 1990 on the basis that the appropriation will facilitate the carrying out of development, re-development or improvement works on the land which will contribute to the promotion or improvement of the economic, environmental or social well-being of the Council's area.
- vii. Work with relevant stakeholders in looking at community management options for Yearsley Pool as set out in para 35 of this report should the operator not take up the option to operate the pool at no additional cost.
- viii. Note the position of the project partners and the implications of proceeding and any potential delays.
- ix. Note the progress of the off-site facilities and their associated issues, risks and timetable for financial close.

- x. Note, and accept, the risks set out in the risk management section of this report, and the financial implications section.

Reason: To update Members on the procurement of the New Stadium Leisure Complex and in order to progress the scheme to provide a landmark leisure destination for the City.

Contact details

Authors:	Cabinet Member and Chief Officer Responsible for the report:		
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	Sarah Tanburn Interim Director City & Environmental Services		
	Sally Burns Director Communities & Neighbourhoods		
	Report Approved	√	Date 15 August 2014
Wards Affected: All			
For further information please contact the authors of the report			

Annexes

- **Annex 1:** Project Risk Register – High level summary of key project risks
- **Annex 2:** Images of the scheme
- **Annex 3:** Original Equality Impact Assessment Form
- **Annex 4:** S106 funds from Outline Planning Consent for stadium & retail scheme July 2012

Background papers

- Cabinet Paper 6th March 2012: Community Stadium Business Case.
 - Decision Session of the Cabinet Member for Leisure, Culture & Tourism of 10th January 2012: The Community Stadium and Council Leisure Facilities: Procurement of Operator Arrangements.
 - Cabinet Paper 6th November 2012: Community Stadium Update.

Glossary of Terms

GLL	Greenwich Leisure Limited
NSLC	New Stadium Leisure Complex
NHS	National Health Service
CYC	City of York Council
OJEU	Ordinary Journal of the European Union
DBOM	Design, Build, Operate, Maintain
CD	Competitive Dialogue
UoY	University of York
YSJ	York St John
RFL	Rugby Football League
YCFC	York City Football Club
CGC	Company Name
MDA	Match Day Agreement
S106	Section 106
FSIF	Football Stadia Improvement Fund
P & L	Profit and Loss
YCK	York City Knights
EU	European Union
NNDR	National Non Domestic Rates
3G	Third Generation Astroturf pitch
P & R	Park and Ride
HR	Human Resources
TUPE	Transfer of Undertakings (Protection of Employment)

ANNEX 1

Community Stadium & Leisure Contract

Risk Register High level Summary

1. **Risk 4 Capital Overspend:** This remains a medium risk as the design details of the scheme are finalised through the planning process. Construction inflation is rising and any changes to the specification will have a financial implication. Furthermore, the delivery of the commercial element of the proposal is essential to provide funding for the leisure complex. A range of contingencies and mitigations exist as options if costs to increase or funding reduces. This will be carefully managed through to contract award.
2. **Risk 60 Commercial proposals:** The delivery of the leisure complex and additional 2,000 seats in the stadium are reliant on the delivery of the commercial element of the proposals. There remains a planning and commercial risk that the amount of floorspace and estimated value may not be achieved. This will have a direct impact on the funding mechanism. Scope exists to consider alternative options including, reduction in specification of the build, additional CYC funding (not approved), and the consideration of restructuring the commercial proposals. This is a high risk due to the financial impact.
3. **RISK 76: Planning consent being delayed:** there is a risk that preparation and determination of this application will be delayed. The application will also need to be referred to the Secretary of State, which could lead to a Call-in. As with all planning applications there will be a small risk of a judicial review.
4. **Risk 28 Not Realising rental income from sports clubs:** Until the legal agreements are executed for the occupation of the stadium, the council will underwrite any loss of income if the stadium is not occupied by either of the sports clubs. The ongoing financial impact of this relating to YCFC paying their rental will be considerably reduced once the agreements are signed with the FSIF & YCFC. The rental risk presented by YCKs is significantly less, as their rental is relatively small based on their current operation.

5. **Risk 36 Failure to achieve vacant possession of the site by December 2014: This might impact on the start date of intrusive** surveys and archaeological dig. Delay to the scheme would then be inevitable. The necessary legal processes are in place to achieve vacant possession of the stadium by 1st January 2015. This risk will be continually monitored.
6. **Risk 51 Planning risk of achieving 8000 capacity stadium:** Detailed transport assessments have been undertaken as part of the pre application work with the Local Planning Authority. The impact is deemed to be low, but will be continually monitored.
7. **Risk 72 Parking requirements of the overall scheme:** Parking requirements of the commercial units in the proposals will need a dedicated car park. This will require the reconfiguration and expansion of the park and ride. This would be part of the planning and transportation submission.
8. **Risk 75 Not Achieving BREEAM Very good:** This remains a low risk as it is a requirement of the procurement contract. The scheme proposes a Combined Heat and Power unit that will be reasonable for addressing most of the energy issues.

ANNEXE 2:

Images of the proposed New Stadium Leisure Complex



ANNEXE 2:
Images of the proposed New Stadium Leisure Complex



ANNEXE 2:

Images of the proposed New Stadium Leisure Complex



ANNEXE 2:
Images of the proposed New Stadium Leisure Complex



ANNEXE 2:

Images of the proposed New Stadium Leisure Complex



ANNEXE 2:

Images of the proposed New Stadium Leisure Complex



ANNEXE 2:

Images of the proposed New Stadium Leisure Complex



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Equality Impact Assessment Form

The Equality Act 2010 came into force on the 1st October 2010. Under the Act there is a legal obligation to undertake Equality Impact Assessments (EIAs) as stated in the Public Sector Equality Duty. This duty comes into effect on 6 April 2011 and states that as a public organisation we must have due regard to the need to:

- Eliminate unlawful discrimination, harassment and victimisation and other conduct prohibited by the Act
- Advance equality of opportunity between people who share a protected characteristic and those who do not
- Foster good relations between people who share a protected characteristic and those who do not

EIAs **assess the impact** of the council's actions on people from the protected characteristics identified in the Act. In addition they should show how our policies and practices would further or have furthered the above aims. Demonstration of the **engagement** you have undertaken when doing the assessment is a key part of this process. Engagement covers a range of different activities, from formal public consultations to direct engagement with people from protected groups. The level of engagement you undertake will depend on the scale of project/activity you are developing or updating.

To comply with the essence of legislation EIAs should be a comprehensive, formal and structured process and the results should be published. These factors enable us to demonstrate to all stakeholders and regulatory/ enforcement bodies (like the Equality and Human Rights Commission) that we have fully addressed equality and diversity within the council.

An Equality Impact Assessment must be done at the **development stage** of any policy, review, project, service change etc, **before any decision is taken.**

1	Name and Job Title of person completing assessment	Katie Hunter Community Stadium Assistant
2	Name of service, policy, function or criteria being assessed	Commissioning the building of the community stadium and satellite buildings.

3	What are the main objectives or aims of the service/policy/function/criteria?	To provide a new home for football and rugby activities as well as community buildings that encourages and support people to do sport and active leisure.
4	Date	06/05/11

Stage 1: Initial Screening				
5	What evidence is available to suggest that the proposed service/policy/function/criteria could have an adverse impact on quality of life outcomes ¹ for people (both staff and customers) with protected characteristics? Document the source of evidence, (e.g. past experience; anecdotal; research, including national or sectoral; results of engagement/consultation; monitoring data etc) and assess relevance of impact as: Not relevant / Low / Medium / High.			
Protected Characteristic	Impact Not relevant = NR, Low = L, Medium = M, High = H		Source of evidence that there is or is likely to be adverse impact	
	Staff	Customers /Public	Staff	Customers/Public
Race	H	H	Equalities Human rights commission	Equalities Human Rights Commission Consultation with the Equalities advisory Group July 18 th 2011

¹ See appendix 1

Religion / Spirituality /Belief	H	H		<p>The main sources of information on current and future residents of the district which helped identify the profile of users were the City of York Council Equality Profile 2010. In addition it draws on information from City of York Cultural Awareness guide.</p> <p>Consultation on this strand was carried out in 2009 at the Equality Impact Assessment fair, and 18th July 2011 at the Equalities advisory Group.</p>
Gender	H	H		<p>Draws on information from the Sex discrimination Act 1945</p> <p>In addition consultation on this strand carried out in 2009 at the Equality Impact assessment fair, and 18th July 2011 at the Equalities advisory groups.</p>
Disability	H	H		<p>Draws information from the Community Stadium Project Design and Access statement, and the Sports England Accessible Sports Facilities document.</p> <p>Alongside these documents was consultation with York Independent Living Network, the Equalities impact Assessment fair 2009 and 18th July 2011 Equalities advisory Group.</p> <p>Further consultation was undertaken with an Officer from the Federation of Disability Sport and detailed talks with a disabled representative.</p>
Sexual Orientation	L	L		<p>Draws on information from Homophobia in Sports</p> <p>Further consultation was undertaken at the Equalities advisory group with a group representative</p>

Age	H	H		<p>Draws on information from 1989 Children's act Collected information from The Equalities Impact Assessment fair 2009 and 18th July 2011 Equalities advisory Group.</p> <p>In addition there were consultations with specific groups who identified additional issues to address, such as the City of York Youth Council in September 2011.</p>
Pregnancy/maternity	H	H		<p>Draws on information from Equality legislation: Equality Act 2010 and the breastfeeding rights.</p>
Gender Reassignment	H	H		<p>It draws on information from Stonewall and Gender shift. Alongside these documents was consultation at the Equalities advisory Group with a group representative</p>
Marriage and Civil Partnership	N R	NR		N/A
Carers of older and disabled people	H	H		<p>Draws on information discussed in the City of York Council Carers strategy 2009-2011 and the Home Government Equalities Office</p> <p>Alongside a consultation on the 18th July Equalities Advisory Group.</p>

If you assess the service/policy/function as **not relevant across ALL the characteristics**, please proceed to section 11.
If you assess the service/policy/function as **relevant for ANY of the characteristics**, continue to Stage 2, Full Equality Impact Assessment.

Stage 2: Full Equality Impact Assessment

Are there any concerns that the proposed or reviewed service/policy/function/criteria may be discriminatory, or have an adverse impact on members of the public, customers or staff with protected characteristics? If so record them here (expand the boxes to take up as much room as you need). See the [2 EIA Guidance documents](#) on Colin for help as to what the issues may be.

Race : Customers

The EIA fair 2009 raised the concern that there could be a communication barriers to some communities ; lack of information in different languages- so people don't know enough about what is on offer'. This is especially true when English is not the first language spoken. If alternative languages and format is not provided, it could reduce the accessibility of the facility to certain groups. Measures will be put in to place for all information and signs to be available in alternative languages to make sure the community stadium effectively communicate with all potential users.

Statistics from York Equality profile 2006 identified that there is 9.12 % BME within the York district. The social mix in York illustrates the need for multicultural activities and diversity within the community stadium. Whilst it is not known the diverse users who potentially would use the community stadium, the evidence from equality profile shows the need to acknowledge and accommodate for different users. The community stadium must actively coordinate activities, courses and classes to suit all users of the facility.

Through the consultation process, an Equalities advisory Group (EAG) representative emphasised the positive impact the Community Stadium could bring to York and the surrounding areas. There are spaces within the proposed Community Stadium building which could potentially be used as religious meeting points. An example given at the meeting was the opportunity for proposed spaces in the Community Building to be used for different meeting points.

potential amenities that the community stadium had to offer all users, which could have a positive impact; for example there is a potential for hosting 'Disabled sports/Olympics – opportunities locally, nationally, internationally. Disabled Games'.

However during the consultation numerous issues were raised which need to be addressed to reduce any negative effects. The community stadium project will be a positive impact on disabled users if action is carried out to prevent potential adverse impacts.

Design

A number of responses received commented on issues of design of the facility for example ensuring that the any new facilities were DDA compliant and offered a good visitor experience for disabled people.

Disabled people are reliant on easy movement throughout the stadium. The Equalities Advisory Group raised the concern that without easy movement throughout the stadium, it would discourage disabled people from using the stadium. The main issues raised at the consultation are outlined below;

Some disabled people have difficulties reading information, and signage. Information of leaflets signs and need to be available to all, otherwise they will less likely to be able use the facility.

Alternative formats will be in easy read and Braille format, following the Royal National of Institute of Blind People (RNIB) and City of York Council Guidelines for communications. Whilst the City of York Council will not be managing the stadium after construction, they will carry on working in partnership – to encourage the stadium management to adopt City of York Council guidelines for accessible information.

The Sport England Accessible stadium document together with the Equalities advisory Group Consultation acknowledged that many stadium and leisure are designed with little thought for the different heights to allow everyone to use all the facilities easy – for examples ticket desk and the

use of a drop down counter. To ensure easy access, the Community stadium will be designed to the standard height according to RNIB guidelines.

A disability officer expressed concern over the lack of provision for visually impaired and hearing impaired users of other stadiums (Bootham Crescent and Huntington Stadium). The stadium needs to put in hearing loops according to the RNIB guidelines to make sure all disabled users can access the Stadium.

The design and access statement identified the use of different tiers within the stand. Steps and different levelled floors can present challenges to disabled people. There needs to be accessible for everyone by lifts. A group representative stated that fire exits accessible for disabled people will need to be incorporated within the design process.

Many have also expressed concern that minimum requirements will be fulfilled for spectating but not the same level for participating. The facility will be complaint to the Equality Act 2010: All lifts will be accessible, tactile surfaces, low level lighting, the contrasts of colours, design of the doors and entrance will allow for an inclusive stadium.

In addition the consultation raised the issue of design of the stadium, and how facilities in the past have been designed poorly in reference to accessibility. The Equalities Advisory Group consultation stated that the Stadium design need to give full consideration to where seating for disabled people would be in respect to other facilities in the stadium – for example fire exits, lifts and entrances. Facilities need to be placed in close proximity to disability seating to allow easy access.

Accessibility

Disabled people along with other strands are reliant on public transport. An identified risk of the York Independent living centre, as well as other facilities moving from a central location, to further out of town as part of the Community Stadium Project has the potential for an adverse impact on disabled people. Firstly it may be harder for disabled people to get to and from the stadium (same for elderly and women with prams). If facilities were to be based at the stadium it will be important that there

was good public transport available. However it was raised at the Equalities advisory group that many buses only allow one wheelchair user at a time, which may cause considerable problems to getting to and from the city centre. This needs to be taken into consideration. It may affect how people are able to get the Independent Living centre, and this may affect the benefits they get.

In addition an Equalities Advisory Group representative was concerned that many sporting opportunities for the public and disabled people are segregated, and as a direct result makes disabled people feel unwelcome. This issue is important to address to give the opportunity for everyone to take part in courses, events and games.

Alongside the consultation, to gain additional issues and concerns there was talks with a group representative of disabled people. The representative stated the facilities which are considered before visiting a facility are the parking facilities and whether their personal assistant get in for free or at concession. This needs to be considered at both the Community Stadium and perhaps information provided on the facilities at away games Stadiums.

Whilst outlining all the issues that have been detailed above the representative emphasised the need for adequate transport to and from the Community Stadium. Another issue with transport is the Park and Ride bus stop is a long distance away from the Community Stadium. The proposals have outlined an additional bus stop placed at the entrance to the Community Stadium. However if this does not occur, provision needs to be provided such as benches to support the distance from the Community Stadium to the Park and ride.

In addition the buses in York are not suitable for transport for regular use because of the lack of space within the buses.

A suggestion by the representative was a disabled forum which will help the Stadium management assess the potential number of disabled people using the Community Stadium – could include questions of the facilities and provision needed to make it accessible.

<p><u>Staff:</u></p>	<p>There is a need staff/management for example stewards who will monitor and manage the provision of service to disabled guests. Other suggestions to make the Community Stadium more accessible are having section for blind people with live commentary, TV screens. Overall the Community stadium should be a positive outcome for all strands; however the issues identified in this section need to be adhered to and focused on to get a positive result during the design stage.</p> <p>Potential adverse impact on disabled people due to the possibility of Inadequate access at or to the workplace which can limit the employment opportunities available to disabled people. There will Inadequate transport options to and from the Community stadium project will limit employment opportunities. Young/disabled people can be prevented from getting to employment opportunities due to inadequate or expensive public transport alternatives.</p>
<p><u>Age:</u> <u>Customers:</u></p>	<p>Younger People: Through the consultation process, including direct engagement with the Youth Council, younger people were given the opportunity to express their views on the Community Stadium Project. In particular, where they were supportive of the project, younger people expressed their views on the types of facilities they would like to see provided, for example a youth area and the opportunity it may bring to the area. The main issues which were raised by the Youth Council were transport and accessibility. They focused on how they would travel to and from the Community Stadium Site – including cycling, buses and cars. Most responses focused on cycling and the need for bike storage and increase bike racks at the site. Included in this, the Youth Council reported that the cycle paths to and from are good; however increased safety may be needed on these routes with better signage outlining the right of way.</p>

Alongside cycling, another form of transport younger people use regularly are buses. One respondent expressed their concern that buses were both expensive, infrequent and intimidating which resulted in worries about safety and security. They suggested that the Community stadium would need to increase and expand the bus links to the Community Stadium site, and suggested shuttle buses could be a way in which this could be done. The community stadium bus links may have another bus stop being placed outside the Community Stadium on Kathryn Avenue, and bus links are every 10 minutes from the city centre.

Accessibility by public transport is particularly important for younger and older people. The EIA fair 2009 illustrated the concerns of *'travel price and poor transport facilities in the area of York'*. Mobility should not be an issue in the accessibility of the community stadium and its travel links.

Other issues which arose were the access within the Community Stadium, clear and visible signage of information. They suggested Stewards in the Community Stadium on match days to help with the flow of people.

In terms of facilities, the Youth Council were asked to provide any suggestions they had for the community stadium in relation to facilities. Main suggestions were the possibility of a Youth Area, a site for concerts and an Explore library. The provisions of these facilities have not at this stage been identified as facilities to be provided as part of the project but further work may identify these as a possibility and necessary.

Older People:

Responses were received from representatives of older people on the proposals.

A high concern is the communication barrier and how the Community Stadium will communicate information to the users and also the booking process for use of the facilities. The EIA fair 2009 identified the use of technologies as a worry for many people and the need for ease of online and telephone booking for facilities. Without appropriate and alternative ways of communicating information i.e. telephone, internet, face to face older people (along with other strands) may not be

<p>Staff:</p>	<p>able to access and use the facilities. There is a need to promote diverse and alternative ways to book or find different to prevent inaccessible information. In addition safety in and around the community stadium is crucial to allow and encourage all age groups to use the facilities.</p> <p>As acknowledged earlier Younger and older people are more likely to rely on public transport to get to and from the circuit which may be infrequent or with alternative expensive options they may be disadvantaged in accessing the facility and employment opportunities. However the Community stadium has regular bus routes going to and from so this impact will be significantly reduced.</p>
<p><u>Pregnancy / Maternity</u> Customers:</p> <p>Staff:</p>	<p>The Equality Act 2010 and previous legislation have outlined the steps service providers and employers (discussed in more detail below) must take to eliminate unlawful discrimination, harassment and victimisation.</p> <p>The Equality Act 2010 has outlined that every parent has the right to breastfeed in public. The Community Stadium and employers will be made aware of the policy of breastfeeding. Regarding breastfeeding the legislation says either freely allowed to do them or provide a place. There is a need for appropriate training in equality issues so no unnecessary discrimination occurs.</p> <p>In addition the Community Stadium need to provide baby changing rooms which are non-gendered.</p> <p>Employees (both men and women) may need flexible with working times. Key legislation in the Equality Act 2010 has come into force - maternity rights.</p>
<p><u>Gender Reassignment</u> Customers:</p>	<p>The Community Stadium aim is to promote sporting opportunities along with others for all users. At the Equality Advisory group 2011, a group representative stated there is a need for provision for all users, including transgender. There is a need for access for all facilities (changing rooms and toilets). This could be in the form of communal changing rooms. It is unlawful for them to long term use of</p>

<p><u>Staff:</u></p>	<p>single sex facilities or disabled toilets. There needs to be consideration on the provision provided for the areas, these include individual toilets and cubicles.</p> <p>Gender reassignment should not be discriminated against within any aspects of employment. Discrimination in the workplace is unlawful in all aspects of employment, including the recruitment process, status, training, promotion and transfer opportunities, redundancy, dismissal and even post-employment. There should be suitable provision for all, which include access for all facilities as discussed above.</p>
<p><u>Sexual Orientation</u> <u>Customers:</u></p>	<p>During consultation a group representative raised the concern of homophobia within Sport especially football. There is a potential that the fear of homophobia to adversely affect people participating or spectating in events. Therefore arrangements must be in place to tackle any issues of homophobia in sport, both spectating and participating.</p>
<p><u>Carers of Older and Disabled people</u> <u>Customers:</u></p> <p><u>Staff:</u></p>	<p>By association the carers of older people and disabled people have protected characteristics and there is a concern that the Community stadium may adversely affect these carers. Informed by the City of York Council carers strategy 2009-2011, key concerns are access to services and support particularly in leisure and transport. The community Stadium does have the potential to promote sporting and leisure opportunities to all.</p> <p>The consultation at the Equalities Advisory Group commented on the price of admission for Carers. During the design stage, this will be discussed and considered.</p> <p>Another issue raised was the lack of seats for Carers to sit next to disabled people or elderly in many Stadiums, especially at the York City Football Club stadium at Bootham Crescent. This has been taken into consideration and Carers of older and disabled people will have the opportunity to sit next to one and another.</p> <p>Key barriers for employment are the need for someone to look after the person they usually care for. This will be looked into and taken into consideration.</p>

N	<p>Can the adverse impact be justified? For example:</p> <ul style="list-style-type: none"> ▪ improving community cohesion ▪ complying with other legislation or enforcement duties ▪ taking positive action to address imbalances or under-representation ▪ Needing to target a particular community or group e.g. older people. <p>NB. Lack of financial resources alone is NOT justification!</p>
<p>No, there should not be an adverse impact which can be justified. The community stadium needs to be a holistic approach which promotes equality and participation of all irrespective of age, gender, disability and pregnancy etc.</p>	
8	<p>What changes will you make to the service/policy/function/criteria as result of information in parts 5&6 above?</p>
<p>Invitation to tender process will mention these risks and will invite developers to address them. Developers will be scored out of 10 (10 be it the highest mark) depending on their approach. We shall involve community representatives from EAG when we select a developer.</p>	
9	<p>What arrangements will you put in place to monitor impact of the proposed service/policy/function/criteria on individuals from the protected characteristics?</p>
<p>The project board and then the company board (stadium management company)</p>	
10	<p>List below actions you will take to address any unjustified impact and promote equality of outcome (as in appendix 1) for staff, customers and the public from the protected characteristics. The action could relate to:</p> <ul style="list-style-type: none"> ▪ Procedures

I am satisfied that this service/policy/function has been successfully equality impact assessed.

Name:

Position:

Date:

Please send the completed assessment for feedback to evie.chandler@york.gov.uk and heather.johnson@york.gov.uk

Once your EIA has been completed we shall also add it to the corporate register of EIAs. We use the register to publish an annual EIA report on the council's site.

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ANNEX 4: S106 – Outline Planning Consent July 2012

The S106 funding contributions are broken down as below:

£13,750,000	Stadium Contribution
£ 2,342,000	Travel Plan / Highway Mitigation
£ 1,000,000	Professional Fees
£ 312,000	Games Court
£ 300,000	Hopgrove Mitigation
£ 100,000	Stadium Sports Officer
£ 20,244	Air Quality Monitoring
£ 17,824,244	TOTAL

The £15,062,000 proposed for the stadium is made up from the following:

£ 1,000,000	Professional Fees
£ 312,000	Games Court
£13,750,000	Stadium Contribution
£15,062,000	TOTAL

£15,000,000 has been allocated as part of the procurement exercise and now forms part of the funding structure. The remaining £62,000 will be drawn down as part of the CYC overall project costs.

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Cabinet

9 September 2014

Report of the Cabinet Member for Finance and Performance

FINANCIAL CLOSE FOR THE LONG TERM WASTE MANAGEMENT SERVICE CONTRACT

Summary

1. This report updates Cabinet on
 - the progress of the Long Term Waste Service Contract with AmeyCespa for provision of a waste treatment service at Allerton Quarry, Knaresborough
 - funding for the project in the context of the Government withdrawal of PFI credit support for the project 21 February 2013 and other changes

The report also asks Cabinet to consider whether the long term waste treatment project should progress to Financial Close within the approved affordability envelope.

2. The City Council resolved at its meeting in December 2010 to enter into a Joint Waste Management Agreement with North Yorkshire County Council (NYCC) which supported NYCC in entering into a contract (the Contract) with AmeyCespa (Allerton Waste Recovery Park Interim SPV Ltd) for the provision of a Long Term Waste Management Service. The primary objective of the Contract is to deliver a long term sustainable alternative to landfill for the treatment of residual municipal waste. The Contract required AmeyCespa to secure a planning consent for a waste recovery facility (AWRP) at Allerton Quarry before confirming the final cost of the service to the Council. A Satisfactory Planning Permission has been secured and the final cost of the service has been provided to the Councils for consideration. The County Council is therefore required to confirm its agreement to proceed with the Contract and the City Council is

required to confirm its agreement to proceed with the Joint Waste Management Agreement.

3. The proposed technology and commercial offer open to the Councils remains essentially the same as described in 2010. Proceeding with the contract allows the Councils to complete delivery of its waste management strategy and provide a long term sustainable service for the management of residual waste. The proposed long term service contract will enable the Councils within York and North Yorkshire to achieve an average household waste recycling and composting rate in excess of 50%, whilst ensuring that a minimum of 95% of residual municipal waste collected in the area is diverted from landfill.
4. The technologies employed will recover value from residual waste through additional recycling and the production of electricity for export to the National Grid equivalent to the domestic needs of a town the size of Knaresborough. Ignoring the longer term potential to recover heat from AWRP, the greenhouse gas benefits compared to landfilling the waste to be processed at AWRP are also significant and are broadly equivalent to the removal of 12,000 average cars from the highway network. Proceeding with the contract therefore enables the management of residual municipal waste in York and North Yorkshire to be moved up the waste hierarchy into a 'recovery' process.
5. The financial and economic benefits of proceeding with the long term contract are also relevant considerations. AWRP will add approximately £220m (at 2014/15 prices) to the York and North Yorkshire economy over the life of the Contract through the creation of new jobs, both during construction and throughout the Contract period.
6. The decision to proceed with the Contract must have significant regard to the long term financial cost or saving to the Councils. The costs of both the long term contract and the alternative have changed since 2010 but the long term contract continues to show significant financial benefit. The Contract no longer benefits from PFI credits but this report shows that the Councils can expect the Contract to provide a combined net benefit of £169 million over the life of the Contract (equivalent to £31million in Net Present Value terms) excluding any allowance for the residual value of AWRP to the Councils after 25

years. The cost of the long term service contract is also within the Council's available budget.

7. The structure of the Contract effectively fixes much of the Councils long term waste management price risk from inflation and increases in landfill tax, with the long term average price to the Councils for treatment of waste at AWRP estimated to be below current costs of disposal.
8. This report further summarises the background to the proposal, explains what has changed since December 2010, and details the financial implications of proceeding with the Contract and the options available to the Council, together with the process to Financial Close.

Background

Procurement Process

9. Increasing costs of landfill and imposition of the landfill tax, together with targets for diverting waste from landfill and threats of penalties for Councils failing to achieve their targets led to the Councils pursuing a secure and long term waste treatment service for residual waste. The County Council and City of York Council carried out joint formal procurement for the provision of a long term waste management service using the competitive dialogue process. The procurement process began in 2007 with the publication of a notice in the Official Journal of the European Union. The procurement process was carried out in accordance with the Public Contracts Regulations 2006 and the Councils' own Contract Procedure Rules. The principle objectives of the procurement were:
 - Long term security and value for money
 - Improved environmental performance
 - Effective management of risk and maximum transfer to the private sector (particularly construction, technology and operational risk)
10. The Councils did not specify the number, type or location of plant or facilities to be used in delivery of the service, nor the technology to be used. These were proposed by bidders as part of the procurement. Instead, the Councils specified the outputs of the service required with the primary focus being on diversion of the waste from landfill.
11. On the 17 December 2009, AmeyCespa were identified as the preferred bidder for the Contract having offered the 'most

economically advantageous tender'. DEFRA withdrew the Private Finance Initiative (PFI) credits for the project (see paragraphs 43-48) and the project is now referred to as the Waste PPP (Public Private Partnership).

The Split Close Approach

12. The contract was procured with the 'split' approach to Commercial and Financial Close. Commercial Close is when the parties agree the commercial deal (i.e. what they want to achieve) and Financial Close is when the parties agree the financial arrangements and cost.
13. The resolution made at the County Council's Full Council on 15 December 2010 delegated authority to the Corporate Director, Business and Environmental Services (acting in consultation with the Corporate Director, Finance and Central Services, and the Assistant Chief Executive, Legal and Democratic Services) to determine the final terms of the Contract and Joint Waste Management Agreement with City of York Council at both Commercial and Financial Close.
14. The resolution made at the City Council's Full Council meeting on 9th December 2010 delegated authority to the Director of City Strategy (acting in consultation with the Director of Customer and Business Support Services and the Head of Civic, Democratic and Legal Services) to determine the final terms of the Joint Waste Management Agreement between the City Council and the County Council at both Commercial and Financial Close.
15. A draft of the Commercial Close contract was made available to Members prior to the decision in December 2010 but final terms were subject to clarification and approval by both prospective funders and the Department for Environment Food and Rural Affairs (DEFRA) and the Waste Infrastructure Delivery Programme (WIDP) as at that time the Contract was being procured under the Private Finance Initiative.
16. The final Contract was subject to external legal review to confirm that any changes were not material before being signed on 26 August 2011 between AmeyCespa and North Yorkshire County Council. A Joint Waste Management Agreement between the County Council and City of York Council was completed on the same day.
17. AmeyCespa's principal obligations during the period between Commercial and Financial Close related to securing a Satisfactory Planning Permission for AWRP, and submitting a funding package

detailing how the project is financed, and the cost to the Councils. The Planning Decision Notice was issued on 14 February 2013 and a funding package was submitted in June 2014.

Summary of the Technology

18. The proposal is for the design, construction and operation of an integrated waste management facility which will receive, accept and treat residual household waste (i.e. the waste left after recycling and composting) and some commercial waste. The facility will be located on the site of the existing Allerton aggregates quarry and be known as the Allerton Waste Recovery Park (AWRP).
19. AWRP will treat waste through a series of processes including mechanical separation of recyclable materials (known as mechanical treatment or MT), anaerobic digestion (AD) and thermal treatment through incineration and generation of electricity (known as Energy from Waste or EfW).
20. The Mechanical Treatment plant (MT) will separate metals, plastics and paper and is capable of sorting up to 408,000 tonnes per annum (tpa), although the planning consent limits the throughput of AWRP to 320,000 tpa. The MT plant will also separate approximately 40,000 tpa of organic waste for treatment through the AD plant. The AD plant uses microbes to break down the organic waste in the absence of air to produce a gas and compost like output known as digestate and remaining waste will be burnt in the Energy from Waste (EfW) incinerator. The heat from the EfW is used to produce steam and drive a turbine which produces electricity for export to the national grid. The capacity of the EfW is approximately 320,000 tpa.
21. AmeyCespa has committed to the following minimum performance levels:
 - Recycle a minimum 5% of contract waste
 - Divert a minimum 90% of contract waste from landfill
 - Divert a minimum 95% of biodegradable municipal waste in contract waste from landfill.
22. One of the contractual obligations placed on AmeyCespa is the requirement to maintain the facility so that at the Expiry Date of the contract, the facility is able to be operated for a further five years with a normal maintenance regime. The boilers in EfW plants generally

have a forty year design life, and there are over 140 EfW facilities in the EU which have been operating for over 25 years including four in the UK (Bolton, Coventry, Edmonton and Nottingham) that have been operating in excess of 39 years (with appropriate maintenance / refit schedules).

Summary of Benefits of AWRP

23. The financial benefits of AWRP are detailed in the financial implications section of this report. Other benefits were detailed in the report presented to the Executive on 30 November 2010 and Full Council on 9th December 2010 and remain broadly the same with some minor changes.
24. Environmental benefits were determined by reference to The Waste and Resources Assessment Tool for the Environment (WRATE). WRATE is the Environment Agency's approved tool for evaluating the environmental aspect of waste management activities and was used throughout the procurement to evaluate the potential CO2 saving of alternative solutions.
25. The benefit from the proposed solution was shown in 2010 to be equivalent to approximately 59 million kg CO2 eq. per annum in comparison with landfill. Using the DEFRA/DECC Greenhouse Gas Conversion Factors (2010) this is equal to the emissions of over 140 million miles in an average car, and assuming the average car travels 12 thousand miles per annum, this would be equivalent to the annual usage of almost 12 thousand average cars. AWRP will export around 28.5 MW gross electricity to the national grid (this has increased since 2010 by 2 MW due to the inclusion of a more efficient turbine), which is equivalent to more than the domestic needs of a town the size of Harrogate.
26. The WRATE assessment tool has been updated since 2010, but independent technical advice to the Council has confirmed that as the overall nature of the solution remains unchanged the potential carbon offsets will be of the same order as those detailed previously. AmeyCespa have proposed an alternative design of Steam Turbine Generator which is more efficient (and generates an additional 1.9MW of electrical power than the original proposed turbine)
27. The proposal also has significant additional social and economic benefits for the local area. The planning permission when implemented secures a fund of £839,500 (at February 2013 prices

which will be inflated using the BCIS index at the point of payment to the County Council) to be used to improve the landscape and cultural heritage in the immediate area of Allerton Park. The project will also deliver around 70 permanent skilled and semi-skilled jobs, as well as up to 400 jobs during the 3 year construction phase.

28. Recent analysis carried out by Leeds City Region's Regional Economic Intelligence Unit using the Regional Econometric Model shows that the generation of employment over the life of the AWRP contract will add approximately £220 million (at 2014 prices) into the local economy. The model takes into account the ongoing multiplier effect of there being increased income and consumer spending within the economy. In addition, the project also secures permanent resources through AmeyCespa to help deliver waste prevention and recycling campaigns in partnership with the Councils. Amey has stated that it is committed to Apprenticeship Schemes and recently supported National Apprenticeship Week (March 2014).
29. The EfW plant has been primarily designed as an energy recovery plant, although it is able to be reconfigured to provide combined heat and power (CHP) if a suitable economic market can be established. AmeyCespa carried out Heat Assessment as part of the planning process and identified potential opportunities around the Harrogate/Knaresborough and Boroughbridge areas. One of the planning conditions placed on AmeyCespa stated that commissioning of AWRP shall not commence until a CHP Feasibility Review assessing potential commercial opportunities for the use of heat from the development is approved by the Planning Authority. Since planning was achieved, the Flaxby area has been highlighted for a number of potential future developments which may create the opportunity for an emerging heat market, however, this cannot be guaranteed at this stage.
30. Importantly, irrespective of any financial benefits, AWRP enables the delivery of the primary initial objectives of the procurement in that it provides long term security using proven and reliable technologies, significantly improved environmental performance, and the effective transfer to the private sector of construction, technology and operational risk.

Planning and Permitting

31. The planning application for Allerton Waste Recovery Park was submitted on 1 September 2011 and the County Council's planning

and Regulatory Functions Committee resolved to grant permission at its meeting on 30 October 2012. The application was then referred to the Secretary of State who confirmed on 30 January 2013 that he did not wish to determine the application. The planning Decision Notice was then issued on 14 February 2013.

32. An application for leave to appeal for a Judicial Review of the decision to award planning permission was made by Marton cum Grafton Parish Council on 29 April 2013. The Judicial Review related to various planning grounds and was heard on 30 and 31 July 2013 and the Court found in favour of the Council, with further right to appeal refused. The applicants then sought an oral hearing at the Court of Appeal which was heard on 15 October 2013. The appeal was dismissed and the Courts again found in favour of the Council. There is no scope for further legal challenge and a Satisfactory Planning Permission was achieved on 22 October 2013.
33. AmeyCespa was granted an Environmental Permit for Allerton Waste Recovery Park on 16 July 2013. The permit Judicial Review period expired without challenge on 16 October 2013. AmeyCespa have therefore secured all necessary regulatory consents required to progress the project.

Longstop dates

34. A report was brought to the meeting of the County Council's Executive on 10 September 2013 and the County Council's Executive and City of York's Cabinet 1 October 2013 that explained that the Contract required AmeyCespa to use 'All Reasonable Endeavours' (ARE) to secure a Satisfactory Planning Permission.
35. The First Longstop Date was defined as two years from the date the planning application was submitted (1 September 2011). The effect of the application for leave to appeal for a Judicial Review by Marton cum Grafton Parish Council was that the planning consent was still subject to a challenge and therefore AmeyCespa were unable to secure a Satisfactory Planning Permission by the First Longstop Date.
36. The Council's resolved that the Planning Application continue to be prosecuted in the same or substantially the same form. This resulted in the longstop date being extended and AmeyCespa subsequently achieved a Satisfactory Planning Permission on 22 October 2013.

37. The contract contains a further longstop date referred to as the Original Financial Close Longstop Date. This occurs twelve months after achieving a Satisfactory Planning Permission i.e. 22 October 2014. The Contract provides that if it is agreed by the parties that Financial Close will not occur by this date then the date can be extended by agreement (in line with the delegated authorities approved in the County Council's Executive Report 1st October 2013) or either party may terminate the Contract. A failure to achieve Financial Close by the longstop date does not in itself give rise to termination of the contract.

Key Changes since December 2010

38. AmeyCespa has secured a planning consent for AWRP and delivered a funding package that has enabled the Councils to determine the cost for providing the long term service. The Councils now have to decide if they wish to progress to Financial Close. This decision will need to be informed by the effect of any political, social, technical or environmental changes that have occurred since the Council last considered the Contract in 2010 (in addition to the financial considerations identified in the financial implications section of the report). The most significant changes are outlined below.

Repeal of Landfill Allowance Trading Scheme

39. Prior to the contract being signed in 2011 (but after the Councils considered entering into the Contracts in December 2010), the Government announced their intention to repeal the Landfill Allowance Trading Scheme (LATS) from 1 April 2013. LATS was introduced through the Waste and Emissions Trading Act (2003) (WET Act) which set a framework to ensure local authorities collectively contained the amount of waste sent to landfill within pre-determined limits.
40. The repeal of LATS had an impact on the overall value for money of the Contract as the financial models had allowed both income from selling surplus allowances (assuming AWRP went ahead) and cost of purchasing allowances under a 'Market Proxy' option (which is detailed in Appendix 1) assuming Market Proxy entailed continuing to rely on landfill as the primary method of disposal. The net difference was estimated in 2010 to be an approximate deterioration of £68 million over the life of the Contract.

41. The WET Act also provided for EU fines to be passed through to any local authority in breach of its obligations. The Localism Act continues the principle that EU fines may be passported to local authorities contributing to a national failure. The prospect of future EU fines must therefore remain a relevant project risk despite repeal of the LATS scheme.
42. The repeal of LATS removed one of the statutory drivers behind the project however, the primary financial driver for the project remains the risk to the authority associated with inflation, unpredictable increases in landfill tax, and the potential for passported EU fines (up to £500,000 per day for the United Kingdom as a whole).

Withdrawal of PFI credits

43. On 21 February 2013 DEFRA announced that they would no longer continue to support the project with Waste Infrastructure Credits (formerly PFI credits). This amounted to approximately £125million of revenue support over the 25 year life of the project. This project was one of 3 projects where funding was withdrawn.
44. The County Council subsequently sought leave to appeal for a judicial review of DEFRA's decision to withdraw Credits on several grounds. Leave to appeal was granted on 21 August 2013 and a directions hearing set for 11 October 2013. The full hearing was set for 23, 24 and 27, 28 January 2014 however after due consideration it was felt that it would not be in the public interest to pursue the application further. The application was withdrawn on 5 December 2013. Whilst the County Council maintains that the decision to withdraw credits was not lawful, it was apparent that at best DEFRA would be forced into making the decision again and it was practically certain that they would reach the same outcome. Since then, a further two projects have also had their Credits withdrawn.
45. When DEFRA announced withdrawal of the projects PFI credits, they published a '*Forecasting 2020 waste arisings and treatment capacity*' report which analysed future waste forecasts and the need to meet England's targets for diverting biodegradable municipal waste from landfill by 2020.
46. This report informed DEFRA's decision to withdraw PFI credits from the three waste projects yet to reach Financial Close and claimed to identify a high probability that England would achieve its 2020 landfill

diversion targets without the need for DEFRA to continue to fund these schemes.

47. The report considered the national need for waste treatment facilities without looking at the regional or local drivers or demand. DEFRA noted that the decision on whether to proceed with individual projects was a local matter. Key assumptions behind the DEFRA analysis were withheld (despite requests made under the Environmental Information Regulations 2004), and the conclusions have attracted criticism and rebuttal across the waste industry including from waste management companies, local government, professional associations and institutions.
48. Most recently the Green Infrastructure Bank has published a report¹ showing that there is likely to be a capacity gap for EfW in the UK in 2020 up to 7.7 Million tpa (representing an investment opportunity up to £6 billion). Whilst opinion remains divided in relation to whether there will be a shortfall of capacity in 2020, it is widely acknowledged that there is currently a shortfall in the UK today, which when combined with the fact that financial institutions such as GIB are targeting waste as an investment opportunity, provides significant comfort that if the decision is to proceed, AWRP will be an integral part of the infrastructure needed to deliver national 2020 waste diversion targets. The planning process concluded that there is local need for the development and the need for a sustainable alternative to landfill remains regardless.

Current arrangements

49. The County Council and City of York Council currently rely on landfill as the primary method of disposing of waste which cannot be recycled, composted or reused. This is not a sustainable strategy for the future as the consented landfill void space in North Yorkshire for biodegradable waste is decreasing.
50. The most recent information from the Environment Agency from 2012 indicated around 5,000,000m³ of landfill void space between the two largest remaining landfill sites in the area currently used by the Councils; Harewood Whin and Allerton Park landfills. This void space has Environmental Permits from the Environment Agency, but is not all available as engineered landfill cells and it is probable that much

¹ <http://www.greeninvestmentbank.com/news-and-insight/2014/capacity-gap-means-uk-needs-more-waste-infrastructure/>

of this capacity will not be cost effective to develop. The planning permission for Allerton Park landfill expires in 2018, and Harewood Whin's planning permission expires in 2017, however there are no restrictions on future applications being made to extend these planning permissions. There has been no new biodegradable landfill void consented in North Yorkshire since 2010.

51. The City Council's current disposal contracts expire on 28th February 2022 with two potential options to extend for a further five years. The County Council's current disposal contracts expire on 31st March 2015 with no option to extend. The County Council is in the process of procuring a four year framework contract to provide facilities for the disposal/treatment of waste arising from North Yorkshire in order to ensure continuity of a disposal service regardless of the decision to proceed with the Waste PPP. The City of York Council will also have access to contract arrangements accepted onto the framework. The contract notices will be published by OJEU in September to start the tendering process.
52. The Harewood Whin site which is within the green belt, comprises approximately 229 acres and is leased to Yorwaste Ltd who operate the site. The lease is to May 2019 but there is an option to renew for a further 10 years (2 blocks of 5 years).
53. Under its present planning consent the site can operate until 2017 when it is required to be restored to allow an agricultural end use. However due to landfill diversion targets and increased recycling there are reduced volumes going into landfill at Harewood Whin. This may allow the life of the site to be extended beyond 2017. The most recent figures we have estimate that the operational lifetime of the landfill site could extend to 2027.

Market Testing

54. In recent months, an informal soft market testing exercise has been undertaken with local councils and private sector waste management companies. This was undertaken partly to inform the current procurement process and partly to understand any changes in the waste market since 2010.
55. The market testing process concluded that the technologies currently available in the area are broadly consistent with those previously offered or available although a number of private sector companies

are offering to treat waste to produce a Refuse Derived Fuel (RDF) for use in the UK or export to Europe. Significant further capacity for waste treatment through energy from waste incineration has also been consented and developed around the area including at Teesside and Ferrybridge, and a 350,000 tpa gasification facility is in construction by Air Products LTD on Teesside. This is a new technology to the UK and is due to be operational in 2015, with a second similar size plant already in construction on an adjacent site.

56. Much of the capacity at these plants is tied to local authority contracts (with some exceptions) but when considered in aggregate the likely 'spare' capacity indicated, together with the potential to export refuse derived fuel to Europe, suggests that it is reasonably certain that sufficient capacity would be available to meet the councils' needs and provide an alternative to landfill for at least 5 to 10 years if the Waste PPP were not to proceed. This is a change since 2010 when landfill was the only certain alternative at that time however the indicated costs of export or accessing spare treatment capacity suggest that there is likely to be limited financial benefit of these alternatives compared to current costs of landfill.
57. Alternative treatment options have traditionally been more expensive than landfill, and export prices (when the costs of fuel preparation are taken into account) have tracked landfill costs as landfill tax has increased. Landfill tax is now at a rate where alternatives are beginning to compete but demand for RDF in Europe is constraining the waste market in the UK as gate fees in European EfW plant are reduced in order to secure feedstock.
58. The consensus from soft market testing is that gate fees are now at about the level they need to be to provide an alternative to landfill, and that export is a short to medium term option, but will become less attractive over time as spare capacity is reduced and export controls and quality standards improve.
59. The Councils should be reasonably comfortable they would be able to access residual waste treatment capacity in the short to medium term as an alternative to AWRP however costs known as a result of the need to undertake a procurement exercise. It should be noted that the short term nature of the procurement currently underway means that the risk profile and costs will not be directly comparable to AWRP, and the potential cost will therefore not be a direct comparison.

60. Appendix 1 explains the key assumptions behind the establishment of a 'market proxy' model used to inform the value for money assessment of the Waste PPP project. It is noted that landfill is used as the proxy for an alternative disposal option although it is accepted that landfill is unlikely to be the long term alternative scenario. The justification for this is that, as described above, landfill costs including landfill tax is now providing the benchmark for the waste disposal market.
61. Actual costs will vary depending on the need for pre treatment, baling and/ or transport of residual waste, and can only be established following a competitive procurement. However, given the assumptions on future values of landfill tax used within the value for money models, it is considered reasonable to base the costs of the alternative to the Waste PPP on the predicted costs of landfill.
62. The Waste and Resources Action Programme (WRAP) publish an annual comparison of gate fees in England that is helpful in order to benchmark the costs of the Waste PPP. The latest (sixth) Gate Fees report² summarises the gate fees charged for a range of waste treatment, recovery and disposal options. Local Authority responses for Energy from Waste facilities procured post 2000 have a median gate fee of £90 per tonne, with a range of £62-£126 per tonne. DEFRA also provided information for EfW facilities procured using PFI (or similar PPP structure) since 2005 which indicated a median of £78 per tonne within a range of £57-£105 per tonne.
63. The long term blended average cost per tonne for AWRP at 2014 prices is £82 per tonne, putting it close to the median for PPP/PFI contracts and towards the bottom of the range for local authority responses. However, the report makes specific reference to difficulties in comparing gate fees in relation to PPP/PFI projects:

"The precise terms of individual contracts, in particular relating to the allocation of key operational risks, vary significantly across facilities and directly influence gate fees.... Moreover, it should be noted that long term local authority Public Private Partnership (PPP) contracts, including those supported by private finance initiative (PFI) credits, can be structured in quite complex ways and with differing forms of

² http://www.wrap.org.uk/sites/files/wrap/Gate_Fees_Report_2013_h%20%282%29.pdf

indexation applied. As a result, such gate fees may not be directly comparable.”

64. In summary, market information provides reasonable comfort that the Councils would be able to access short to medium term residual waste treatment capacity if it were to choose not to proceed with the Waste PPP, although the short term nature of these arrangements would mean the risk profile and costs of these alternatives will not be directly comparably to AWRP. However, independent third party benchmarking of costs by WRAP suggests that the long term blended average cost per tonne for AWRP is consistent with the market.

Waste tonnages

65. The primary purpose of AWRP is to treat residual municipal waste from York and North Yorkshire. Residual waste is the total waste less the amount recycled or composted. The capacity of the plant was originally based on the Councils’ projections of residual waste treatment needs made at the time of Call for Final Tenders in September 2009. Projections assumed growth in waste will be driven mainly by predicted growth in the number of households, less an allowance for waste prevention. In 2010 residual waste requiring treatment was forecast to grow annually each year with 278,000 tonnes predicted in 2039/40. The balance between the Councils’ need and plant capacity will be filled with other similar non-household waste.
66. Actual amounts of residual waste have decreased over recent years, with the Councils now collecting approximately 230,000 tonnes in 2013/14. This is predicted to rise to 270,000 tonnes by the end of the Contract (excluding any additional commercial waste collected by Yorwaste – see below). This reduction has been partly due to the effectiveness of recycling (which is beginning to stabilise) and waste prevention campaigns, but probably mainly due to the impact of reduced economic activity experienced in the UK. Some of this reduction was expected but the impact of the recession has been greater and for longer than originally envisaged. There is a strong correlation between economic activity and amounts of household waste produced, and most recent figures suggest that in line with the economic recovery, waste production is now returning to positive growth. It should also be borne in mind that the government has

ambitious targets for housing growth which is likely to further drive household waste arisings.

67. Future tonnage forecasts for NYCC have been updated to inform the estimated long term costs of both AWRP and the 'Market Proxy' comparator. The methodology is consistent with that described in 2010 although base data has been revised to better reflect actuals, and the long term impact of waste prevention has been removed from the base case and included instead as sensitivity.
68. Future tonnage forecasts for CYC have been updated particularly in relation to the likely population increases over the next twenty years. Appendix 1 provides details of tonnage assumptions included in the analysis for the councils.
69. A significant change from 2010 is that forecast contract waste tonnages delivered to AWRP have been adjusted each year so as to ensure the Councils receive maximum benefit of relatively low marginal contract prices. This is described in more detail in Appendix 1 but the simple presumption is that the relatively low contract prices available to the Council will assist its competitiveness in the collection of commercial waste to the extent that the Council will always be confident of its ability to optimise the amount of waste it provides to AWRP. The relatively low marginal costs will also help secure the competitiveness of council commercial waste collection services.
70. It is important to recognise that this 'additional' waste is waste that would otherwise be disposed of at AWRP anyway but by attracting it through the Council's commercial waste service it ensures that the Council secures the full income for this waste as opposed to only a potential share of the income if it is delivered by third parties.
71. The risk that the Council will not be able to secure this additional waste is low although it will be sensitive to the charge made by the Council, and the market. The risk to the Council from this approach is therefore that the income the Council is able to recover for disposal of commercial waste is less than predicted. This is discussed further in Appendix 1.
72. In summary, the amounts of waste predicted to be collected by the councils within York and North Yorkshire have reduced marginally from 2010, due probably to the prolonged economic recession. The economy and waste have production have a strong statistical

correlation and evidence is beginning to show waste returning to positive growth as the economy improves. However, the availability of low marginal Contract costs means that the Councils can reasonably increase predicted amounts of waste to be delivered to AWRP to an optimum amount, with the addition of commercial waste collected by the City Council, district councils or Yorwaste on behalf of the County Council and York.

Performance

73. The York and North Yorkshire Waste Partnership continues to maintain its recycling and composting performance, although there is evidence that it is beginning to plateau as district councils fully implement their collection services. The Partnership targets are set out in the Joint Municipal Waste Management Strategy – Let’s Talk Less Rubbish and are:
 - Recycle or compost 40% of household waste by 2010
 - Recycle or compost 45% of household waste by 2013
 - Recycle or compost 50% of household waste by 2020
 - Divert 75% of municipal waste from landfill by 2013

74. Projections from district councils suggest a modest increase in recycling performance over the next few years. There are currently no known plans for any significant changes to collection systems across the area although the full year effect of recent changes has yet to be seen in areas such as Scarborough and Harrogate. Some waste collection authorities are known to be considering alternative collection systems in response to finance pressures but there is currently no indication that recycling performance across the Partnership is likely to increase significantly beyond its current levels in the foreseeable future. The City Council is under similar financial pressures and will potentially need to reconsider recycling systems in future years.

75. The Partnerships performance against the former National Indicator set – NI 191 Residual household waste per household (kg/household), NI 192 Percentage household waste sent for reuse, recycling and composting and NI193 Percentage of municipal waste sent to landfill) is set out in Appendix 2.

Landfill tax

76. In announcing the repeal of the Landfill Allowance Trading Scheme (LATS), Government confirmed their intention to use landfill tax as the primary economic instrument to deliver national obligations to reduce the reliance on landfill. Landfill tax is levied on each tonne of waste sent to landfill. From 1 April 2014, landfill tax for active (biodegradable) waste was set at £80/tonne and inert waste is £2.50/tonne. From 1 April 2015, Government have indicated that both active and inert charges will increase in line with inflation, and that the current prices are a 'floor' but as yet, no further announcements have been made about future landfill tax rises.
77. Previous assumptions used in evaluating the costs of landfill under the Market Proxy option in 2010 assumed Government would increase landfill tax by increments of £8/tonne until it reached £104/tonne. This assumption has been reviewed and the base case now assumes Landfill tax increases from current levels only with inflation. The impact of this change is discussed further below in the financial section.
78. The combined cost of landfill tax for City of York and the County Council was £15.95m in 2013/14.

Duties and strategy

79. The legal and policy framework driving the need for an alternative approach to residual waste management has changed since 2010 but the overall objectives remain broadly consistent.
80. The duties of the Councils in relation to Part 2 of the Environmental Protection Act 1990 (EPA) remain the same. The EPA sets out a regime for regulating and licensing the acceptable disposal of controlled waste on land. Controlled waste is defined as any household, industrial and commercial waste. The County Council as a Waste Disposal Authority has a statutory duty to arrange for the disposal of household and commercial waste collected by waste collection authorities, and to provide places where residents can take their own household waste for disposal. The City of York Council, as a unitary authority, has a statutory duty for both waste collection and waste disposal.

81. The EU Landfill Directive 1999 sets targets to reduce biodegradable waste going to landfill to 75% of 1995 tonnages by 2010, 50% by 2013 and 35% by 2020. These targets were incorporated into UK legislation through the Waste and Emissions Trading Act 2003 (the WET Act) and in order to ensure compliance with the targets the UK government introduced the landfill trading scheme (LATS) in 2005 which saw waste disposal authorities receiving allowances to send an ever-decreasing amount of biodegradable municipal waste (BMW) to landfill.
82. As outlined above, the LATS regime was removed from 1 April 2013, and the main driver for diversion of waste from landfill is now landfill tax.
83. The Government undertook a review of waste policy in England in 2011 which placed a greater emphasis on Anaerobic Digestion and treatment of organic waste. A number of objectives were outlined including:
 - developing a comprehensive Waste Prevention Programme and continue to increase the percentage of waste collected from both households and businesses which is recycled, at the very least meeting the revised waste framework directive target to recycle 50% of waste from households by 2020
 - Consulting again on the introduction of landfill bans
 - Support energy from waste where appropriate, and for waste which cannot be recycled
84. In July 2013 government published its Waste Management Plan for England. The Plan is a compilation of existing waste management information and policies. In particular, it reflects the conclusions of the Government Review of Waste Policy in 2011 and developments since the review was published. The plan indicates government's belief that England will reach its 50% recycling target by 2020 along with the requirements of the EU Landfill Directive. Even though the Government has updated its policy framework, since 2010, AWRP continues to offer a strong strategic fit in terms of the choice of technology and guaranteed diversion from landfill.
85. The York and North Yorkshire Waste Partnership (YNYWP), which includes the County Council, the seven district and borough councils and the City of York Council, adopted a Joint Municipal Waste Management Strategy called "Let's Talk Less Rubbish" in 2006. AWRP enables the delivery of the final elements of this strategy, and

the targets described in paragraph 73. If it is decided not to proceed with AWRP the joint waste management strategy will have to be reviewed to identify revised objectives, targets and timescales.

Yorwaste

86. North Yorkshire County Council Executive approved proposals on 18 March 2014 to put the necessary arrangements in place that will enable the County Council to award contracts for future waste management services to Yorwaste without a competitive procurement by relying on the 'Teckal' exemption.
87. Entering into contracts with Yorwaste relying on the 'Teckal' exemption provides a number of direct and indirect benefits, as well as significant opportunity to develop partnerships with district councils and other public sector bodies to reduce risk and help improve efficiencies in delivery of waste services.
88. Such arrangements will mean that future contracts with Yorwaste can be flexible allowing the Councils to adapt to changes in the market or commercial environment that would not be possible in competitively procured contracts without the risk that changes may be unlawful or give rise to a procurement challenge.
89. As described above and in Appendix 1 the proposed arrangements with Yorwaste also enable the Councils to optimise waste delivered to AWRP. This involves the delivery of commercial waste collected by Yorwaste on behalf of the Councils to AWRP under the Council's long term contract. The maximum amount of commercial waste to be delivered on behalf of the Councils is less than the amount of similar commercial waste already collected by Yorwaste.
90. The potential financial benefit to the Council of this arrangement is significant, and is described in detail in the financial implications section below.

Property and related matters

91. The Executive report dated 30 November 2010 noted that negotiations were continuing about the property aspects of the project. These have now been concluded and the following paragraphs provide an update of the position.

92. The County Council entered into an option agreement dated 29 August 2007 (the Option) with the landowners of Allerton Park which entitles the County Council to call for a lease to be granted on exercise of the Option (the Lease).
93. The Option was arranged before the completion of the procurement process and without any certainty that the site would be required. Consequently the Option needed to be updated to reflect the outcome of the procurement process. A Deed of Variation was signed at Commercial Close, enabling the County Council to direct, on the exercise of the Option, that the Lease is granted to AmeyCespa. A further change is now to be made to require the Lease to be granted to AmeyCespa.
94. The rent paid under the Lease is a 'pass through' cost to the Councils and is included in the financial assessment of the project costs.
95. There is a suite of property documents (the Property Documents) relating to the project. The documents cover the property and some non-property parts of the commercial deal between the parties to the project and property and non-property parts of the wider commercial deal struck with and between others that enables the site to be provided. Further changes are needed to existing documents and further documents are required to reflect the wider deals that have now been finalised. The changes alter the deal that was approved prior to Commercial Close by the Executive. The majority of the changes relate to property issues and will be dealt with by County Council officers under the authority granted by the Property Procedure Rules. Financial implications have been taken into account in the financial modelling. However, three aspects do not fall under those rules and require decisions to be taken by the County Council Executive.
96. The documents which the County Council will enter into are:
 1. *The Supplemental Deed* between The Landlord (1) the County Council (2) and AmeyCespa (3) This was included in draft form at Commercial Close. Its main purpose is to suspend some of the provisions of the Lease in favour of those set out in the Project Agreement. Subsequently, The Landlord and AmeyCespa have agreed that AmeyCespa will contribute an amount to the payment that The Landlord will make to FCC Environmental under another deed (the Payment Deed). This is

a commercial deal between The Landlord and AmeyCespa. The County Council has made clear that this contribution will not form part of the calculation of the Unitary Charge. The liability will be placed on the tenant of the site – initially Amey Cespa. The overall arrangement will be added to this deed. This addition requires approval.

2. *Payment Redirection Deed* between the County Council (1) AmeyCespa (2) The Landlord (3) and FCC Environmental ("FCC") (4). Under this the County Council agrees that if a payment due from The Landlord to FCC under the Payment Deed has not been made then the County Council will redirect the 'pass through' rent due to The Landlord under the Lease to FCC. .

This deed does not create any additional financial burden for the County Council. It merely creates an obligation to redirect monies that are due to The Landlord to FCC. Entry into this deed requires approval.

3. *The further Deed of Variation of the Option* between the County Council (1) and The Landlord (2). This contains, amongst other provisions, a planning indemnity by the County Council in favour of The Landlord. The indemnity is in respect of payments to be made by or any losses suffered or incurred by The Landlord in connection with any breach of the obligations or enforcement action in respect of the Section 106 planning agreement dated 14 February 2013 between the County Council (as local planning authority), The Landlord and AmeyCespa in relation to the development at the site for AWRP. The provision of an indemnity was always envisaged but the terms of it have now been agreed and are included in this deed. The terms do not impose any greater risk to the County Council than those envisaged in 2011. Entry into this indemnity requires approval.

97. The County Council's property legal advisers, Watson Burton LLP, have advised that although there have been a number of amendments to the form of the Property Documents during the period since Commercial Close, the amendments accepted by the Council do not fundamentally alter the risk profile accepted by the Council at Commercial Close and are reasonably justifiable in the prevailing circumstances.

98. A mechanism has been agreed to ensure that if Financial Close is achieved, the Property Documents will become effective at the relevant time. This involves all the Property Documents being signed in advance and then 'held to order' which means they will not become effective until the point of Financial Close. If Financial Close is not achieved, the signed documents will never become effective and will be nullified
99. On the date of Financial Close, the Option Notice will be served by the County Council, but only after it is satisfied that the foreign exchange rates and swap rate are within the Value for Money Envelope. The County Council will control completion of all the Property Documents. None of the Property Documents which will be completed unless and until the Option Notice is served by the County Council on Financial Close.
100. The process for implementing the Property Documents for the County Council at the date of Financial Close will be as follows:
 - (a) The Assistant Chief Executive (Legal & Democratic Services) serves the Option Notice on behalf of the County Council. This triggers the Option with the Landowner); then
 - (b) The Landlord triggers his Option with FCC. (The documents are worded such that this is deemed to occur if the County Council triggers its option; then
 - (c) The Landlord has vacant possession of the site; then
 - (d) The Landlord and AmeyCespa sign the Lease for the site; then
 - (e) The Lease comes into effect.

Consultation

101. The councils undertook significant consultation surrounding the award of the contract in 2010. This decision is whether to proceed to Financial Close and as such no consultation is necessary.

Options and Implications

102. There are potentially two issues for determination as a consequence of this report, with the need for the second depending on the outcome

of the first. The primary decision is whether the Councils wish to progress with the Contract to Financial Close? The need for the second question occurs only if the response to the first question is 'yes', and that is "what is the affordability threshold for Financial Close" or in practical terms, "how much is the maximum amount the Councils are prepared to pay"?

103. If the Councils are not prepared to commit to an affordability threshold within the envelope outlined in this report then the effect is the same as not wishing to proceed. In the event that the Council sets an affordability threshold but it subsequently proves impossible to achieve at Financial Close (e.g. due to increases in finance terms) then the effect is the same as not wishing to proceed.
104. Should the Councils not wish to, or not be able to achieve Financial Close by the revised longstop date, the contract can be terminated by either party and the City Council (jointly with North Yorkshire County Council) may become liable for a termination payment to AmeyCespa of up to £5million.
105. Should the City Council not wish to sign the Joint Waste Management Agreement when the County Council wishes to proceed with the Contract the City Council will potentially be liable for the full termination payment.
106. There would then be a need to determine a new strategy for the management of residual waste although continuity of disposal will be retained through current contractual arrangements.
107. AWRP provides the final elements of the current waste management strategy therefore if the decision is not to proceed with AWRP it would then become necessary to determine a revised waste strategy, objectives and targets before a longer term solution can be procured. It is likely that there will be considerable public and stakeholder interest in the development of such a strategy given the strong and diverse interests expressed in the delivery of the current one, therefore it may take several years to complete, and procure a solution.
108. During this time the Council will be exposed to the risks of increasing costs through landfill tax and inflation, and is at risk of failure to divert waste from landfill unless it is possible to secure diversion guarantees of the type offered by AWRP. It is also unlikely that the Partnership

will achieve its recycling target without investment in alternative recycling infrastructure.

109. If the Council wishes to proceed to Financial Close it will need to establish an affordability threshold that represents the anticipated cost of the service at Financial Close. The actual price is not fixed until Financial Close and can vary due to changes in finance costs, being the foreign exchange swap rate and an interest rate swap rate (on the basis that the financing package for the Project requires a foreign exchange swap and an interest rate swap in order to secure fixed rate borrowing over the life of the Contract Period).
110. If the decision is made to proceed a Voluntary Ex-Ante Transparency (VEAT) notice (further explained in the Legal Implications section) will be published in the European Journal at the first opportunity following the decision and subject to the ability to deliver within the affordability threshold, Financial Close will occur as soon as possible after the expiry of the notice (minimum 28 days). AmeyCespa will then begin construction of AWRP.

Contractual Arrangements between North Yorkshire County Council and City of York Council

111. The procurement of the long term waste service contract has been carried out jointly by North Yorkshire County Council with City of York Council. Due to the complexities of the contractual arrangements CYC are not party to the Contract with AmeyCespa but instead have entered into a Joint Waste Management Agreement (JWMA) with the County Council that effectively flows down the obligations of the main contract to the City Council and also sets out arrangements between the two councils including payment provisions and governance. The JWMA was signed on 26 August 2011 (Commercial Close).
112. The proportion of waste arising in North Yorkshire and the City of York at Commercial Close was approximately at a ratio of 79:21. The Joint Waste Management Agreement assumes that all payments from the two Councils to the Contractor will be shared in these proportions. At the end of each year, actual tonnages will be known and reconciliation relating to the variable tonnage payment will take place.
113. In accordance with the terms of the JWMA it is necessary for both councils to agree to proceed to financial close. This report is going

forward to both North Yorkshire County Councils Executive and City of York Council's Cabinet meeting on the same date. The officer recommendations of North Yorkshire's report are in line with the recommendations set out in this report.

114. The JWMA did not envisage the Councils optimising deliveries of waste to AWRP through the use of Yorwaste as described in 6.6.3 and Appendix 1. It is therefore necessary to amend the JWMA to clarify that the financial implications (costs and benefits) of such arrangements will be apportioned in accordance with the agreed 79:21 ratio.

Financial Implications

115. The financial implications required for inclusion in this report are significant. In order to ensure that all relevant information is included, the following is an outline of the information that follows in this Section of the report:-

- Outline of position as at December 2010 and key financial changes up to September 2014 (paragraphs 117-122)
- Outline of the costs and proposed funding of the AWRP (paragraphs 123-125)
- Value for Money (VFM) assessment – comparing the costs of AWRP with the alternative (referred to as the “Market Proxy”) (paragraphs 126-146). This takes place in 3 ways:
 - Comparing cost differences as they fall over the life of the AWRP contract (referred to as “Nominal” terms)
 - Comparing cost differences in a way that reflects the “time value of money” and
 - Carrying out some sensitivities to test impacts upon the VFM assessment
- Affordability assessment – comparing the costs of AWRP with the available budget of the Council(s) (paragraphs (147-151)
- Financial conclusion (paragraphs 152-153)

116. The Councils have received financial advice in support of the Waste PPP project from Ernst & Young LLP. This advice covered all financial aspects of the project and in particular;

- Review and analysis to allow update of the AWRP financial model and advising on the associated financial arrangements with AmeyCespa
- Providing a robust challenge to the financial assumptions used to estimate costs over the contract duration - in particular capital cost indexation, financing, foreign exchange and taxation
- Raising clarification questions to AmeyCespa
- Providing a financial analysis of the Waste PPP project in comparison to the Market Proxy model (as prepared by the Councils) to evaluate the benefit in nominal and NPV terms, and to the Councils budgets to assess the project in affordability terms
- Advising on financial risks in the periods before and after Financial Close including performing a sensitivity analysis on the key assumptions

Outline of position as at December 2010 and key financial changes up to September 2014

117. The report to the Executive in November 2010 and to the Council in December 2010 identified the financial implications of the project using nominal (forecast costs adjusted for inflation) figures. The VFM position was with reference to costs similar to that of waste going to landfill (referred to at the time as the “do nothing” scenario). The affordability position was with reference to the Council’s waste strategy budget and provisions made for future costs. The Table below sets out the position at that time:-

		NYCC £m	CYC £m	Total £m
AWRP Contract	a	676	184	860
Non-PPP Costs*	b	636	119	755
PFI credits	c	(99)	(27)	(126)
LATS Sales		(35)	(14)	(49)
Net cost of Waste Strategy	d (a+b+c)	1,178	262	1,440
Costs of Alternative	e	1,442	322	1,764
Council Budget Availability	f	1,425	310	1,735
Positive VFM Differential	g (e-d)	264	60	324
Affordability Headroom	h (f-d)	247	48	295

* Non-PPP costs include operating costs of HWRCs, costs of processing recyclates and garden waste, costs of waste strategy

unit, payment of recycling credits, transfer station infrastructure costs, and transport between sites costs.

118. There was a projected value for money benefit of £324m. The affordability headroom was reported as £246m which excluded the benefit of LATS sales (as a requirement of WIDP).

119. Just prior to Commercial Close in August 2011 the VFM position was reassessed, using the same basis for costs and comparisons, taking into account factors impacting on the above figures, the most significant of which were:

- revised tonnages based on the latest available forecasts
- the removal of the LATS scheme described in paragraphs 39 to 42
- cost inflation resulting from the delay to the expected financial close date

120. These factors reduced the VFM benefit from £324m to £226m (CYC £60m to £35m). As a way of verifying this benefit using an alternative methodology the project was assessed in NPV terms as +£57m which as a percentage of total project costs was 8% (1.1% excluding PFI credits).

121. Shortly after the Planning Decision Notice was issued in February 2013 the Government withdrew PFI Credits, reducing the VFM benefit by £117m and £41m in nominal and NPV terms respectively. Although significantly reduced, AWRP remained value for money both in nominal and NPV terms, and the projected total costs remained within the affordability envelope set by Council in December 2010. The terms of the Contract therefore required AmeyCespa to confirm the funding package and final cost to the Councils taking into account changes in any revised funding terms or other assumptions.

122. The factors having a significant financial impact are listed below with an indication of whether the impact increased the cost of the AWRP and whether this led to an increase or decrease in the value for money differential.

	Cost of AWRP	VFM Differential
loss of the PFI credits	↑	↓
revised assumption for landfill tax	↓	↓
cost inflation resulting from the delay to the expected financial close date	↑	↓
revised funding terms (foreign exchange rates and swap rates)	↓	↑
revised tonnages and non-PFI costs based on the latest available forecasts	↓	↓
waste to be delivered at top of tonnage band 2 rather than using the original forecast	↑	↑
improvements to the package offered by the contractor	↓	↑

Outline of the costs and proposed funding of the AWRP

123. The table below sets out the costs submitted by AmeyCespa as part of their updated offer in nominal terms. If it is assumed that approximately 7.3m tonnes of waste are processed throughout the contract period, the costs below amount to an average £99.73 per tonne over the life of the contract. In today's prices this equates to a gate fee of £82 per tonne.

		£m
Gross Costs		
Operating costs		697
Capital costs		261
Capital financing costs (inc fees)		265
Equity dividends		132
Taxation		45
Total gross cost	a	1,400
Less Guaranteed third party income		
Electricity and green subsidies		(412)
Commercial waste		(110)
Recyclable materials		(39)
Total guaranteed third party income	b	(561)
Teckal Benefit	c	(111)
Total Income	d (b+c)	672
Net cost to Councils	d (a-c)	728

124. The capital and associated funding package are together the most significant elements of the costs incurred by AmeyCespa and form part of the unitary charge to the Councils. Since commercial close the capital costs have not changed significantly, reducing by £2m. The funding package has changed in line with economic conditions and changes in funders.

Plant	£m	Capacity '000 tonnes
MBT	52	408
AD	12	40
EFW	170	320
Ground works / project management	17	
Capitalised project costs	10	
Sub-total	261	
Financing costs incurred during construction	59	
TOTAL CAPITAL COSTS	320	

125. AmeyCespa is intending to finance the capital costs using a combination of debt and equity, details of which are included in Appendix 3.

Value for Money assessment – September 2014

126. There has been a significant time since the value for money assessment was carried out in the prelude to commercial close. Given that fact, and the number of changes that have taken place since, it is necessary to carry out a further and full value for money assessment. This assessment is made up of 3 principal components:-

1. a comparison of costs between the project and the market proxy over the life of the project (ie in nominal terms) plus
2. the same comparison but taking into account the “time value of money” (ie net present value) plus
3. assessment of a number of key sensitivities to highlight possible variances from the comparisons carried out in 1 and 2 above.

127. In addition, a further full assessment has been carried out to ensure that the costs of the project remain affordable for the Councils. This analysis therefore follows the Value for Money assessment.

Nominal VFM Assessment

128. The updated position in nominal terms is as follows.

Value for Money	Note	NYCC £m	CYC £m	Total £m
Cost of Waste Strategy inc AWRP		1,180	254	1,434
Cost of market proxy	1	1,296	307	1,603
Net benefit from AWRP		116	53	169
Split as:-				
AWRP benefit alone		87	45	132
Teckal impact	2	29	8	37
Net benefit from AWRP		116	53	169
Residual Value (RV) of Plant	3	69	18	87
Net benefit from AWRP if RV included		185	71	256

Note 1 The Market Proxy is described earlier in paragraph 69. The detailed assumptions are set out in Appendix 1

Note 2 The Teckal arrangements are referred to in paragraphs 86-90). The favourable rates available to the Councils provide an opportunity for the Waste Teckal to derive additional financial value.

Note 3 AmeyCespa are required to hand the plant back to the Councils at the end of the 25 year contract period so that it is capable of operating for a further 5 years. The residual value (RV) of the plant at the end of the 25 year contract period has been evaluated at £87m in nominal terms.

129. The residual asset valuation of £87m (nominal) £16m (NPV) at the end of the Contract has been estimated following calculations by the Council's financial advisers. It provides a potential operational value of the asset but does not include any potential benefit to the Councils relative to the Market Proxy. If it were to include such a calculation then the nominal benefit would be increased by a further £205m. It is important to note that no account was taken of the RV of the plant as part of the 2010 VFM assessment but the contractual requirement provides a degree of confidence that the Councils should derive further value.

130. It is reasonable to anticipate that the plant will still have a RV after the 30 year period but it difficult to form any view of its value (see paragraph 22). A prudent assumption has therefore been adopted, in that it is expected that the RV will be no greater than decommissioning costs and no net benefit has therefore been attributed in this report.
131. Appendix 4 details the position in nominal terms from 2014/15 through to 2042/43. This identifies that there is a net cost to carrying out the AWRP project in the run up to operation of the plant due to the Councils incurring 'pass through' costs associated with the lease and planning consent for AWRP. There are then 7 years in which the projected costs of the project exceed those of the Market Proxy. The Contract then becomes cheaper than the Market Proxy in each year. This continues for the remainder of the Contract and the Contract achieves its cumulative 'pay back' position after 15 years. This is achieved predominantly as a result of the project providing insulation for the Councils from increases in inflation and / or landfill tax.
132. For CYC the time in which it takes for the Market Proxy to be cheaper than AWRP is 9 years into operation (2027/28). The Contract then becomes cheaper than the Market Proxy in each year. This continues for the remainder of the Contract and the Contract achieves its cumulative 'pay back' position after 14 years. It should also be noted that the main impact on the Market Proxy assumption is the date that the City Council ceases landfilling at Harewood Whin. In practice this could be before 2027/28 which would increase the cost of the Market Proxy and bring forward the time that AWRP is cheaper.

Net Present Value VFM Assessment

133. Based upon the above assessment there is a clear financial benefit of the AWRP project when compared to the Market Proxy. However, the cashflows of the project vary over the short term compared to the medium/long term and it is important that this is recognised in any value for money assessment. One way to achieve this is to use a net present value (NPV) calculation which effectively measures the "time value of money". This is a well understood in considering investment appraisals.

134. NPV calculations are used by discounting cashflows by a discount factor. The calculation carried out by the Councils uses the discount rate of 3.5% as set out in the Treasury's Green Book. This factor is compounded by 2.5% to allow for inflation giving a composite discount factor of 6.1%. The Green Book describes HM Treasury guidance for public sector bodies on how to appraise projects and provides for consistency throughout the public sector on project evaluation.
135. The NPV calculation must result in a positive sum for the Councils to satisfy themselves that the project does indeed represent value for money, irrespective of any qualitative benefits that the AWRP option may yield. It is also possible to define the NPV of the difference between the AWRP project and the Market Proxy as a percentage of the NPV of the Market Proxy.
136. Using this discount factor the revised position in NPV terms is as follows:-

Net Present Value	NYCC £m	CYC £m	Total £m	%
AWRP benefit	+11	+6	+17	
Teckal impact	+9	+5	+14	
Net benefit from AWRP	+20	+11	+31	4.5
Residual Value of Plant	+12	+4	+16	
	+32	+15	+47	6.8

137. Appendix 4 details the VFM position from 2014/15 through to 2042/43 in NPV terms as well as in nominal terms. As explained in the sensitivity analysis below, the project provides insulation for the Councils from increases in inflation and / or landfill tax.
138. In NPV terms the overall position is +£31m which includes £14m benefit from the Teckal arrangements. This represents approximately 4.5% of the NPV of the contract value which compares favourably with the position at commercial close (1.1% ignoring the benefit of PFI credits). If the RV of the plant is taken into account the total position is +£47m which represents 6.8% of the contract value.
139. The calculation of NPV is sensitive to the discount factor used however it is worth noting that the NPV benefit (excluding the residual

value) reduces to zero only when a nominal discount factor of 11.5% is applied. This is significantly above any discount factor which would ever be considered meaningful for a public sector investment and over 5 percentage points higher than HM Treasury's Green Book discount factor (allowing for inflation) as described above.

Sensitivity Analysis

140. There are three key assumptions in addition to the sensitivity analysis described above to test the discount factor required to provide a zero net present value. The relevant key assumptions are:-

- Inflation
- landfill tax and
- financing costs

These sensitivities need to be considered in nominal and NPV terms.

141. Although project costs and landfill tax values used in the evaluation are fixed until financial close the sensitivity analysis on inflation and landfill tax illustrates the effect on the nominal and NPV positions should these assumptions vary as indicated during the life of the project. In contrast, financing costs are subject to change up until financial close and, based on prevailing market rates, are fixed on the date of financial close.

142. The base assumption for inflation is 2.5% per annum. The same assumption was used in the evaluation in 2010 and also in the modelling assumptions issued to Bidders. It is also understood to be consistent with assumptions used in other waste PPP projects. This is the forecast rate of RPIx inflation over the life of the project and is based in part on the Bank of England's target rate for CPI of 2%, as well as current and historical trends for CPI, RPI and RPIx data.

143. The assumption for landfill tax is £80 per tonne in 2014/15, increasing in line with inflation by 2.5% in each subsequent year. This assumption is significantly different from the assumption used in 2010 when landfill tax was expected to increase by £8 per tonne until 2017/18 and by 2.5% p.a. thereafter. Whilst it is not possible to accurately predict future tax rates, it is thought extremely unlikely that HM Treasury will reduce the value of the tax in real terms as it would impact upon tax yields. The assumption on landfill tax is therefore prudent and it has not been considered worthwhile assessing the impact of a reduction in landfill tax for that reason. It is important to

note that the application of landfill tax is not an indication that the Councils will continue to landfill, rather that landfill tax/rates are driving the market.

144. Financing costs consist of the cost of borrowing within an associated swap arrangement to fix the cost over the borrowing period and a foreign exchange arrangement to reflect the borrowings in Euros given the European nature of the capital expenditure. The base assumptions are a swap rate of 2.99% and a foreign exchange rate of £1 = €1.24.

Assumption	Nominal			NPV		
	NYCC £m	CYC £m	Total £m	NYCC £m	CYC £m	Total £m
<u>Factors over the life of contract</u>						
Inflation +0.5%			+73			+16
Inflation -0.5%			-50			-18
Landfill Tax +8/t from 2021/22			+67			+23
<u>Factors in run up to Financial Close only</u>						
Swap Rate +0.10%	-5	-1	-6	-3	-	-3
Fx rate £1:€1.22	-5	-1	-6	-2	-	-2

145. The sensitivity analysis shows the impact of the movements in swap and foreign exchange rates equal to £5m. Although there is only a short period of time before financial close there is a risk of movements of this size in the direction indicated, particularly with regard to swap rates. A fall in the swap rate is considered unlikely given the low rate currently available. Foreign exchange rate movements are difficult to predict and there is a risk that Sterling will fall against the Euro. However, at this stage, the most likely scenario is that Sterling will strengthen.

146. As identified in paragraph 104, there is a requirement to pay £5m in the event that the Councils do not proceed with the Contract. It is therefore proposed that £5m is used as a contingency to allow for the movements identified in paragraph 144 above. This effectively provides for Financial Close to proceed where the Value for Money Envelope reduces to a minimum of £26m (+£31m as set out in paragraph 136 less the £5m contingency).

Affordability position – September 2014

147. As part of the City Council's decision in 2010 Members agreed to set aside additional budgets of £750k per annum growth from 2011/12 to 2015/16 to make sufficient budgetary provision for the project over the contract term. This has been built into subsequent Budget reports.
148. The budget is then assumed to increase at 2.5% per annum to reflect annual price increases. Where increased tonnages have been assumed due to the additional number of households this has been reflected in future budgetary provision.
149. The revised costs of the waste management budget have now been re-assessed to incorporate the latest prices from AmeyCespa and the updated affordability position is as follows:-

Affordability	NYCC £m	CYC £m	Total £m
PFI Contract	575	153	728
Non PFI costs	605	101	706
Net cost of Overall Waste Strategy to Councils	1,180	254	1,434
Provision for Waste Strategy in Councils budgets	1,476	333	1,809
Headroom	296	79	375

150. The cost of the contract is below the overall budget and is affordable in each individual year of the contract.
151. The above analysis all assumes that third party income (e.g. recycles, electricity) is only at guaranteed levels. In the event that these levels are exceeded then a sharing mechanism applies and further financial value will flow to the Councils. This has not been included in any financial assessment, however, to ensure prudent assumptions.

Financial conclusion

152. The financial position of the project has changed significantly since reported to the Executive in December 2010. There has therefore been a full detailed analysis of the financial implications of the project

and a comparison with what is regarded as a proxy for the market based upon existing knowledge. This financial analysis identifies that proceeding with the project provides a positive value for money differential over the life of the project when compared with the alternative. The characteristics of the project are such that it provides greater price certainty, and insulation from any potential rises in inflation and landfill tax, when compared with the alternative.

153. The costs of the project are, however, greater in the first 7 years of operation (9 years for CYC) so a “time value of money” test is also an important consideration. This test (the net present value calculation) identifies that the value for money differential falls within acceptable financial parameters.

Legal Implications

Contractual Arrangements

154. The proposed Long Term Waste Management Services contract is the primary method by which the Councils will discharge their statutory duties as defined earlier in the report.
155. The detailed contractual arrangements were set out in the report considered by Full Council on 9 December 2010. As stated in paragraph 9, above, the process to procure a provider of Long Term Waste Management Services was undertaken in accordance with the Public Contract Regulations 2006 and the County Council’s Contract Procedure Rules. In summary the contractual arrangements comprised the Project Agreement (between the County Council and AmeyCespa – Interim Company) and the Joint Waste Management Agreement (between the County Council and City of York Council). The Project Agreement was based upon the HM Treasury sponsored Standardisation of PFI Contracts Version 4 (SoPC4)
156. As described in paragraph 12 above, the Contract is structured with a split close approach, with Commercial Close being achieved on 26 August 2011. If the project proceeds to Financial Close, a number of documents will need to be executed. Principally these will be agreements between AmeyCespa and funders relating to the funding package, but there will be new agreements to be executed by the County Council; a Deed of Novation, the Funders Direct Agreement, Collateral Warranties and the Independent Tester Appointment.

Funders, in such long term Public-Private transactions based on the PFI model, tend not to lend to a company that has been trading for any period of time; they prefer to lend to a new (or “clean”) company. That is the reason why the Project Agreement was signed at Commercial Close by an “interim” company. At Financial Close the Project Agreement will be novated with the result that from Financial Close onwards the entity with which the County Council is in contract with will be the special purpose vehicle (SPV) established by AmeyCespa to act as the contractor (Contractor) for the term of the contract. The Deed of Novation “novates” the Project Agreement and allows any necessary amendments to be made. The result is technically a “new contract” although one that is broadly on the same terms as the original contract (except for a number of changes as described below that were required after Commercial Close).

157. In the period since Commercial Close, discussions have taken place between the Parties to agree the financial arrangements and costs in respect of the Contract. The discussions have involved AmeyCespa, their funders, the Councils and the Councils’ advisors. Due to the split close approach, the original contract clearly set out the change mechanism that would operate to deal with the required changes necessary from the delay from Commercial Close to Financial Close. Therefore all bidders were aware that modifications would be needed to the original contract. In addition the changes described in the section entitled “Key Changes since December 2010” (starting at paragraph 38) of this report, have resulted in the Funders requesting a number of amendments to the Project Agreement.

158. However, as with all changes to a contract that is procured through the European Procurement Rules, it is necessary to ensure that the changes are not categorised as a ‘material’ or ‘substantial’ change which would have the effect of creating a ‘new contract’ that was not originally contemplated and advertised at the time of the original procurement. The Council’s legal advisors have confirmed that the changes will not give rise to the deemed direct award of a new contract at Financial Close in breach of procurement law.

They have categorised all the changes under three headings, namely:

- (a) “Time Lag Modifications”,
- (b) “Clarification Modifications”
- (c) “Unforeseen Modifications”

The Time Lag Modifications are purely due to the split close approach and is a means of updating the Final Agreement to take into account new matters at the time of Financial Close. The “Clarification Modifications” are the process of ensuring consistency of drafting and clarity for the Contract at Financial Close. Both the Time Lag Modification and Clarification Modifications are provided for within the terms of the existing contract and are therefore treated as intra-contract modifications. Therefore the Council’s External Legal Advisors have confirmed that they are not classed as variations under European Procurement Rules and are therefore legally acceptable.

The Unforeseen Modifications are largely as a result of funding being removed due to Government Action as detailed in Section 4. The Council’s legal advisors have reviewed the resultant changes under this head and have concluded that there are not material or substantial changes and therefore comply with the European Procurement Rules.

159. In addition to mitigate risk from all Parties perspective including the Funders and to eliminate any risk of uncertainty, it is considered appropriate to publish a public notice (known as a Voluntary Ex-ante Transparency Notice (VEAT) under the European Procurement rules) before the final completion of the documents if the decision is made to proceed to Financial Close.
160. Generally if a contract is successful challenged in courts, one remedy that the Court can give is to impose a declaration of ineffectiveness. This will in effect mean that the contract is cancelled and a new procurement exercise will have to be taken.
161. However a VEAT Notice provides a safe harbour mechanism to protect the Councils against a possible application for ineffectiveness on the grounds that a public contract has been awarded without the prior publication of an OJEU Contract Notice. In publishing a VEAT Notice, setting out the intention to make an award, the Councils must then observe a standstill period for a minimum of ten days before entering into relevant arrangements. An applicant wishing to bring a challenge will have 30 days from the date they knew or ought to have known that a breach of the Regulations had occurred and it is generally accepted that the 30 day period would run from the date of publication of the VEAT Notice. Therefore if it is decided to proceed to Financial Close, a VEAT will be published and Financial Close will

continue after the expiration of the 30 day period so that a remedy of ineffectiveness is mitigated against. There has been an increase in the use of VEAT notices generally, particularly from funders who are keen to de-risk ineffectiveness remedies prior to entering into a long term contract.

Levels of Protection under the Governance Arrangements of the Contract

162. If the matter proceeds to Financial Close, North Yorkshire County Council will enter into the Novation Agreement and the Contractor. The Contractor will then be contractually bound to deliver the services to the Council over the full length of the Contract Period..
163. To mitigate the risk of entering into a contract with a newly formed SPV, a number of protections are built into the Public Private Partnership Contract model, namely:
- (a) Performance security (in the form of parent company guarantees, bonds and other instruments) is provided to the Contractor by all of the major Sub-Contractors providing Works and Services.
 - (b) The Senior Lenders have the ability, via the controls included within the Senior Financing Documents and the operation of the Funders Direct Agreement, to rescue the project in the event that it encounters difficulties. As the procuring authority has no obligation to pay outstanding Senior Debt on termination for Contractor Default, the Senior Lenders have a strong incentive to exercise their rights and have certain powers to direct the SPV to utilise the performance security provided by the Sub-Contractors to the extent required.
 - (c) In the event that the Project Agreement is terminated for Contractor Default, the Councils will be able to benefit from the step-in rights and/or duties of care contained within the collateral warranties received from the Works and Operating Sub-Contractor and the Tier 2 Construction Contractors. This means that the Council will take the benefit of all the arrangements with the subcontractors to continue to run the facility.

- (d) Upon termination of the Project Agreement and release of the Senior Lenders' security, the Assets (including the Facility) revert to the Councils. As such, the Councils benefit from any residual value ascribed to the Assets and the equipment contained therein without having to make any specific payments in respect of that residual value

164. The above protections reflect the standard practice in third party debt financed Public Private Partnership Projects where the Contractor is an SPV. Parent Company Guarantees are not normally given to public sector organisations in such long term PPP Contracts because the Project Sponsors are deemed to have invested enough capital to incentivise them to support the Contractor. In addition the Funders will expect the SPV to carry out their duties to ensure that the Council continues to pay the SPV for disposing of its waste. This reflects standard practice in third party debt financed PPP projects where the Contractor is an SPV.

165. The Councils' legal advisors have confirmed that, in accordance with guidance and with the above level of protections, they would not expect the SPV to provide an additional Parent Company Guarantee to the Council. The position therefore remains the same as in the Executive report of 30th November 2010.

State Aid

166. The law with regard to unlawful State Aid provides that a Council cannot, without prior permission, give state resources to provide assistance that gives organisation an advantage over others to distort competition.

167. The previous Executive Report had due regard to the rules of State Aid and concluded that *“on the basis that AmeyCespa were selected following a procurement exercise in which it was evaluated as offering the most economically advantageous tender, it follows that the payments to AmeyCespa represent a market price and do not confer an economic advantage. The Councils legal advisors have therefore concluded that the award of the proposed contract would not breach State Aid as prohibited by Article 107(1) of the Treaty.”*

168. The European Commission investigates complaints regarding an organisation receiving unlawful State Aid. It is understood that

complaints have been made to Commission regarding the allegation that the contract provides unlawful state aid.

169. North Yorkshire County Council has received one response from the Commission dated 28th February 2014 which concludes that there has not been a violation of EU waste legislation or EU Procurement law with regard to the award of the contract. The Commission is still reviewing the State Aid issue and the Councils' legal advice continues to state that there has not been a breach. It is noted that the response from the Commission does state that "*In principle, the award of the contract brings no State aid concerns provided the contract was awarded following an open and non-discriminatory public tender procedure respecting the applicable national and EU Rules.*"

170. The Commission will at some point in the future issue a final decision and it is recognised that the European Commission does take time in making a final decision. However the legal advice to the Councils remains that there has not been a breach of state aid rules and that an appropriate procurement exercise has taken place. Therefore a decision to proceed on this project can continue to be considered.

Teckal Arrangements

171. As reported in paragraph 86 above, the proposed arrangements in respect of Yorwaste, approved by the County Council Executive on 18 March 2014, will enable the Councils to optimise the waste delivered to AWRP by utilising the delivery of commercial waste.

172. Legal advice has been obtained in respect of the proposals regarding the application of the Teckal exemption in entering into contractual arrangements with Yorwaste. This advice provides that Yorwaste can be restructured to be categorised as a Teckal Company which means that the Council will be able to award contracts to Yorwaste directly without a procurement exercise. In effect the Company will be treated for procurement purposes as an internal department of the County Council and the City of York Council. The arrangements have been assessed to be lawful in the context of public procurement rules and from a vires and governance perspective.

173. As long as the discretionary charge set by the County Council to third party customers to ensure that it recovers the cost of disposal (including allowances for capital costs, employees etc) and does not

subsidise commercial customer, then the charge will not fall foul of the rules with regard to charging for discretionary services nor the rules regarding unlawful state aid.

Local Government Contracts Acts 1997 Certificates

174. The Local Government (Contracts) Act 1997 facilitates contracts by removing concerns about authorities' power to enter into contracts of this nature. In particular the Act enables it to be certified, in relation to a contract, that the local authority both has the power to enter into the contract and has exercised that power properly in doing so. It is proposed that the NYCC's Corporate Director (Strategic Resources) be empowered to issue certification under the Act to enable Financial Close to take place. The giving of a certificate under these provisions is a personal undertaking by the officer involved and accordingly the Council is asked to indemnify the officer in respect of any potential liability on giving the certificate.

Powers

175. The previous Executive Report identified the following powers to enter into the contractual arrangements with AmeyCespa:
- a. Section 51 Environmental Protection Act 1990 which places a duty upon waste disposal authorities to make arrangements for the disposal of waste in their area, as set out below
 - Section 51(1) - It shall be the duty of each waste disposal authority to arrange— for the disposal of the controlled waste collected in its area by the waste collection authorities; and for places to be provided at which persons resident in its area may deposit their household waste and for the disposal of waste so deposited;
 - b. Section 111 Local Government Act 1972 which contains powers enabling the Council to do anything to facilitate, or is incidental or conducive to the discharge of its functions, as set out below:
 - Section 111(1) - Without prejudice to any powers exercisable apart from this section but subject to the provisions of this Act and any other enactment passed before or after this Act, a local authority shall have power

to do anything (whether or not involving the expenditure, borrowing or lending of money or the acquisition or disposal of any property or rights) which is calculated to facilitate, or is conducive or incidental to, the discharge of any of their functions.

c. Section 2 Local Government Act 2000, which empowers authorities to do anything for the **promotion of the well-being of their area, as set out below:**

- Section 2 (1) Every local authority are to have power to do anything which they consider is likely to achieve any one or more of the following objects;
 - (a) the promotion or improvement of the economic well-being of their area;
 - (b) the promotion or improvement of the social well-being of their area, and
 - (c) the promotion or improvement of the environmental well-being of their area.

176. These powers continue to operate and in addition, Sections 1-6 of the Localism Act 2011 provide that the Council has the General Power of Competence, which enables the Council to do anything an individual can do provided it is not prohibited by other legislation.

Next Steps

177. Should the County Council agree that the project should proceed to Financial Close, the Council will issue a VEAT notice (as explained in paragraph 159 of the report).

178. Provided there are no challenges, the Councils and AmeyCespa will carry out preparations for the Financial Close process including developing necessary protocols.

179. There will be a number of 'dry runs' prior to Financial Close to ascertain likely swap and foreign exchange rates. Once the Councils are satisfied that the rates are within the approved affordability envelope, they will proceed with the finalisation and signing of all necessary project documentation with AmeyCespa.

180. Once all of the documentation has been completed and Financial Close is achieved, AmeyCespa will issue the Notice to Proceed to

their subcontractors who will be able to access the site to start enabling and mobilisation works. There is a 39 month construction programme (including a six month commissioning period) for AWRP. The facility is due to be operational in early 2018.

Conclusions and Reasons for Decision

181. As set out in the report, the decision as to whether or not to proceed through Financial Close is the conclusion of a procurement process which began in 2007. There have been a number of significant changes since 2010 which are detailed from paragraph 38, however, the financial assessment in the Financial Implications has concluded that the project is affordable and offers value for money based on key assumptions and allowing for sensitivities.
182. The Councils have looked at potential market capacity and whilst we should be reasonably comfortable there is residual waste treatment capacity in the short to medium term, costs will only be known as a result of a procurement exercise. It should also be noted that the short term nature of the procurement currently underway means that the risk profile and costs will not be directly comparable to AWRP, and the potential cost will therefore not be a direct comparison. AWRP provides certainty for the long term protection from inflation and future rises in landfill tax
183. The Councils' legal advisers, Ashfords LLP, have advised that although there have been a number of changes since Commercial Close, the amendments accepted by the Council do not fundamentally alter the risk profile accepted by the Council at Commercial Close and are reasonably justifiable in the prevailing circumstances.
184. The environmental outputs of the project remain as previously reported to the Executive. There have only been minor revisions to the way in which the plant is to be operated since that time. The project therefore remains consistent with the County Council's Waste Strategy – "Let's Talk Less Rubbish" and offers significant long term entered environmental and economic benefits including the generation of electricity equal to the domestic needs of Harrogate, saving of CO2 equal to 12000 cars and contribution to local economy of £220m over the life of the contract.

185. The financial position of the project has changed significantly since reported to the Council in December 2010. There has therefore been a full detailed analysis of the financial implications of the project and a comparison with what is regarded as a proxy for the market based upon existing knowledge. This financial analysis identifies that proceeding with the project provides a positive value for money differential over the life of the project when compared with the alternative. The characteristics of the project are such that it provides greater price certainty, and insulation from any potential rises in inflation and landfill tax, when compared with the alternative.
186. The costs of the project are, however, greater in the first 10 years of operational activity of AWRP so a “time value of money” test is also an important consideration. This test (the net present value calculation) identifies that the value for money differential falls within acceptable financial parameters.
187. If the decision is made to progress through Financial Close, the Original Financial Close Longstop Date (described in paragraph 37) will need to be extended

Council Plan

188. AWRP will support the council in its objectives to reduce the reliance of landfilling residual waste and to increase the council’s recycling percentages.

Implications

189. **(a) Financial** – considered in section above
- (b) Human Resources (HR)** - None
- (c) Equalities** - The Equality Act 2010 introduced the term protected characteristics and they are gender, disability, race, age, sexual orientation, gender reassignment, religion or belief, pregnancy and maternity and marriage or civil partnership. The Councils has a statutory duty to discharge obligations in relation to the Equality Act 2010 and has carried out an Equalities Impact Assessment to consider the impacts of the Financial Close decision on service users.

It has been concluded that there are no adverse impacts from the Financial Close decision. The contract with AmeyCespa will also require compliance with equalities legislation including any future legislative requirements during the life of the contract and Equalities Impact Assessments will be carried out in advance of service delivery.

(d) Legal – these are considered in the Legal Section above

(e) Crime and Disorder - None

(f) Information Technology (IT) - None

(g) Property - None

(h) Other – Human Rights

The procurement has been conducted in a manner consistent with the Councils' obligations under Human Rights legislation.

The Council is bound to have regard to Human Rights implications in its decision making. The subject matter of this report however is about the award of the waste PFI contract as a culmination of the procurement process, which follows a statutory procedure. That being so, the Human Rights implications of this decision in itself are limited. However, if the County Council ultimately resolves to award the contract to AmeyCespa, the next key stage will be the submission and determination of a planning application for the site upon which the waste facility will be located. Human Rights will be a matter for consideration at that stage, and the following provisions together with any others identified at the time as being relevant, will be subject to consideration, as well as the general requirement that the Councils' actions must be proportionate.

Human Rights Provisions

- Protocol No 1: Article 1

Every natural or legal person is entitled to the peaceful enjoyment of his possessions. No one shall be deprived of his possessions except in the public interest and subject to the conditions provided for by law and by the general principles of international law.

The preceding provisions shall not, however, in any way impair the right of the State to enforce such laws as it deems necessary to control the use of property in accordance with the general interest or to secure payment of taxes or other contributions or penalties.

- Article 6: Right to a fair trial

(1) In the determination of his civil rights and obligations or of any criminal charge against him, everyone is entitled to a fair and public hearing within a reasonable time by an independent and impartial tribunal established by law. Judgment shall be pronounced publicly but the press and public may be excluded from all or part of the trial in the interests of morals, public order or national security in a democratic society, where the interests of juveniles or the protection of the private life of the parties so require, or to the extent strictly necessary in the opinion of the court in special circumstances where publicity would prejudice the interests of justice.

(2) Everyone charged with a criminal offence shall be presumed innocent until proved guilty according to law.

- Article 8: Right to privacy

(1) Everyone has the right to his private and family life, his home and his correspondence.

(2) There shall be no interference by a public authority with the exercise of this right except such as is in accordance with the law and is necessary in a democratic society in the interests of national security, public safety or the economic well-being of the country, for the prevention of disorder or crime, for the protection of health or morals, or for the protection of the rights and freedoms of others.

Risk Management

190. The decision to proceed with the Waste PPP requires an understanding of the key risks associated with that decision. It is important to highlight that relevant risk are attached to both the

decision to proceed as well as the decision not to proceed. The key significant risks can also be broken down into those which the Council is exposed to only until Financial Close, and those which continue. There is also the risk of legal challenge.

Risks that will be fixed at Financial Close

191. These are principally risks around finance and macro economic factors such as foreign exchange rates, interest rates, swap rates and actual indexation. The Councils will ensure the final macro economic factors are reflective of the general finance market through the use of independent specialist advisors, but any movement in these rates from those assumed in the financial models may increase or reduce the value for money of the Waste PPP. Paragraph 146 describes how it is proposed to deal with this risk by setting a Value for Money Envelope.

Longer Term Risks

192. These relate to risks that the Council will be exposed to for the period of the waste PPP, and include those which might impact on both the Waste PPP as well as the market proxy alternative. They include:-

Waste Tonnes

193. The amounts of residual waste produced and to be managed through AWRP are an important factor in the evaluation of the value for money of the waste PPP but the projected amounts have reduced since 2010 and with that the sensitivity of the assumptions. The risk that waste will not grow as the economy improves and housing numbers increase is considered low but the inclusion of additional commercial waste to achieve the optimum amount to be delivered to AWRP provides effective mitigation of this risk as it will reduce the overall cost to the Councils.

Inflation

194. One of the most significant future risks is that inflation will be different to that assumed in the value for money assessment. This is discussed in more detail in paragraph 142 together with an indication of the value of this sensitivity. The Waste PPP provides significant protection against inflation risk.

Market Prices and Landfill Tax

195. The value for money of the Waste PPP is based on assumed costs of an alternative. The alternative (Market Proxy) is based on the

costs of landfill as described in paragraph 143. The value for money of the waste PPP will be reduced if the costs of the market are lower than assumed. This is possible although the costs modelled are considered to be prudent, and the risk applies equally that the costs of the alternative may be higher if landfill tax increases beyond inflation. Increases in landfill tax driving an increase in the market costs of disposal are a significant sensitivity for the project and are described further in consideration of sensitivities in paragraph 143.

Change in Law

196. One outstanding area that needs to be resolved in the drafting is in respect of the risks associated with Qualifying Changes in Law during the Contract Period.
197. During the life of such a long term contract, there are likely to be changes in waste specific legislation or binding guidance which affect the Works and/or Services to be provided by the Contractor, including the passing of European legislation. The issue with long term waste contracts is that such "Specific Changes in Law" are often difficult to price, even when foreseeable at the date of the contract. This means that if all the risk of Specific Changes in Law is placed on the Contractor, the Contractor would artificially increase the price of the contract to cover all potential cost risks relating to such foreseeable Specific Changes in Law. DEFRA recognised that this approach would not represent value for money for the public sector and therefore developed the concept of a "waste law list", being a list of Specific Changes in Law that are foreseeable at the date of the contract but which cannot be priced with sufficient certainty. Pursuant to the standard DEFRA position, the financial consequences associated with any of the foreseeable Specific Changes in Law on the waste law list coming into force are stated to be at the public sector's risk and the financial consequences associated with any of the foreseeable Specific Changes in Law that are not on the waste law list coming into force are stated to be at the Contractor's risk. The public sector takes the risk associated Specific Changes in Law which are not foreseeable at the date of the contract in the usual way.
198. In the context of the AWRP Project, the waste law list was agreed at Commercial Close and is required to be updated at Financial Close. The value for money assessment would normally ignore any potential cost to the Council arising from Changes in Law as these are 'normal' project risks and by definition cannot be priced.

However, as the waste law list is stated to apply from Commercial Close (a consequence of the "split close approach" described earlier in this report), it is arguable that the price of any Specific Change in Law giving effect to any of the items on the AWRP waste law list that has come into force since Commercial Close should now be included in the Contractor's Financial Close price.

199. Where a Change in Law leads to a contract price increase, the increase will be determined by reference to a change process detailed in the Contract. AmeyCespa has not notified the Council of any Qualifying Changes in Law that will have an impact on the contract price to date, and further confirmation is being sought that no claims will be made retrospectively after Financial Close for the period between Commercial Close and Financial Close. In the event that such an assurance is not forthcoming it will be necessary for the Council to establish its own estimate of any potential cost arising from a Qualifying Change in Law between Commercial Close and Financial Close, and for that estimate to be included in the value for money assessment and taken into account in the affordability headroom.
200. Final approval of the waste law list is within the scope of the delegation granted to the Corporate Director, Business and Environmental Services (acting in consultation with the Corporate Director, Strategic Resources and the Assistant Chief Executive, Legal and Democratic Services) on 15 December 2010 to agree final contract terms at Financial Close but it is further recommended that approval of the financial treatment of any related changes in law is delegated to the Corporate Director Strategic Resources in consultation with the Assistant Chief Executive (Legal and Democratic Services) to ensure that due consideration within the affordability envelope is given to the potential financial impact of changes arising from the waste law list having effect between Commercial and Financial Close."
201. In addition to change in law risk associated with the waste PPP, there are other general change in law risks associated with alternative options. Waste legislation continues to be driven from Europe with a direction of travel towards increased recycling and further reductions in the reliance on landfill, potentially through landfill bans on certain materials. The technology package at AWRP including mechanical separation of recyclables and anaerobic digestion offers some protection from these changes and the

potential flexibility to provide a solution for any statutory separate collection of food waste. Any further tightening up of restrictions on landfill is likely to increase the viability and value for money of AWRP.

Legal Challenge

202. The risks in respect of a potential procurement challenge have been identified and mitigated as set out in paragraphs 158-161.
203. The risks in respect of a potential challenge regarding the proposed arrangements for Yorwaste have been identified and mitigated as set out in paragraphs 171-173.
204. The risks in respect of the State aid position have been addressed in paragraphs 166-170.
205. As with any decision made by the County Council there is an ability for the County Council's decision making process to be legally challenged. However the County Council has ensured through its internal governance processes that its decision making process is rational and based on sound judgement and advice. The County Council been fully supported by external legal, financial and technical advisors

Recommendations – North Yorkshire County Council

206. The following recommendations are being considered by the County Council in their direct contractual role with AmeyCespa. Since the City Council only has Contractual arrangements with North Yorkshire County Council through the Joint Waste Management Agreement that replicates the key elements of the core contract it is important that the City Council is supportive of the approach to proceed to Financial Close
207. The Executive are requested to endorse and recommend to County Council that the Council proceeds to Financial Close for the Long Term Waste Treatment Service contract given the revised environmental and financial assessments carried out and detailed in this report given the positive long term benefits; subject to the final terms within the Value for Money Envelope set out in paragraph 146.

208. That delegated authority is given to the Corporate Director, Strategic Resources in consultation with the Assistant Chief Executive, Legal and Democratic Services, to ensure that due consideration is given to the Value for Money Envelope of the potential financial impact of changes arising from the waste law list having effect between Commercial and Financial Close

209. That delegated authority is given to the Corporate Director, Business and Environmental Services (acting in consultation with the Corporate Director, Strategic Resources, and the Assistant Chief Executive, Legal and Democratic Services) to determine the final terms of the following documents in preparation for Financial Close as necessary:

- a) the form of Public Private Partnership (PPP) contract between the County Council and the contractor
- b) the Funders Direct Agreement with the Contractors funders;
- c) the Novation Agreement;
- d) any documents ancillary to the PPP Contract, Novation Agreement, Funders Direct Agreement, and any other documents necessary to give effect to this project.
- e) The Supplemental Deed, the Further Deed of Variation to the Option Agreement and the Payment Redirection Deed

210. That authority is delegated to the Assistant Chief Executive, Legal and Democratic Services, to execute on behalf of the County Council the following documents to achieve Financial Close:

- a) the Funders Direct Agreement with the Contractor's funders; and
- b) the Novation Agreement, including the form of the amended and restated PPP Contract
- c) the Supplemental Deed, the further Deed of Variation of the Option, the Payment Redirection Deed
- d) any documents ancillary to the PPP Contract, Novation Agreement, Funders Direct Agreement, and any other documents necessary to give effect to this project.
- e) any extension to the Original Financial Close Longstop Date to give effect to the decision

211. That the Executive agrees to trigger the option for the grant of the Lease of the Allerton Park Site to AmeyCespa AWRP SPV Ltd.

212. That authority is delegated to the Assistant Chief Executive, Legal and Democratic Services, to
- (a) issue the trigger notice as required at Financial Close, and
 - (b) amend the Joint Waste Management Agreement with City of York Council as identified in paragraph 114
 - (c) Publish the VEAT Notice as identified in paragraph 159
213. That the Corporate Director, Finance and Central Services, is authorised to issue the certificates under the Local Government (Contracts) Act 1997 to confirm the County Council's powers to enter into the contracts referred to at paragraph 210 above;
214. That an indemnity be given by the County Council to the Corporate Director, Finance and Central Services, against any claim that may arise out of or in connection with the issue of the certificates under the Local Government (Contracts) Act 1997;
215. That all the Executive Decisions recommended above will not be implemented unless and until Full County Council agrees to the recommendation to proceed to Financial Close and Financial Close can be delivered within the Value for Money Envelope set out in paragraph 146.

Recommendations – City Of York Council

216. The Cabinet agree that the following recommendations are put to Full Council
217. The City Council is supportive of the County Councils recommendation to proceed to Financial Close for the Long Term Waste Treatment Service contract given the revised environmental and financial assessments carried out and detailed in this report given the positive long term benefits; subject to the final terms within the Value for Money Envelope set out in paragraph 146
218. That delegated authority be given to the Director of Customer and Business Support Services (acting in consultation with the Director of City and Environmental Services and the Assistant Director (Governance & ICT) to amend the Joint Waste management Agreement and to agree any other documents necessary to give effect to this project.

219. That the Director of Customer and Business Support Services, is authorised to issue the certificates under the Local Government (Contracts) Act 1997 to confirm the City Council's powers to enter into the contracts referred to above;
220. That an indemnity be given by the City Council to the Director of Customer and Business Support Services, against any claim that may arise out of or in connection with the issue of the certificates under the Local Government (Contracts) Act 1997.
221. That all the Executive Decisions recommended above will not be implemented unless and until Full City Council agrees to the recommendation to proceed to Financial Close and Financial Close can be delivered within the Value for Money Envelope set out in paragraph 146.

Reason: In order for Full Council to determine whether to enter into a long term waste management contract.

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Wards Affected: All			√
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Background Papers:

All relevant background papers must be listed here.

Executive Report – Award of Long Term Waste Management Contract
30th November 2010

Appendix

- 1 Waste Tonnages and other key assumptions used in assessing the PPP Waste Project
- 2 Summary of Waste Performance
- 3 Funding Arrangements for AWRP Capital Costs
- 4 Financial Analysis

List of abbreviations used in the report:

AD - anaerobic digestion
ARE - All Reasonable Endeavours
AWRP – Allerton Waste Recovery Park
CFT – Call for final tenders
CHP - Combined heat and power
DECC – Department for Energy and Climate Change
DEFRA - Department for Environment Food and Rural Affairs
DCLG – Department for Communities and Local Government
EfW – Energy from Waste
EIB – European Investment Bank
EU – European Union
FX – Foreign Exchange
GIB – Green Investment Bank
GMT – Guaranteed minimum tonnage
HWRC – Household Waste and Recycling Centre
JWMA - Joint Waste Management Agreement
LATS - Landfill Allowance Trading Scheme
MBT - Mechanical & Biological Treatment
MSW – Municipal solid waste
MT - Mechanical Treatment plant
NI – National Indicators
NPV – Net present value
NYCC – North Yorkshire County Council
OJEU – Official Journal of the European Union
PFI – Private Finance Initiative
PPP – Public Private Partnership
RDF – refuse derived fuel
RPIx – Retail Price Index
RV - residual value
SPV – special purpose vehicle
SRF – solid recovered fuel
TPA – Tonnes per Annum
VEAT - Voluntary Ex-Ante Transparency
VFM - Value for Money
WET Act - Waste and Emissions Trading Act (2003)
WIDP - Waste Infrastructure Delivery Programme
WRAP – Waste and Resources Action Programme
WRATE - The Waste and Resources Assessment Tool for the Environment
YNYWP - York and North Yorkshire Waste Partnership

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Appendix 1**Waste tonnages and other key assumptions used in assessing the PPP Waste Project**

Assessment of the value for money for the waste PPP project includes a comparison of the estimated future costs of the project compared to a “Market Proxy” scenario. The key assumptions involved are then tested to establish the sensitivity of the analysis to variations in these assumptions.

The Market Proxy is based on current waste systems, volumes and costs, with growth and other changes included over time. Whilst the PPP project is intended to deal only with residual waste, the model includes other ‘non PPP’ costs to make it directly comparable with the Market Proxy model. Key assumptions in the Market Proxy model are:

- Total household waste grows in proportion to housing forecasts
- Recycling performance is driven by district council projections
- Commercial waste collected by district councils remains a constant at levels collected in 2013/14
- Costs are based on actual contracted costs incurred in 2014/15
- Landfill tax does not increase beyond current rates (except for inflation)
- Landfill is the proxy for an alternative disposal option – NB it is accepted that landfill is unlikely to be the solution adopted long term under the Market Proxy scenario but it is suggested that landfill provides a suitable proxy for alternative disposal costs.
- Landfill costs will be subject to a nominal (£2/t) increase at periods to reflect when existing landfill sites are complete.

Waste Forecasts and Residual Waste Treatment Capacity

York and North Yorkshire produced approximately 436,000 tonnes of municipal waste in 2013/14. Of this, approximately 230,000 tonnes was biodegradable ‘residual’ waste sent mainly to landfill, and 16,000 tonnes was inert waste (soil and brick rubble etc). Included in the definition of Municipal Waste in 2013/14 was approximately 25,400 tonnes of commercial waste collected by district councils and City of York Council, or delivered to household waste recycling centres (NB this is only a

small proportion of the total amount of Commercial waste produced in North Yorkshire and York as most is disposed of through other commercial arrangements).

Amounts of waste presented for recycling and disposal are variable depending on criteria such as the weather, economic climate, collection methodology and frequency, and other societal influences. However household waste production is a function of the amount of housing in an area therefore the NYCC models use housing growth projections derived from Government forecasts as a proxy for waste growth.

The amounts of waste handled by NYCC and CYC are projected to increase by some 19% over the life of the PPP contract to 518,400 tonnes per annum in 2042/43. Residual waste for landfill or treatment is predicted to increase by some 17% over the same period, to 270,000 tonnes per annum. The forecast model used to inform the decision to enter into the Contract in 2010 estimated that North Yorkshire and City of York Councils would produce 278,000 tonnes of residual waste in 2039/40 (the last full year of the contract at that time). The current model forecasts some 265,000 tonnes for this year. The difference is a function of revised Government housing forecasts, and a prolonged economic recession that effectively stifled both housing and waste growth over recent years, although the impact of this difference is partially mitigated by the delay in achieving the start of the Contract. The correlation between economic activity and waste growth was demonstrated in the report presented in 2010 and remains valid, therefore as the economy recovers it is reasonable to assume that waste will return to positive growth to reflect planned new housing development.

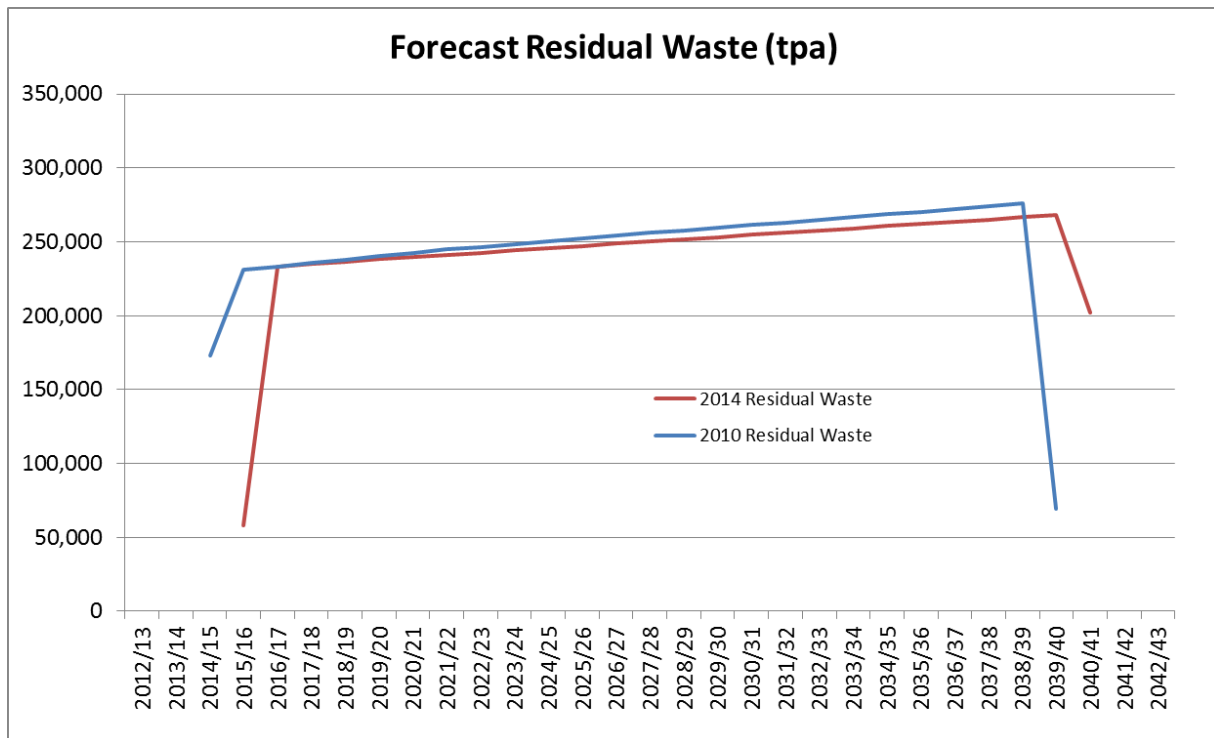


Figure 1 Forecast Contract Waste
(NB data in first and last years = part year figures)

Recycling Performance

District Councils provide estimates of future amounts of waste to be collected for recycling and composting for up to 5 years ahead. This prediction of recycling performance is subtracted from the total predicted household waste to determine residual waste quantities for treatment or disposal under both scenarios. Future estimates of the total amount of waste delivered to HWRCs are also adjusted by the amounts predicted to be recycled to give an estimate of HWRC residual waste to be sent to AWRP.

In 2013/14 approximately 46.99% of the household waste collected by the waste collection authorities in York and North Yorkshire, or delivered to household waste recycling centres was recycled or composted. This compares to 48.35% previously predicted for that year in the model used to inform the decision in 2010 to award the Contract. Both models are broadly consistent in their predictions for future recycling and composting performance although it is notable that current predictions suggest the absolute amounts of waste collected for recycling or composting is reducing. This is likely to be a consequence of reduced amounts being available for collection (i.e. less in the waste in the first

place – perhaps due to the economy), and ‘competition’ from retailers and others targeting higher value recyclable materials. Future recycling performance is likely to be susceptible to changes in waste composition as recyclable packaging becomes lighter and glass containers are substituted for plastic ones or other types of containers. However, residual waste amounts are likely to be less sensitive to these types of changes but will be influenced by changes in collection methodology, frequency and/or the targeting of additional recyclable materials.

Collection practices across North Yorkshire vary in detail but are all based on a fortnightly alternate week collection of residual waste and recyclables, using wheeled bins for residual waste. Green garden waste is collected in all areas although some districts have recently introduced a charge for this service. There is pressure from DCLG to reintroduce weekly collection of residual waste which would carry a significant risk of increasing residual waste quantities, but no fundamental changes are known to be planned to waste collection practices in the area. However, a number of districts are known to be considering a review of their collection service with a view to reducing cost of collection.

The potential to separate food waste was highlighted in the report presented in 2010, together with the opportunities and implications for AWRP. Little has changed since 2010 except that there is an increasing focus on food waste as a way of delivering higher recycling performance. The processing of food waste through anaerobic digestion or composting remains a key focus of Government in helping to reduce the amount of waste sent to landfill.

It is estimated that up to 29% of residual household waste is organic kitchen waste. Residual waste quantities would be reduced significantly if district councils were to introduce separate collections of this material for composting or treatment in anaerobic digestion, although it would be unlikely that separate collections would recover as much organic waste as the mechanical process proposed at AWRP.

There remains no known plans to introduce separate collections of kitchen waste in North Yorkshire as the additional cost to district councils would be significant, and the benefit compared to treatment of the waste

at AWRP marginal. The benefit of separate collections is that the output digestate can be returned to land whereas it is planned to be burnt in the EFW at AWRP as it is from a mixed waste source. Should district councils decide to collect kitchen waste separately then it can still be processed at AWRP and if sufficient quantities are collected it could be kept separate from residual waste with the output returned to land. This would theoretically free up capacity in the EFW for additional commercial waste.

Commercial waste

Waste collection authorities have a duty to collect commercial waste from shops offices and businesses where they are requested to do so. Amounts collected vary depending on economic activity and the competitiveness of the local authority collection service.

NYCC charges its waste collection authorities for the disposal of commercial waste they collect therefore the future amounts of commercial waste collected by district councils will be significantly influenced by the level of charge made. This charge has traditionally been based on the County Council's marginal costs of disposal, plus costs for bulking and haulage, plus a contribution to overheads. This is a fair reflection of the Council's real costs. It is assumed that this approach will continue under the Market Proxy scenario but it would not be an appropriate methodology under the PPP as the marginal cost of disposal will be disproportionately low and not a reasonable reflection of costs (e.g. it would not include any 'fixed' costs associated with the GMT payment). Instead, it is proposed to review the charge made for disposal of commercial waste charge to better reflect an 'average' long term cost to the Council. This long term average cost is likely to be more competitive than the current marginal cost.

The amounts of commercial waste predicted to be collected by waste collection authorities will be variable between the Market Proxy and PPP models although the charging mechanism means it is cost neutral under the Market Proxy scenario. For modelling purposes the amounts of commercial waste collected by waste collection authorities has therefore been assumed to be a constant based on 2013/14 levels under both 2014 models.

The low marginal disposal costs available to the County Council under the PPP contract provide the opportunity to ‘optimise’ commercial waste deliveries and generate a contribution towards the fixed costs of disposing of household waste. The County Council intends to utilise arrangements with Yorwaste (a waste disposal company owned by NYCC and CYC) to achieve this optimum amount of waste. This is different to the approach taken in 2010 but is a better reflection of probably reality where the County Council would want to take advantage of the benefits available to it through AWRP.

The total amount of household and commercial waste that will be delivered to achieve this optimum amount is variable over time between 268,700 tonnes in the first full year of the Contract to 316,800 tonnes in the last full year. The anticipated amounts of commercial waste required in order to achieve this optimum level start at 35,300 tonnes and increase to 48,700 tonnes at the end of the Contract. Yorwaste currently landfill approximately 250,000 tonnes of waste per annum, of which 65,000-70,000 tonnes would be suitable for treatment at Allerton Waste Recovery Park.

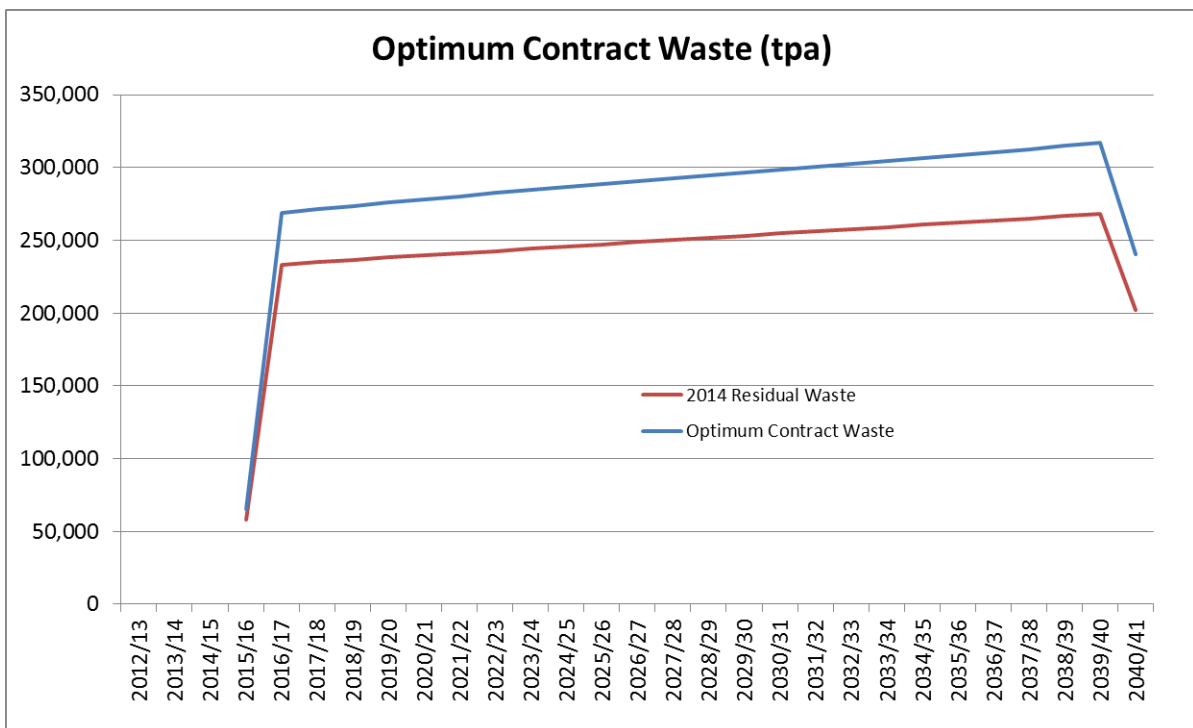


Figure 2 Optimum Contract waste (Residual Waste plus additional Commercial Waste).

The PPP model assumes a prudent income for disposing of commercial waste equivalent to 90% of the prevailing value of landfill tax (i.e. £72/tonne in 2014/15). However, in reality the Councils will have to make a charge equivalent to its costs in dealing with this waste. A charge lower than modelled will impact on overall value for money of AWRP and a charge higher may impact on the competitiveness of the Council's commercial waste service and ability to attract commercial waste. The assumption on income for disposing of Commercial waste is therefore subject to a sensitivity analysis with income being at 80% and 100% of prevailing landfill tax however, Yorwaste have advised that:

Yorwaste's current options for the disposal of its residual commercial and industrial waste is to landfill at Harewood Whin or into a refuse derived fuel (RDF) or Solid Recovered Fuel (SRF) products. The commercial market rates for disposal of these materials range between £77 and £95 per tonne excluding haulage for the RDF/SRF which ranges between £5-10 per tonne.

This would suggest that the assumed income is prudent with adequate headroom to provide confidence that sufficient commercial waste can be attracted to enable the Councils to deliver to the optimum amount.

Guaranteed Minimum Tonnage

AmeyCespa have proposed to build a waste treatment plant sufficient to treat 320,000 tpa of residual waste, with a requirement for a guaranteed minimum tonnage (GMT) equivalent to 80% of residual waste forecast at call for final tenders (CFT).

At the time of final tenders, the waste from York and North Yorkshire was predicted to account for between 61% the provided capacity in year one, to 98% in year 25. The remaining capacity is to be filled using locally available commercial and industrial waste.

Inclusion of commercial waste collected under arrangements with Yorwaste described above will ensure the amount of residual waste delivered to AWRP as Contract Waste will be optimised at a level equivalent to 105% of the amount forecast at CFT. Ignoring this additional commercial waste the amounts forecast to be delivered by the Councils as Contract Waste still exceed GMT with a range from 114% to 111% over the contract period.

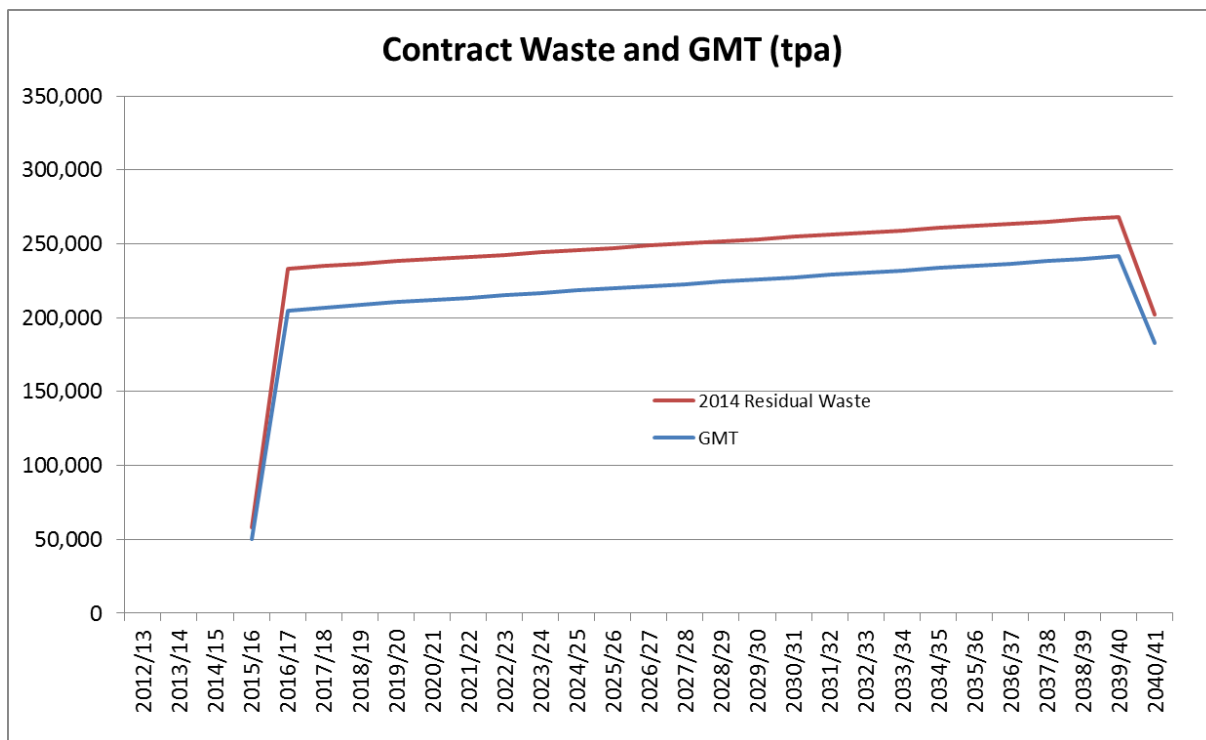


Figure 3 Residual Waste and Guaranteed Minimum Tonnage (NB Residual Waste excludes additional Commercial waste delivered to achieve Optimum Contract Waste)

Summary of waste performance

Graphs and tables showing the performance against National Indicators (NI):

- NI191 – Residual household waste per household (kg/household)
- NI192 – Percentage of household waste sent for reuse, recycling and composting
- NI193 – Percentage of municipal waste sent to landfill

NI Waste Performance Tables (tonnages) for NYCC, CYC and YNYWP

North Yorkshire County Council (2006 -14)

NYCC									
Year	Total Household Collected (t)	Household Sent For Composting Recycling or Reuse (t)	Residual Collected (t)	Number of Dwellings	Total MSW Collected (t)	Total MSW to Landfill (t)	NI 191 (kg per HH)	NI 192	NI 193
2006-07	330,712	116,670	214,042	266,077	389,442	261,826	804	35.3%	67.2%
2007-08	325,274	125,348	199,926	268,733	385,572	247,391	744	38.5%	64.2%
2008-09	312,503	134,869	177,634	271,127	362,709	216,462	655	43.2%	59.7%
2009-10	307,919	136,265	171,654	272,575	352,116	205,337	630	44.3%	58.3%
2010-11	305,778	137,909	167,869	273,920	343,365	200,137	613	45.1%	58.3%
2011-12	301,266	139,036	162,230	275,540	335,522	191,663	589	46.2%	57.1%
2012-13	298,470	136,329	162,141	276,800	329,734	187,555	586	45.7%	56.9%
2013-14	303,436	142,234	161,202	277,930	335,602	167,152	580	46.9%	49.8%

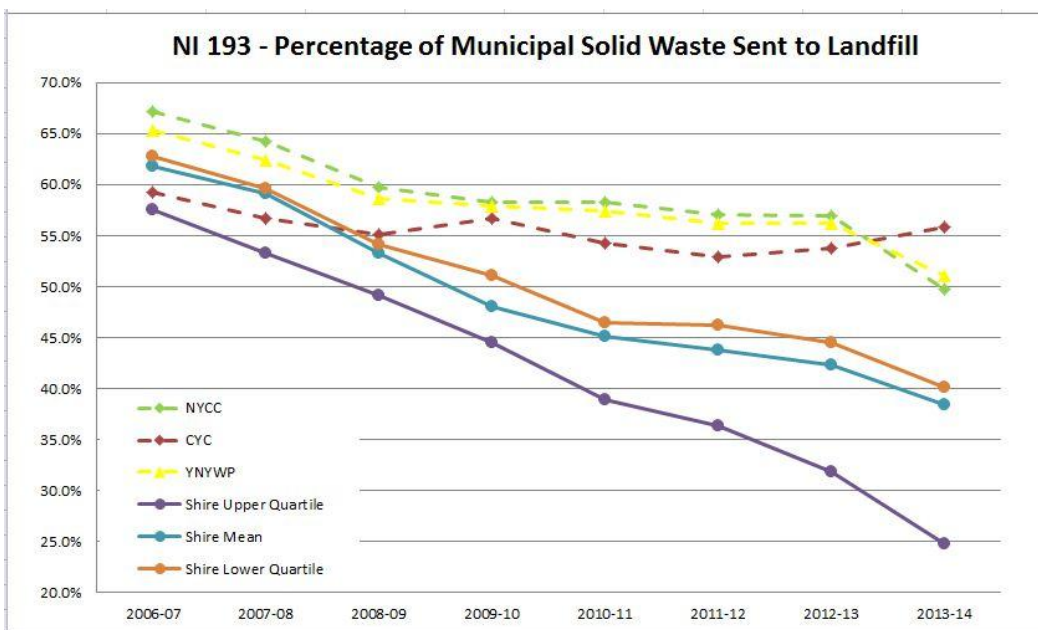
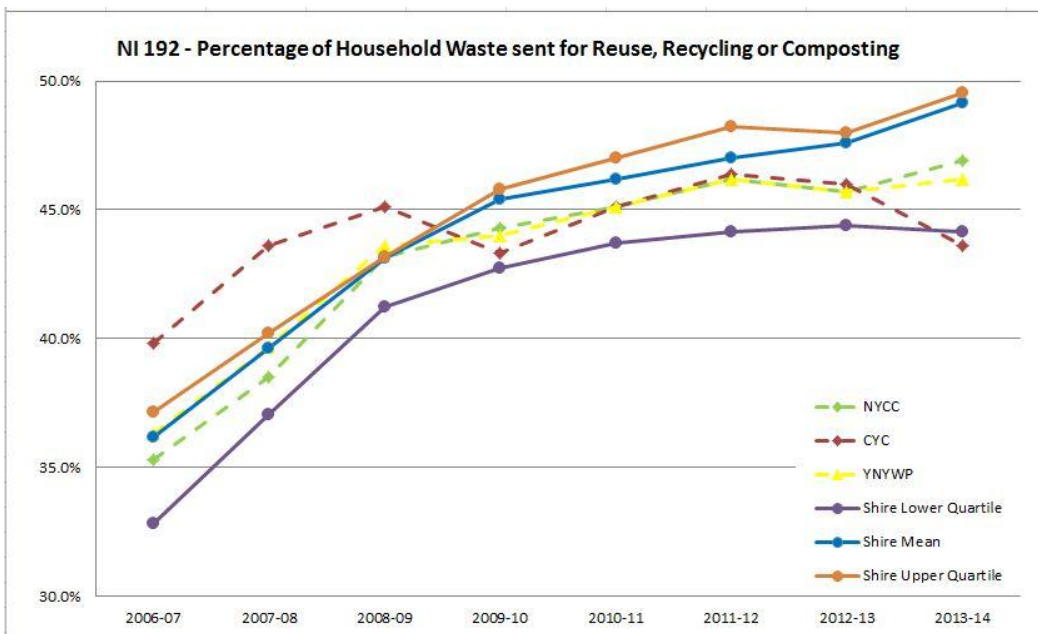
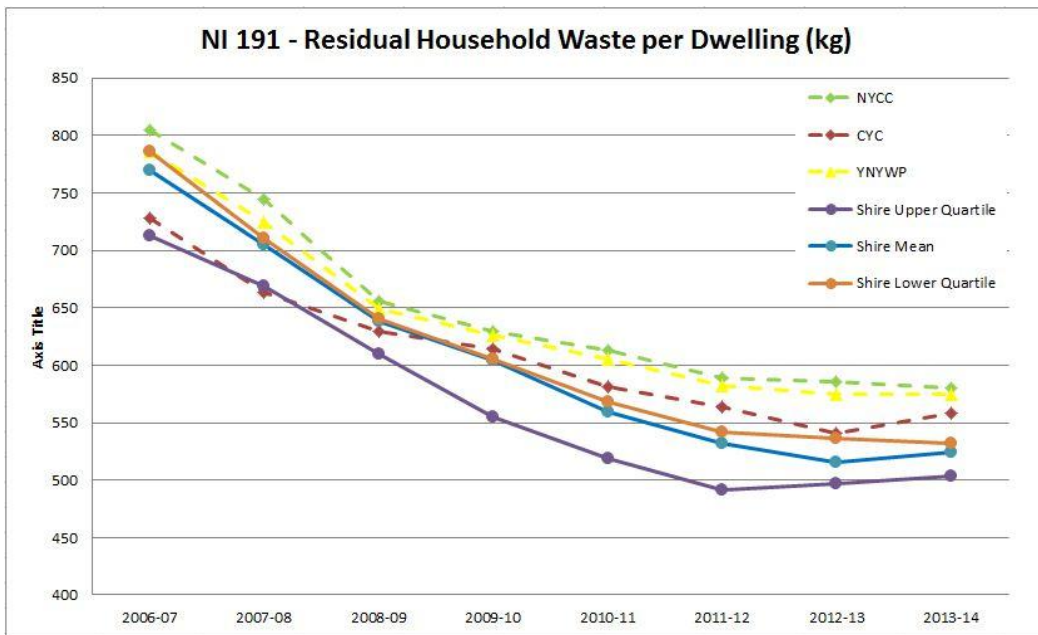
City of York Council (2006 -14)

CYC									
Year	Total Household Collected (t)	Household Sent For Composting Recycling or Reuse (t)	Residual Collected (t)	Number of Dwellings	Total MSW Collected (t)	Total MSW to Landfill (t)	NI 191 (kg per HH)	NI 192	NI 193
2006-07	101,106	40,268	60,837	83,597	122,377	72,607	728	39.8%	59.3%
2007-08	98,829	43,089	55,740	83,983	118,602	67,235	664	43.6%	56.7%
2008-09	96,722	43,652	53,070	84,383	113,782	62,740	629	45.1%	55.1%
2009-10	91,726	39,678	52,048	84,819	106,289	60,296	614	43.3%	56.7%
2010-11	90,298	40,688	49,610	85,290	102,459	55,576	582	45.1%	54.2%
2011-12	90,166	41,847	48,319	85,710	101,071	53,491	564	46.4%	52.9%
2012-13	86,162	39,597	46,565	86,040	97,003	52,149	541	46.0%	53.8%
2013-14	85,595	37,344	48,251	86,360	93,984	52,469	559	43.6%	55.8%

York & North Yorkshire Waste Partnership (2006 -14)

YNYWP									
Year	Total Household Collected (t)	Household Sent For Composting Recycling or Reuse (t)	Residual Collected (t)	Number of Dwellings	Total MSW Collected (t)	Total MSW to Landfill (t)	NI 191 (kg per HH)	NI 192	NI 193
2006-07	431,818	156,938	274,880	349,674	511,819	334,433	786	36.3%	65.3%
2007-08	424,103	168,437	255,666	352,716	504,174	314,625	725	39.7%	62.4%
2008-09	409,224	178,521	230,704	355,510	476,491	279,203	649	43.6%	58.6%
2009-10	399,645	175,943	223,702	357,394	458,405	265,633	626	44.0%	57.9%
2010-11	396,077	178,597	217,480	359,210	445,824	255,713	605	45.1%	57.4%
2011-12	391,433	180,883	210,550	361,250	436,593	245,153	583	46.2%	56.2%
2012-13	384,631	175,926	208,705	362,840	426,737	239,704	575	45.7%	56.2%
2013-14	389,031	179,578	209,453	364,290	429,585	219,621	575	46.2%	51.1%

t = tonnes MSW = Municipal Solid Waste



Funding arrangements for AWRP capital costs

AmeyCespa intend to fund the capital costs using a combination of debt and equity, as set out below.

Funded by	£m	%
Senior bank debt	236	73.7
Subordinated debt	84	26.3
Equity	0.02	-
TOTAL	320	100.0

Each senior bank has a lending limit, shown in the table below in the left hand column. The GIB limit is equal to the limit of the largest lender other than EIB. The EIB limit is the lower of £150m, 50% of project costs and 50% of senior bank debt available from the other banks.

The figures in the middle column of the table below assume that EIB will provide half of the funds, with the remaining half shared equally between the other five lenders.

Senior bank debt	Limit £ m	£m	%
KFW	78	23.6	10
SMBC	50	23.6	10
Siemens	53	23.6	10
Nord LB	50	23.6	10
GIB	78	23.6	10
EIB	150	118.0	50
TOTAL		236.0	100

The senior bank debt values are subject to change as they are based on final credit committee approval prior to financial close.

The subordinated debt and equity is financed as follows.

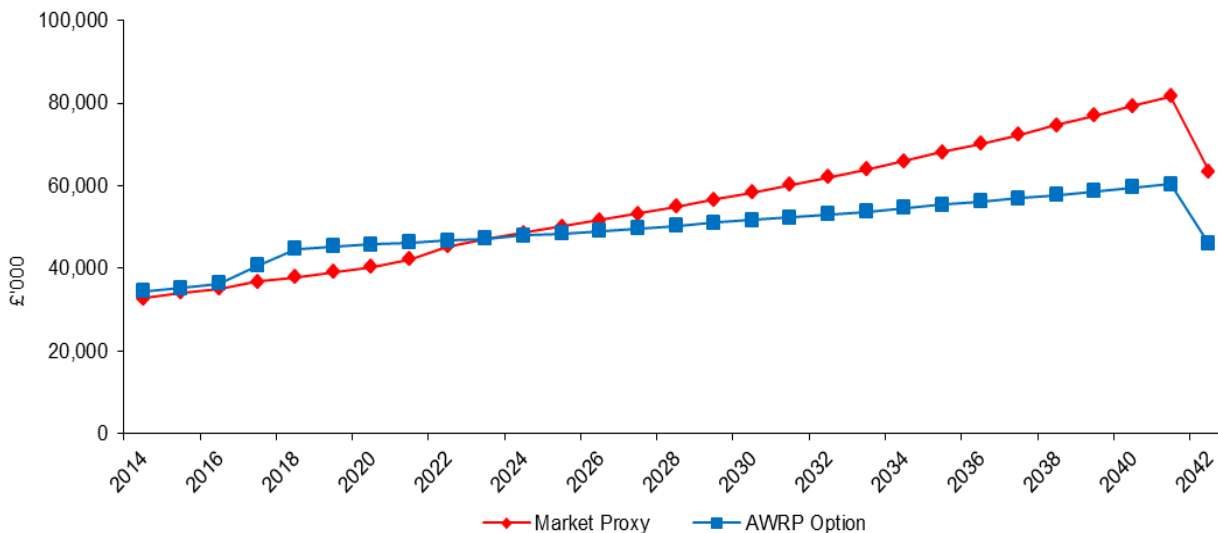
Subordinated debt and Equity	£m	%
Amey UK Plc	14	16.7
Cespa SA	14	16.7
Equitix Ltd	28	33.3
Uberior Infrastructure Investments (No 5 & 6) Ltd	28	33.3
TOTAL	84	100

Nominal and NPV Analysis - Combined																
Year End		31/03/2015	31/03/2016	31/03/2017	31/03/2018	31/03/2019	31/03/2020	31/03/2021	31/03/2022	31/03/2023	31/03/2024	31/03/2025	31/03/2026	31/03/2027	31/03/2028	31/03/2029
Discount factor (nominal)	Total	1.00	0.94	0.89	0.84	0.79	0.74	0.70	0.66	0.62	0.59	0.55	0.52	0.49	0.46	0.44
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
PFI Project Option - Costs																
Total PFI Project costs - Nominal	1,434,094	34,361	35,251	36,266	40,581	44,739	45,248	45,677	46,214	46,718	47,223	47,862	48,419	48,999	49,591	50,213
Total PFI Project costs - NPV	662,616	34,361	33,228	32,218	33,983	35,315	33,667	32,031	30,548	29,109	27,735	26,494	25,264	24,099	22,991	21,940
Budget - Nominal	1,808,725	35,551	37,920	39,310	44,605	48,740	49,950	51,191	52,464	53,770	55,109	56,483	57,893	59,340	60,951	62,522
Budget - NPV	797,515	35,551	35,744	34,922	37,353	38,473	37,166	35,898	34,679	33,503	32,367	31,266	30,207	29,185	28,258	27,318
Market proxy - Total Costs - Nominal	1,602,694	32,677	34,054	35,067	36,749	37,882	39,060	40,272	42,226	45,281	47,099	48,589	50,126	51,710	53,210	54,877
Market proxy - Total Costs - NPV	693,901	32,677	32,099	31,153	30,774	29,902	29,063	28,241	27,912	28,214	27,662	26,896	26,154	25,433	24,669	23,978
Value for Money																
PFI v Market proxy - Nominal	-168,599	1,684	1,197	1,200	3,832	6,857	6,188	5,405	3,988	1,437	124	-727	-1,707	-2,711	-3,619	-4,664
PFI v Market proxy - NPV	-31,284	1,684	1,129	1,066	3,209	5,413	4,604	3,790	2,636	896	73	-402	-891	-1,333	-1,678	-2,038
Affordability																
Affordability Gap	-374,630	-1,190	-2,669	-3,044	-4,024	-4,001	-4,702	-5,514	-6,250	-7,051	-7,887	-8,621	-9,474	-10,341	-11,361	-12,309
Affordability Gap - NPV	-134,899	-1,190	-2,516	-2,704	-3,370	-3,158	-3,499	-3,866	-4,131	-4,394	-4,632	-4,772	-4,944	-5,086	-5,267	-5,378
Year End		31/03/2030	31/03/2031	31/03/2032	31/03/2033	31/03/2034	31/03/2035	31/03/2036	31/03/2037	31/03/2038	31/03/2039	31/03/2040	31/03/2041	31/03/2042	31/03/2043	
Discount factor (nominal)		0.41	0.39	0.37	0.34	0.33	0.31	0.29	0.27	0.26	0.24	0.23	0.21	0.20	0.19	
		£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	
PFI Project Option - Costs																
Total PFI Project costs - Nominal		50,959	51,614	52,297	52,998	53,718	54,575	55,327	56,109	56,912	57,738	58,716	59,578	60,344	45,848	
Total PFI Project costs - NPV		20,988	20,038	19,138	18,279	17,464	16,725	15,982	15,276	14,605	13,967	13,388	12,803	12,224	8,754	
Budget - Nominal		64,133	65,786	67,481	69,221	71,004	72,834	74,711	76,636	78,612	80,639	82,718	84,849	87,036	67,265	
Budget - NPV		26,414	25,540	24,695	23,874	23,084	22,320	21,582	20,864	20,174	19,507	18,861	18,234	17,631	12,844	
Market proxy - Total Costs - Nominal		56,594	58,365	60,190	62,071	64,008	66,004	68,061	70,181	72,366	74,618	76,938	79,327	81,658	63,435	
Market proxy - Total Costs - NPV		23,309	22,659	22,027	21,408	20,810	20,227	19,661	19,107	18,571	18,050	17,543	17,047	16,542	12,113	
Value for Money																
PFI v Market proxy - Nominal		-5,635	-6,751	-7,894	-9,073	-10,290	-11,429	-12,734	-14,072	-15,454	-16,880	-18,222	-19,748	-21,315	-17,587	
PFI v Market proxy - NPV		-2,321	-2,621	-2,889	-3,129	-3,345	-3,503	-3,678	-3,831	-3,966	-4,083	-4,155	-4,244	-4,318	-3,358	
Affordability																
Affordability Gap		-13,174	-14,172	-15,185	-16,223	-17,286	-18,259	-19,383	-20,527	-21,700	-22,901	-24,003	-25,271	-26,692	-21,417	
Affordability Gap - NPV		-5,426	-5,502	-5,557	-5,595	-5,620	-5,596	-5,599	-5,589	-5,569	-5,540	-5,473	-5,431	-5,407	-4,090	

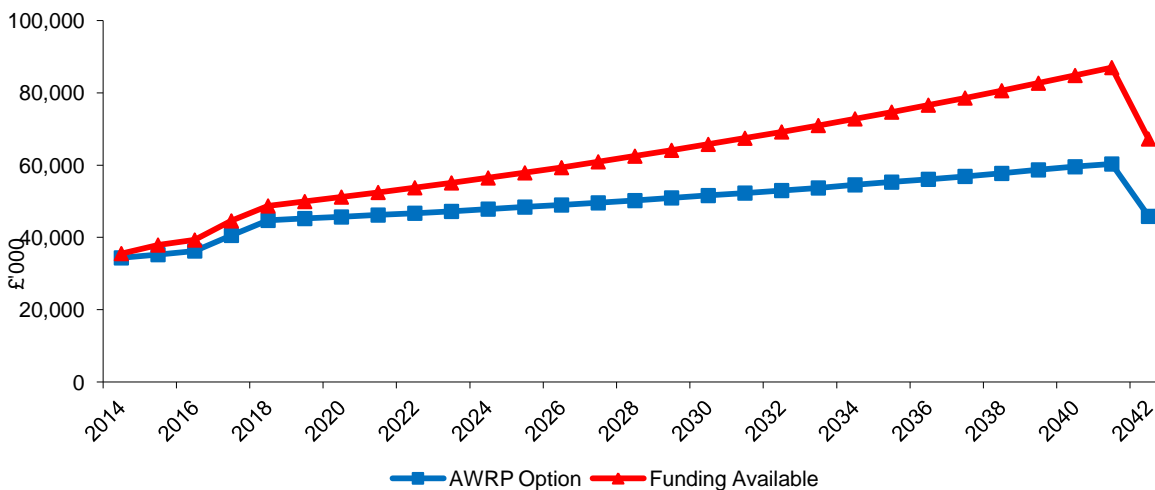
Nominal and NPV Analysis - NYCC																
Year End		31/03/2015	31/03/2016	31/03/2017	31/03/2018	31/03/2019	31/03/2020	31/03/2021	31/03/2022	31/03/2023	31/03/2024	31/03/2025	31/03/2026	31/03/2027	31/03/2028	31/03/2029
Discount factor (nominal)	Total £'000	1.00 £'000	0.94 £'000	0.89 £'000	0.84 £'000	0.79 £'000	0.74 £'000	0.70 £'000	0.66 £'000	0.62 £'000	0.59 £'000	0.55 £'000	0.52 £'000	0.49 £'000	0.46 £'000	0.44 £'000
PFI Project Option - Costs																
Total PFI Project costs - Nominal	1,180,328	27,915	28,729	29,551	33,340	36,373	36,819	37,203	37,681	38,130	38,580	39,140	39,635	40,151	40,687	41,240
Total PFI Project costs - NPV	543,396	27,915	27,080	26,253	27,919	28,711	27,395	26,089	24,907	23,758	22,659	21,665	20,680	19,747	18,863	18,019
Budget - Nominal																
Budget - Nominal	1,475,888	28,400	30,000	31,200	36,300	40,045	41,046	42,072	43,124	44,202	45,307	46,440	47,601	48,791	50,011	51,261
Budget - NPV	650,361	28,400	28,279	27,718	30,398	31,610	30,541	29,503	28,506	27,542	26,610	25,706	24,837	23,997	23,186	22,398
Market proxy - Total Costs - Nominal																
Market proxy - Total Costs - Nominal	1,295,391	26,585	27,774	28,594	30,078	31,006	31,974	32,970	34,701	37,526	39,108	40,355	41,640	42,966	42,497	43,841
Market proxy - Total Costs - NPV	563,489	26,585	26,180	25,403	25,188	24,475	23,791	23,120	22,937	23,382	22,969	22,338	21,727	21,132	19,702	19,156
Value for Money																
PFI v Market proxy - Nominal	-115,063	1,330	955	957	3,262	5,366	4,845	4,233	2,980	603	-527	-1,215	-2,005	-2,815	-1,810	-2,601
PFI v Market proxy - NPV	-20,093	1,330	900	850	2,732	4,236	3,605	2,969	1,970	376	-310	-673	-1,046	-1,385	-839	-1,136
Affordability																
Affordability Gap	-295,560	-485	-1,271	-1,649	-2,960	-3,672	-4,227	-4,869	-5,443	-6,073	-6,727	-7,300	-7,966	-8,640	-9,324	-10,021
Affordability Gap - NPV	-106,965	-485	-1,198	-1,465	-2,479	-2,899	-3,145	-3,415	-3,598	-3,784	-3,951	-4,041	-4,156	-4,250	-4,323	-4,378
Year End																
Discount factor (nominal)		31/03/2030	31/03/2031	31/03/2032	31/03/2033	31/03/2034	31/03/2035	31/03/2036	31/03/2037	31/03/2038	31/03/2039	31/03/2040	31/03/2041	31/03/2042	31/03/2043	
		0.41 £'000	0.39 £'000	0.37 £'000	0.34 £'000	0.33 £'000	0.31 £'000	0.29 £'000	0.27 £'000	0.26 £'000	0.24 £'000	0.23 £'000	0.21 £'000	0.20 £'000	0.19 £'000	
PFI Project Option - Costs																
Total PFI Project costs - Nominal		41,894	42,478	43,087	43,712	44,355	45,108	45,782	46,482	47,202	47,942	48,805	49,581	50,256	38,471	
Total PFI Project costs - NPV		17,255	16,491	15,768	15,076	14,420	13,824	13,225	12,655	12,113	11,597	11,129	10,655	10,180	7,346	
Budget - Nominal																
Budget - Nominal		52,543	53,856	55,202	56,583	57,997	59,447	60,933	62,457	64,018	65,618	67,259	68,940	70,664	54,571	
Budget - NPV		21,640	20,909	20,202	19,515	18,855	18,218	17,602	17,004	16,429	15,873	15,336	14,815	14,314	10,420	
Market proxy - Total Costs - Nominal																
Market proxy - Total Costs - Nominal		45,227	46,656	48,129	49,647	51,213	52,826	54,490	56,204	57,971	59,793	61,670	63,606	65,471	50,876	
Market proxy - Total Costs - NPV		18,627	18,113	17,613	17,123	16,650	16,189	15,740	15,301	14,877	14,464	14,062	13,669	13,262	9,715	
Value for Money																
PFI v Market proxy - Nominal		-3,333	-4,178	-5,042	-5,935	-6,857	-7,718	-8,707	-9,722	-10,770	-11,851	-12,865	-14,025	-15,215	-12,405	
PFI v Market proxy - NPV		-1,373	-1,622	-1,845	-2,047	-2,229	-2,365	-2,515	-2,647	-2,764	-2,867	-2,934	-3,014	-3,082	-2,369	
Affordability																
Affordability Gap		-10,648	-11,378	-12,116	-12,870	-13,642	-14,339	-15,151	-15,975	-16,816	-17,677	-18,454	-19,359	-20,408	-16,100	
Affordability Gap - NPV		-4,386	-4,417	-4,434	-4,439	-4,435	-4,394	-4,377	-4,349	-4,316	-4,276	-4,208	-4,160	-4,134	-3,074	

Nominal and NPV Analysis - CYC																
Year End		31/03/2015	31/03/2016	31/03/2017	31/03/2018	31/03/2019	31/03/2020	31/03/2021	31/03/2022	31/03/2023	31/03/2024	31/03/2025	31/03/2026	31/03/2027	31/03/2028	31/03/2029
Discount factor (nominal)	Total £'000	1.00 £'000	0.94 £'000	0.89 £'000	0.84 £'000	0.79 £'000	0.74 £'000	0.70 £'000	0.66 £'000	0.62 £'000	0.59 £'000	0.55 £'000	0.52 £'000	0.49 £'000	0.46 £'000	0.44 £'000
PFI Project Option - Costs																
Total PFI Project costs - Nominal	253,766	6,446	6,522	6,715	7,241	8,366	8,429	8,474	8,533	8,589	8,642	8,723	8,784	8,848	8,904	8,972
Total PFI Project costs - NPV	119,220	6,446	6,148	5,966	6,064	6,604	6,272	5,943	5,640	5,351	5,076	4,828	4,583	4,352	4,128	3,920
Budget - Nominal	332,837	7,151	7,920	8,110	8,305	8,695	8,904	9,119	9,340	9,567	9,802	10,044	10,292	10,549	10,941	11,261
Budget - NPV	147,153	7,151	7,465	7,205	6,955	6,863	6,625	6,395	6,174	5,961	5,757	5,559	5,370	5,188	5,072	4,920
Market proxy - Total Costs - Nominal	307,302	6,093	6,280	6,472	6,671	6,876	7,086	7,303	7,525	7,755	7,991	8,235	8,485	8,744	10,713	11,036
Market proxy - Total Costs - NPV	130,412	6,093	5,919	5,750	5,586	5,427	5,273	5,121	4,974	4,832	4,693	4,558	4,427	4,301	4,967	4,822
Value for Money																
PFI v Market proxy - Nominal	-53,536	354	242	243	570	1,491	1,343	1,172	1,008	834	651	488	299	104	-1,809	-2,063
PFI v Market proxy - NPV	-11,191	354	229	216	477	1,177	999	822	666	520	383	270	156	51	-839	-902
Affordability																
Affordability Gap	-79,070	-704	-1,398	-1,394	-1,064	-329	-475	-644	-807	-979	-1,159	-1,321	-1,508	-1,701	-2,037	-2,288
Affordability Gap - NPV	-27,933	-704	-1,317	-1,239	-891	-259	-353	-452	-533	-610	-681	-731	-787	-837	-944	-1,000
Year End		31/03/2030	31/03/2031	31/03/2032	31/03/2033	31/03/2034	31/03/2035	31/03/2036	31/03/2037	31/03/2038	31/03/2039	31/03/2040	31/03/2041	31/03/2042	31/03/2043	
Discount factor (nominal)		0.41 £'000	0.39 £'000	0.37 £'000	0.34 £'000	0.33 £'000	0.31 £'000	0.29 £'000	0.27 £'000	0.26 £'000	0.24 £'000	0.23 £'000	0.21 £'000	0.20 £'000	0.19 £'000	
PFI Project Option - Costs																
Total PFI Project costs - Nominal		9,065	9,135	9,210	9,286	9,363	9,466	9,545	9,627	9,711	9,796	9,911	9,997	10,088	7,377	
Total PFI Project costs - NPV		3,733	3,547	3,370	3,203	3,044	2,901	2,757	2,621	2,492	2,370	2,260	2,148	2,043	1,409	
Budget - Nominal	11,590	11,929	12,279	12,639	13,007	13,387	13,778	14,180	14,594	15,020	15,459	15,909	16,372	16,874	12,694	
Budget - NPV	4,774	4,631	4,493	4,359	4,229	4,102	3,980	3,860	3,745	3,633	3,525	3,419	3,316	3,214	2,424	
Market proxy - Total Costs - Nominal	11,367	11,709	12,061	12,424	12,795	13,178	13,572	13,977	14,395	14,825	15,267	15,721	16,188	16,667	12,559	
Market proxy - Total Costs - NPV	4,682	4,546	4,414	4,285	4,160	4,038	3,920	3,805	3,694	3,586	3,481	3,378	3,279	3,184	2,398	
Value for Money																
PFI v Market proxy - Nominal	-2,303	-2,574	-2,851	-3,138	-3,432	-3,712	-4,027	-4,350	-4,684	-5,029	-5,357	-5,724	-6,100	-6,488	-5,182	
PFI v Market proxy - NPV	-948	-999	-1,043	-1,082	-1,116	-1,137	-1,163	-1,184	-1,202	-1,216	-1,221	-1,230	-1,236	-1,236	-989	
Affordability																
Affordability Gap	-2,525	-2,794	-3,069	-3,353	-3,644	-3,921	-4,233	-4,553	-4,883	-5,224	-5,549	-5,912	-6,284	-6,664	-5,317	
Affordability Gap - NPV	-1,040	-1,085	-1,123	-1,156	-1,185	-1,201	-1,223	-1,240	-1,253	-1,264	-1,265	-1,270	-1,273	-1,273	-1,015	

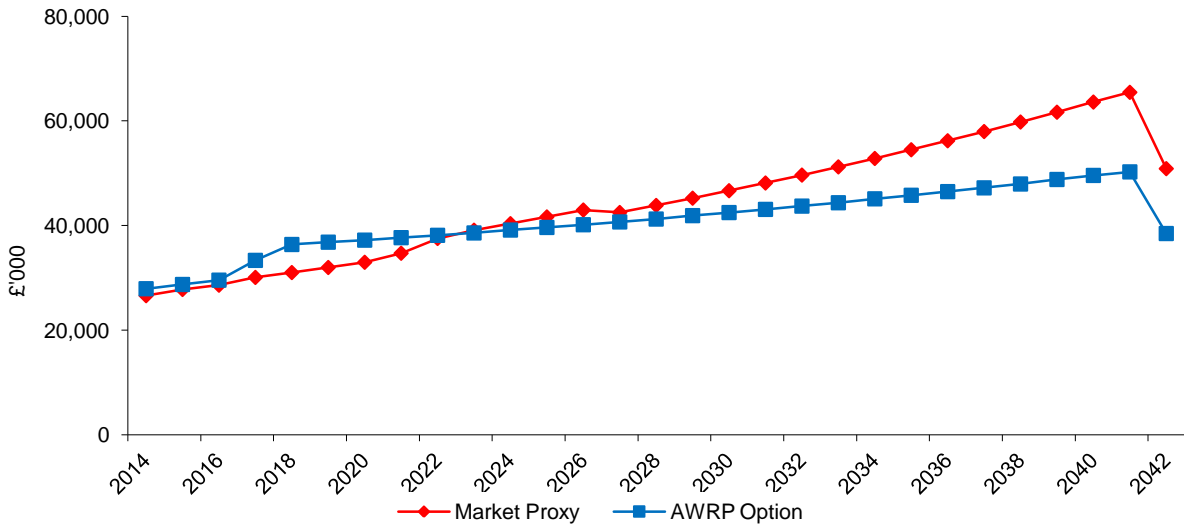
Combined – Value For Money



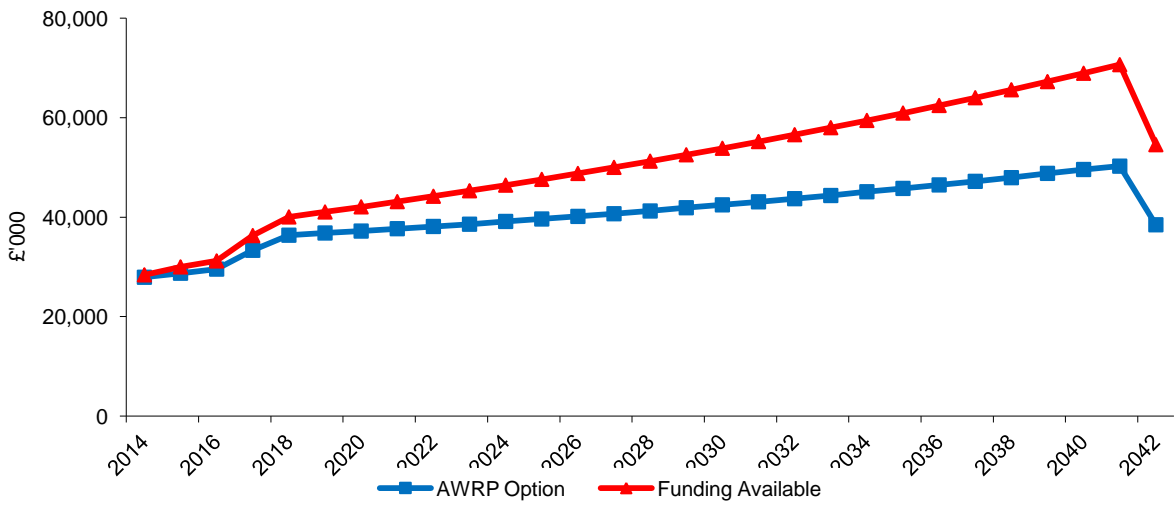
Combined – Affordability



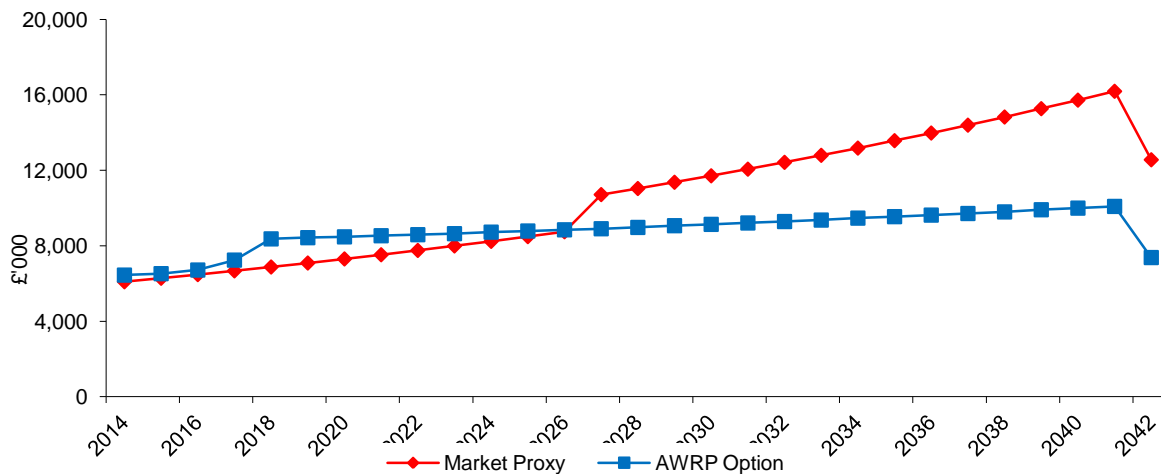
NYCC – Value For Money



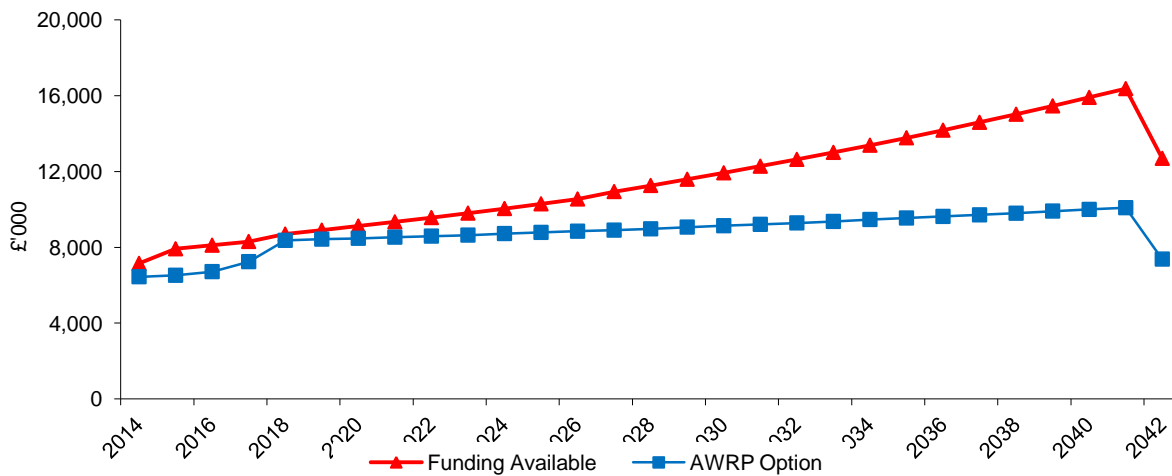
NYCC – Affordability



CYC – Value For Money



CYC – Affordability





Cabinet**9 September 2014**

Report of the Cabinet Member for Environmental Services, Planning & Sustainability

York Flood Risk Management Strategy

Summary

1. Following the flooding of 2007, which affected over 55,000 homes and businesses across the UK and caused £3 billion worth of damage, the Flood and Water Management Act 2010 (FWMA) was introduced to provide legislation for the management of risks associated with flooding and coastal erosion. This gives City of York Council major new responsibilities as the Lead Local Flood Authority (LLFA) for its area, with a range of new local flood risk management duties.
2. Section 9 of the FWMA requires LLFAs to “develop, maintain, apply and monitor a strategy for local flood risk management in its area”. Local flood risk is defined as flood risk from surface runoff, groundwater and ordinary watercourse flooding. Due to the interactions between flood risks from a variety of sources, our strategy looks at all flood risks in the Council area.
3. The strategy is included in full at Annex 1 of this report. Comments and recommendations for its content and approaches to public consultation are sought from councillors of the Cabinet.

Background

4. We have a long association with flood risk and future risks are predicted to increase due to climate change. It is essential that we continue to develop ways to minimise current risks and ensure future development is managed to ensure that risk is not increased. Our work in this area to date means we are already recognised as a leading council in the delivery of our flood risk role. Flooding is a

natural process and while it is not technically, economically or environmentally feasible to prevent all flooding, a risk based approach targets resources to those areas where they can have the most beneficial effect in reducing its impact. Several bodies have responsibility for flood risk management and historically it has been difficult to take a coordinated or strategic approach in its management, particularly at a local level.

5. We already have a good level of understanding of flood risks from our Strategic Flood Risk Assessment and Surface Water Management Plan, both form the core evidence that the Strategy draws upon and references. The aim of the strategy is to clarify understanding of flood risk from all sources in the city, reduce its likelihood and impact on residents and visitors and take the opportunity to improve the city environment. It is a living document which will provide an ongoing comprehensive framework for managing York's flood risk. As new technical information associated with flood risk management evolves, and real events occur, it will need to change to take this new information into account.
6. The York Flood Risk Management Strategy comprises a collection of six guidance documents which aim to advise and direct the reader to further information to increase knowledge and understanding of flood risk management. These are bound together by the Policy Framework and Strategic Action Plan sections.

Consultation

7. This is a draft strategy for consultation with internal and external partners, prior to public consultation. Public consultation documents will be compiled following review of all comments and a period of public consultation events will follow.
8. It is proposed to publish the full strategy in 2015 and it will be fully reviewed in line with the six year Flood Risk Regulations cycle. It is intended that changes and updates to the individual guidance notes (Sections 3-8) would be agreed and endorsed through the relevant committee, scrutiny or member decision making session. Any changes or updates to the Policy Framework or Strategic Action Plan would be brought to Cabinet for approval. The Strategy and its action plan will be monitored by the North Yorkshire Flood Risk Partnership.

Options

9. We have a duty under the Flood and Water Management Act to develop and maintain a Local Flood Risk Management Strategy. The Strategy is presented at Annex 1 for councillors to make comment on its content and format prior to public consultation.

Analysis

10. Advantages – the strategy delivers the Councils duty as part of the Flood and Water Management Act (2010) and forms an important tool to identify and attract future flood risk funding.

Disadvantages – the form and content of the Strategy is partly fixed by the requirements of the Act and its supporting guidance, wider opportunities for input through the consultation process will be sought.

Council Plan

11. Through the safeguarding of existing and protection of future communities, the strategy supports the following priorities:
 - Create jobs and grow the economy
 - Build strong communities
 - Get York Moving
 - Protect the environment

Implications

12.
 - **Financial** – The Strategic Action Plan at Section 2 of the strategy includes estimated costs for interventions. This is a needs based assessment based on varying existing investment programmes from a range of partners. Delivering the individual interventions will require formal funding bids and assessments to be developed by all partners. Individual appraisal studies will be commenced to take these forward.

Flood Defence Grant in Aid funding will be unlikely to fully fund all required schemes and partnerships and funding strategies will need to be formed, these may look towards the capital and revenue budgets of the Council and others in the public and

private sector in the Council area or beyond – Local Enterprise Partnership / EU funding.

- **Human Resources (HR)** – none.
- **Equalities** - none.
- **Legal** – The realisation and delivery of the range of flood risk management interventions is underpinned by a range of flood risk legislation and guidance. This is detailed in Section 5 of the strategy and all individual appraisals and studies will be progressed within this legislative context.
- **Crime and Disorder** – none.
- **Information Technology (IT)** – none.
- **Property** – Failure to safeguard and enhance the levels of protection in the Council area will lead to an increased flood risk to a wide range of Council property and assets, mainly (but not exclusively) in the city centre. Future defence improvements are reliant on the delivery of investment programmes of all risk management authorities and the Strategy will be a key tool to support their delivery.
- **Other** – none.

Risk Management

13. The strategy deals with a range of responsibilities, permissive powers and partnership delivery, the detailed responses and interventions to be carried out by all Risk Management Authorities will be at the scrutiny of their own decision making processes. The actions are needs based and accept that there may be some interventions that cannot be justified or supported.

Recommendations

14. Cabinet is recommended to approve the Strategy at Annex 1.

Reason: to ensure the Council is compliant with its duties in the Flood and Water Management Act (2010) and to ensure that we have a Local Flood Risk Management Strategy that can drive future flood risk investment needs.

Contact Details:

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Wards Affected: All			√
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Background Papers: None

Annexes

Annex 1 – York Flood Risk Management Strategy

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Annex 1



CITY OF
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City of York Council

Flood Risk Management Strategy

This is a pre consultation draft of the strategy for consultation with internal and external partners.

On receipt, and review of comments a formal consultation document will be drafted

Glossary and Terminology

Acronym	Definition
CFMP	Catchment Flood Management Plan
Defra	Department for Environment, Food and Rural
EA	Environment Agency
FMfSW	Flood Map for Surface Water
FWMA	Flood & Water Management Act 2010
IDB	Internal Drainage Board
LDF	Local Development Framework
LLFA	Lead Local Flood Authority
LPA	Local Planning Authority
LRF	Local Resilience Forum
NPPF	National Planning Policy Framework
PFRA	Preliminary Flood Risk Assessment
RBD	River Basin District
RMAs	Risk Management Authorities
SAB	SuDS Approving Body
SEA	Strategic Environment Assessment
SFRA	Strategic Flood Risk Assessment
SuDS	Sustainable Drainage Systems
SWMP	Surface Water Management Plan
YWS	Yorkshire Water Services
YRFCC	Yorkshire Regional Flood and Coastal Committee

Term	Definition
Annual Exceedance Probability (AEP)	The chance of a flood of a given size happening in any one year e.g. a flood with a 1% AEP will happen, on average, once every 100 years
Catchment	A catchment is the total area draining into a river or other drainage system
Chance of flooding	The chance of flooding is used to describe the frequency of a flood event occurring in any given year, e.g. there is a 1 in 100 chance of flooding in this location in any given year. This can also be described as an annual probability, e.g. a 1% annual probability of flooding in any given year. (See AEP)
Climate Change	A long term change in weather patterns, climate change is predicted to produce more frequent and severe rainfall events.
DG5 Register	A Water and Sewerage Company (WaSC) held register of properties which have experienced internal sewer flooding due to hydraulic overload, or properties which have a risk of flooding in the

	<p>following categories:</p> <p>once in every ten years twice or more in every ten years once in every twenty years</p>
Exceedance flows	Excess flow that appears on the surface once the capacity of the underground drainage system is exceeded.
Floods Directive (2007)	The EU Floods Directive is designed to help Member States prevent and limit the impact of floods on people, property and the environment.
Flood Risk Regulations (2009)	Legislation that transposed the European Floods Directive into UK law in 2009.
Fluvial (River) Flooding	Flooding that occurs when a river or stream cannot cope with the water draining into it from the surrounding land (catchment)
Groundwater flooding	Flooding that occurs when levels of water in the ground rise above the surface. It is most likely to happen in areas where the ground contains aquifers. These are permeable rocks that water can soak into or pass through.
Local Flood Risk	The risk of flooding arising from ordinary watercourses, surface water and groundwater.
Main River	Main Rivers are watercourses marked as such on a main river map. Generally main rivers are larger streams or rivers, but can be smaller watercourses in critical locations.
Ordinary watercourse	An ordinary watercourse is any other river, stream, ditch, cut, sluice, dyke or non-public sewer which is not a Main River. The local authority or IDB has powers to manage such watercourses.
Pluvial (surface water) flooding	Flooding that occurs when rainwater does not drain away through the normal drainage system or soak into the ground, but lies on or flows over the ground instead. This type of flooding can be difficult to predict and pinpoint, much more so than river or coastal flooding.
Riparian owners	A riparian owner is someone who owns land or property adjacent to a watercourse. Riparian owners have a duty to maintain the watercourse and allow flow to pass through their land freely.
Sewer flooding	Flooding that occurs when sewers are

	overwhelmed by heavy rainfall or when they become blocked. The chance of flooding depends on the capacity of the local sewerage system and amount of rain that falls. Land and property can be flooded with water contaminated with raw sewage as a result. Rivers can also become polluted by sewers that overflow.
Sustainable Drainage Systems (SuDS)	A sequence of management practices and control measures designed to mimic natural drainage processes by allowing rainfall to infiltrate and by attenuating and conveying surface water runoff slowly, compared to conventional drainage.
Water Framework Directive (2000)	The European Water Framework Directive (WFD) became part of UK law in December 2003. It requires member states to plan and deliver a better water environment, focussing on ecology. The WFD sets environmental and ecological objectives for all inland and coastal waters in the UK. The EA are the lead organisation for WFD.

Key Contact Details

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Environment Agency

www.gov.uk/government/organisations/environment-agency

Floodline

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Met Office

www.metoffice.gov.uk

Yorkshire Water

0845 124 24 24

www.yorkshirewater.com

Ainsty (2008), Foss (2008) & Ouse and Derwent Internal Drainage Boards

York Consortium of Drainage Boards

01904 720785

www.yorkconsort.gov.uk

Kyle & Upper Ouse Internal Drainage Board

01904 655202

www.kuoidb.org.uk

Introduction

1.1 Background to the Strategy

1.1.1 Flood risk is predicted to increase due to climate change and development needs to be managed to ensure that risk is not increased. Flooding is a natural process and while it is not technically, economically or environmentally feasible to prevent all flooding, a risk based approach targets resources to those areas where they can have the most beneficial effect in reducing its impact. Several bodies have responsibility for flood risk management and historically it has been difficult to take a coordinated or strategic approach in its management, particularly at a local level.

1.1.2 Following the flooding of 2007, which affected over 55,000 homes and businesses across the UK and caused £3 billion worth of damage, the [Flood and Water Management Act 2010](#) (FWMA) was introduced to provide legislation for the management of risks associated with flooding and coastal erosion. This gives City of York Council major new responsibilities as the Lead Local Flood Authority (LLFA) for its area, with a range of new local flood risk management duties.

1.1.3 Section 9 of the FWMA requires LLFAs to “develop, maintain, apply and monitor a strategy for local flood risk management in its area”. Local flood risk is defined as flood risk from surface runoff, groundwater and ordinary watercourse flooding.

1.1.4 Responsibility for the management of flood risk from main rivers, the sea and reservoirs remains with the Environment Agency (EA). The EA has published its national flood risk management strategy for England, which outlines its responsibilities for the management of flood risk from these sources.

1.1.5 However, as the cause of flooding is often not straightforward, the Strategy deals with risks from all sources and the Council will work in partnership with the EA and other flood Risk Management Authorities (RMAs) in the delivery of the measures detailed in the Strategic Action Plan.

York is at risk from a range of flood sources - almost 4000 properties from our rivers and severe storms can cause significant disruption to our travel networks, properties and businesses.

We have experienced a wide range of flood events from our rivers - major flooding in 1982 and 2000 and flooding has occurred in recent years from severe storms and surface runoff.

Flood defences protect the vast majority of sites from flooding on the Ouse, Foss and their tributaries but further work is needed to ensure their effectiveness following climatic change. A residual risk remains behind flood defences where drainage networks can be overwhelmed and action from all partners during flood events is vital – such operations avoided flooding behind defences in 2012.

1.2 The National Strategy

1.2.1 The [National Strategy](#) sets out principles for how flood risk should be managed, providing strategic information about the various kinds of flood risk and the organisations responsible for their management.

The Strategy's guiding principles are:

- Community focus and partnership working
- An approach based on catchment cells, working with neighbouring authorities
- Sustainability – taking into account potential future risks and remaining adaptable to climate change
- Proportionate, risk based approaches which allot resources where they have the greatest effect
- Added benefits including regeneration and socio-environmental benefits as well as reducing the risk to people and property
- Beneficiaries should be encouraged to invest in local risk management

The Flood and Water Management Act 2010 requires RMA's (local authorities, internal drainage boards, sewerage companies and highway authorities) to act consistently with the National Strategy in carrying out their flood and coastal erosion risk management functions. The York Local Flood Risk Management Strategy principles have been developed in line with the principles of the National Strategy.

1.3 The York Local Flood Risk Management Strategy

1.3.1 Principles of the Strategy

The principles which inform the Councils overall approach to flood risk management are:

1. Flooding is a natural process that will occur despite all efforts to prevent it. Therefore the most effective approach is risk management.
2. Improving the level of knowledge and maintaining an accurate database about flood risk is a vital process which needs to be continued.
3. As well as focussing on measures to protect from flooding it is important to manage the disruption when it does happen, and afterwards.
4. Effective flood risk management can reduce long-term flood damage costs and is a worthwhile investment for both the public and private sector.

5. Flood risk management can provide other environmental benefits, such as improving or creating new wildlife habitats.
6. Decisions on where local resources are focused should be evidence-based and made against clear criteria.
7. No single organisation can effectively manage flood risk alone and co-operation is needed from public agencies, the private sector and households, including via the planning process.
8. Flood risk management contributes to the Council's priorities for York.
9. An effective communications strategy will be required, raising public and business awareness of risks and potential remedies and opportunities.

1.3.2 Aim of the Strategy

The aim of the strategy is to understand flood risk from all sources in the city, reduce its likelihood and impact on residents and visitors and take the opportunity to improve the city environment. It is a living document which will provide an ongoing comprehensive framework for managing York's flood risk. As new technical information associated with flood risk management evolves, and real events occur, it will need to change to take this new information into account.

The strategy has drawn on existing plans and knowledge to form an understanding of the various flood risks, what management is already in place and where risk remains a concern. As the principal document for managing York's flood risk it:

1. Explains current understanding of all flood risk affecting the Council's area.
2. Refers and links to key documents.
3. Outlines the legislative framework.
4. Specifies the responsibilities of the Risk Management Authorities in York and their functions.
5. Provides a basis for co-ordinating flood risk management activities.
6. Contributes to securing and prioritising investment.
7. Explains how flood risk management can contribute to environmental objectives.
8. Explains how flood risk management can contribute to the Council's priorities for York.

The strategy seeks to achieve this aim through the following objectives:

- 1) Ensure that there is an accurate, comprehensive and clearly documented understanding of flooding and flood risk in York
- 2) Work with our partners to identify the areas of focus and priority for flood risk management in York and communicate it to those at risk
- 3) Work to secure, prioritise and deliver investment in mitigating flood risk to deliver social, economic and environmental benefits
- 4) Ensure that planning decisions properly address all aspects of flood risk and that surface water flows are managed and controlled in a sustainable manner
- 5) Maintain drainage infrastructure and watercourses to ensure that their operation maximises effectiveness

The Strategic Action Plan details the measures required to deliver these objectives

1.4 Next Steps

1.4.1 This is a draft strategy for consultation with internal and external partners prior to public consultation. Public consultation documents will be compiled following review of all comments and a period of public consultation events will follow.

1.4.2 It is proposed to publish the final strategy in 2015 and it will be fully reviewed in line with the six year Flood Risk Regulations cycle.

1.4.3 It is intended that changes and updates to the individual guidance notes (Sections 3-8) would be agreed and endorsed through the relevant committee, scrutiny or member decision making session, any changes or updates to the Policy Framework or Strategic Action Plan would be brought to Cabinet for approval.

1.4.4 All RMAs in the Council area work closely together as part of the North Yorkshire Flood Risk Partnership, the Strategy and its action plan will be monitored through the work of this group.

1.5 Structure of the Strategy

1.5.1 The York Flood Risk Management Strategy comprises a collection of six guidance documents which aim to advise and direct the reader to further information to increase knowledge and understanding of flood risk management. These are bound together by the Policy Framework and Strategic Action Plan sections. The York Local Flood Risk Management Strategy comprises the following elements:

Section 1	Policy Framework
	The need for and aspirations of our strategy
Section 2	Strategic Action Plan
	The programme of actions and measures, for all Risk Management Authorities, that are required to deliver the aims of the strategy
Section 3	York Flood Risk Overview
	A summary of the key flood risk issues in York
Section 4	Incident Review Protocol
	The way in which we will investigate future flood events to identify effective solutions to reduce their impacts
Section 5	Legislative Framework
	Summary of Flood Risk Management legislation and guidance
Section 6	Risk Management Authorities and their Functions
	Overview of all Flood Risk Management Authorities and their key responsibilities and functions
Section 7	Development Management
	An overview of the legislation and documentation which ensures that developments are built in a manner which is resilient and resistant to flooding
Section 8	Community Action and Resilience
	Information on how individuals and communities can be prepared for flooding and take action to reduce its impacts

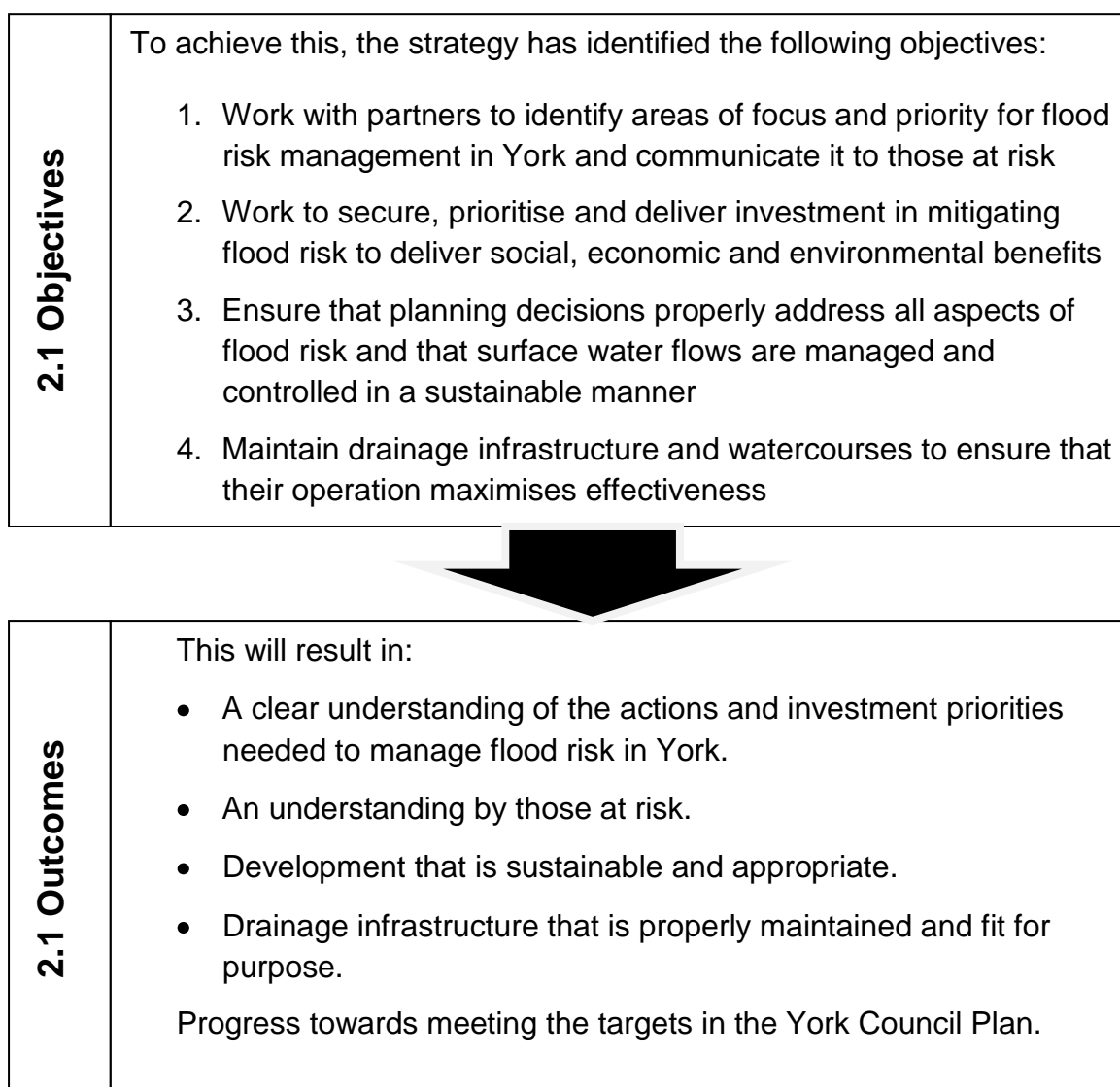
The strategy can be read as a complete document or the individual guidance document sections used individually as a resource.

2. Strategic Action Plan

2.1 Aim

2.1.1 The aim of the strategy is to understand flood risk from all sources in the city, reduce its likelihood and impact on residents and visitors and take the opportunity to improve the city environment. It is a living document which will provide an ongoing comprehensive framework for managing York's flood risk. As new information associated with flood risk management evolves, and real events occur, it will need to change to take this new information into account.

2.1.2 The Action plan will be reviewed annually with a full review carried out in parallel with the six year review cycle defined in the Flood Risk Regulations. The plan will also be revised in line with the investment plans and actions of all flood risk management authorities work in and around York. The North Yorkshire Flood Risk Partnership will provide a mechanism for all partners to monitor and review all strategies and plans.



2.2 Measures Proposed to achieve the Objectives

2.2.1 This section sets out the actions that the Council has identified to achieve the objectives. This will be subject to consultation with internal and external partners and the public.

2.2.2 In proposing these actions, the following points have to be taken into account:

- There is an increased risk of flooding due to climate change, together with ever increasing financial pressures. This means that schemes and funding need to be looked at very critically, and different ways of working need to be investigated to maximise opportunities and value for money.
- Risk Management Authorities have permissive powers with regard to watercourse management, therefore there is no obligation for any organisation to provide flood defence or mitigation schemes to residents or businesses at risk of flooding. However where appropriate and suitable solutions are identified, and funding can be allocated, the Council will work with partners and local communities to achieve protection.
- New developments must be designed to be resilient to flooding and will not receive any government support for flood mitigation schemes in the future.

2.3 Action Plan

2.3.1 With reference to the objectives identified above this section sets out:

- What we plan to do
- How we are planning to do it
- When action is likely to happen
- Who is likely to take the lead

Funding for individual programmes and schemes is likely to be from a variety of sources, Section 2.3.4 highlights potential funding mechanisms which may contribute to delivery of actions.

All actions are linked to the measures identified in the EU Floods Directive and the Flood Risk Regulations. This will ensure that all partners are developing actions that can be measured and monitored in their delivery of this primary flood risk legislation. It is similarly expected that an action plan, aligned with primary legislative drivers and objectives, will support a more effective investment bid for schemes and programmes within the action plan.

2.3.2 The following terms, from the EU Floods Directive, are used to group and describe the kind of actions that can be pursued:

- **Prevention of risk:** for example, by not building homes in areas that can be flooded we can prevent risks from arising in the first instance.
- **Protection from risk:** for example, by delivery of formal flood defence schemes or property level protection such as using water proof boards over doors and airbricks to protect properties from the damages of flood water.
- **Preparing for risk:** for example, by improving awareness of flood risk, or by providing warning and forecasting for floods, people can take precautions to safeguard themselves and their valuables.
- **Recovery and Review of risk:** for example, by improving our knowledge and understanding of flood events we can design and develop works to reduce the impacts of future floods.

2.3.3 The actions will take varying timescales to achieve and are dependent on securing funding. The action plan will be reviewed as funding is secured, but the actions have initially been placed in one of the following three categories:

- Short term – up to two years
- Medium term – two to five years
- Long term – over five years

2.3.4 Potential sources of funding that have been identified are:

- City of York Council revenue
- City of York Council capital

The Flood Risk Management Team is funded to ensure essential investigation and maintenance of waterways and highways is carried out to prevent flooding. Strong funding cases are required to ensure the continued provision of revenue monies and capital schemes are, like all other schemes, supported where need is greatest within the funding available to the Council.

- Planning Gain - Community Infrastructure Levy (CiL), S106

Section 106 (S106) of the Town and Country Planning Act 1990 allows a Local Planning Authority (LPA) to enter into a legally-binding agreement or planning obligation with a landowner / developer in association with the granting of planning permission. The obligation is termed a Section 106

Agreement. These agreements are a way of delivering or addressing matters that are necessary to make a development acceptable in planning terms and often refer to off-site infrastructure works such as highway improvements or new facilities such as play areas or local education improvements.

The use of Section 106 agreements will largely be replaced by the Community Infrastructure Levy. This is a new tariff based system, depending on the scale of the development, which local authorities in England and Wales will charge on new developments in their area. The Council is currently developing its approach to CiL, which is due for consulting circa September 2014.

The Environment Agency monitors and administers the delivery of funding and overall programmes are developed and endorsed through the Yorkshire Flood and Coastal Committee and its sub area based Flood Risk Partnerships (York is part of the North Yorkshire Flood Risk Partnership).

The Yorkshire RFCC is the gatekeeper for all FDGiA and local levy in Yorkshire.

- Defra Partnership Funding

Partnership funding is a way of allocating capital funding to flood and coastal erosion risk management projects for all RMAs in the form of Flood Defence Grant in Aid (FDGiA). Partnership Funding allocates an element of FDGiA to all schemes according to their benefit realisation, where the FDGiA allocation can only part fund a scheme contributions need to be identified to allow it to progress. It is expected that all schemes, even where they can be 100% FDGiA funded, seek contributions to enable the oversubscribed national FDGiA funding to realise wider benefits.

Schemes are assessed according to the number of households receiving an improved standard of protection from flooding or coastal erosion, the overall economic benefits of the investment programme and important environmental outcomes, such as creating new habitats to compensate for those lost when defences are built to protect people and property.

- Yorkshire Regional Flood and Coastal Committee Local Levy

The c. £2M local levy money raised each year by direct levies on all 14 Lead Local Flood Authorities in Yorkshire is used as contributions to Partnership Funding schemes or to fully fund schemes that do not fit the criteria required to attract FDGiA Funding. Local levy funding allows some innovative and marginal schemes to be developed.

- Environment Agency Revenue

EA revenue funds the delivery of flood forecasting, warning and informing, development control and enforcement and the delivery of mapping, modelling and investigations to underpin future flood alleviation scheme delivery. EA revenue is essential in the delivery of all asset management practices from inspection, monitoring, operation and maintenance of existing defences and river channels and large scale replacement and renewal of key flood risk management assets. All EA revenue monies are allocated in a prioritised basis according to risk.

- Water Industry

YWS, as the water and sewage company in the Council area, works to five year funding cycles or Asset Management Plan periods. They have compiled a needs based assessment of all funding for the 2015-20 period and some flood risk management spending requirements were included. Sewer flooding events are categorised according to OFWAT DG5 register regulatory guidelines, in general those areas with a sewer flood risk of 1 in 20 year or greater are supported with funding to deliver interventions. Other funding is available to allow YWS to work with all RMA's to investigate, model and deliver flood risk management operations. There is little resource allocated to deal with sewage flooding external to properties.

- Internal Drainage Board (IDB) revenue and grant

IDB expenditure is predominantly funded by the local beneficiaries of the water level management work that they provide through collection of drainage rates. Each IDB sets a budget for its planned work in the forthcoming year and any investments it needs to make for wider projects. As a RMA, the IDB has to assess and mitigate flood risks within its area.

- Other

'Core' flood risk management funding is dependant on contributions as required by Partnership Funding, similarly funding available to RMAs can only be used to address flood risks to existing beneficiaries (where constructed prior to 2012 as there is a presumption that recent developments were built resilient and resistant to flooding) and regeneration economics cannot normally be considered.

Key funding streams from Local Enterprise Partnerships (LEPs), EU Structural Investment Funds or other non 'core' funders are essential to enable flood risk management interventions to play a role in good place making and the facilitation of sustainable developments.

2.4 Monitoring Delivery

2.4.1 The action plan will be monitored by the North Yorkshire Flood Risk Partnership, all RMA's attend the partnership and the delivery of actions and investment needs will be measured through its work. The partnership is one of four across Yorkshire that identifies sub regional flood risk priorities and feeds them into the wider work and investment planning of the Yorkshire Regional Flood and Coastal Committee.

The proposed measures in the following tables indicate those required, at this moment in time, to deliver against the identified need and funding is that which is required to deliver them.

All funding sources listed in section 2.3 require detailed assessments of costs and benefits to identify which needs based schemes can be approved for inclusion on future funding programmes. Further work is often then required to confirm formal approval of funding from the programme for the identified measures.

The following colour coding is used to indicate the status of the funding needs indicated in section 2.3:

Need Identified – but works not in a current funding program

Need Accepted – in a current funding programme but funding is not allocated

Need Supported – approved funding allocation / works in progress

2.5 Proposed Measures

	Source	Local Flood Risk Strategy Objective (Section 2.1)	Action	Timescale	Lead Organisation	Support Organisation(s)	Estimated Cost
Prevention	Surface Water, Ground water and Fluvial (SW, GW, F)	2/3	<p>Ensure that planning decisions properly address all aspects of flood risk and that surface water flows are managed and controlled in a sustainable manner.</p> <p>Development of sustainable places better adapted to manage flood risk.</p> <p>Identification of planning gain opportunities to deliver support flood risk management infrastructure delivery – CiL, S106 etc</p>	Short Term / ongoing	CYC - Local Planning Authority	Environment Agency (EA), Internal Drainage Boards (IDB), Yorkshire Water Services (YWS)	<p>Core part of delivery with no capital cost, may require periodic capital costs to develop detail and understanding</p> <p>£5k - £10k per study</p>
	SW, GW, F	2/3	<p>Input into strategic planning and strategic development sites to identify sustainable flood risk and drainage solutions.</p> <p>Input into the emerging Local Plan, development of policies – FR1Flood Risk, FR2 Sustainable Drainage</p>	Short Term	CYC - Local Planning Authority	EA, IDB, YWS	£5k - £10k per study

	Source	Local Flood Risk Strategy Objective (Section 2.1)	Action	Timescale	Lead Organisation	Support Organisation(s)	Estimated Cost
Prevention	SW	2/3	Develop processes and guidance to deliver Schedule 3 of the Flood and Water Management Act following commencement by Defra. All new developments will incorporate sustainable drainage systems unless exemptions apply.	Short Now likely in 2015	CYC	EA, IDB, YWS	£100k per annum
	SW/F	2/3	Working with Local Enterprise Partnership and EU funders to identify strategic sites where flood prevention work can act as an enabler to regeneration and development. York Central site has identified support from the Local Growth Fund and work continues to identify European Structural and Investment Funds opportunities.	Short / ongoing Short	CYC	EA, IDB, YWS, Network Rail EA, IDB, YWS, Network Rail	Site dependant £25-£100k £85k study 14/15 £2.5M capital costs 15/16
	SW/F	1/2	Flood Risk Management Partners will work together to create integrated sub catchment models based on principal watercourses and drainage network (YWS Drainage Area Plans). Opportunities for habitat and ecology improvements will be sought in line with Water Framework Directive (WFD) and the Local Plan The Council will work with the EA to attract funding for studies through the Local Levy and Flood Defence Grant in Aid and with wider partners such as the LEP for wider funding (i.e.	Medium	CYC	EA, IDB, YWS	£50-£100k per study £500k for full YWS Drainage Area Plan review in York

			York Central / Holgate Beck study).				
	Source	Local Flood Risk Strategy Objective (Section 2.1)	Action	Timescale	Lead Organisation	Support Organisation(s)	Estimated Cost
Protection	SW/GW/ F	2	Develop, maintain and review a prioritised programme (6 year) of projects, to include Local Levy, for submission and consideration by the Yorkshire Regional Flood and Coastal Committee (RFCC) Contributions from stakeholders and beneficiaries will be sought in line with Defra Partnership Funding requirements	Ongoing / annual	CYC	EA, RFCC, North Yorkshire Flood Risk Partnership	£25k
	SW/GW/ F	1/2	Deliver a programme of flood risk management projects to reduce the impacts of local flooding	Ongoing	CYC	EA, IDB, YWS	TBC following catchment modelling work
	F	1/2	City of York Flood Defence Improvement Strategy and works arising to all existing defences Close working between EA and CYC, likely need for similar levels of funding in contributions to enable works to progress	Short – strategy Medium / long - Delivery	EA	CYC	£250k £25M - £5M p.a. from 2016
	F	1/2	Foss Barrier Upgrade	Short	EA	CYC, IDB	£2M
	F	1/2	Burdyke / Holgate Pumping Station appraisal and Replacements	Short	EA	CYC	£3.5M
	F	1/2	Clifton Ings Barrier Bank Restoration	Short	EA	CYC	£1.5M

	Source	Local Flood Risk Strategy Objective (Section 2.1)	Action	Timescale	Lead Organisation	Support Organisation(s)	Estimated Cost
Protection	F	1/2	<p>Develop and deliver a range of measures to reduce the impacts of flooding in the unprotected areas of York – Bishopthorpe, Acaster Malbis, Fulford, Clementhorpe, Naburn, Kings Staith/Tower Street, Nether Poppleton</p> <p>Close working and coordination is required between EA and CYC, property level resilience measures are likely to be the optimal solution. Work with residents and businesses to deliver collectively funded protection measures.</p>	<p>Short – Medium – long</p> <p>Dependant on issue, solution and funding</p>	EA	CYC, YWS	£5M
	F	4	<p>Delivery of EA maintenance programme to ensure optimal, safe and effective operation of all defences and Main River watercourses and assets in the CYC area and upstream management in the NYCC area</p> <p>Review and scrutiny by the North Yorkshire Flood Risk Partnership and the RFCC, lobbying and pressure from CYC officers and members</p>	Ongoing - annual	EA	CYC, IDB	<p>£476k p.a.</p> <p>Needs based assessment, actual approved budgets may be less</p>
	F	4	<p>Delivery of IDB maintenance programme to ensure optimal, safe and effective operation of all IDB managed watercourses and assets in the CYC area</p> <p>Review and scrutiny by the North Yorkshire Flood Risk Partnership and the RFCC, lobbying and pressure from CYC officers and members</p>	Ongoing - annual	IDB	CYC, EA	<p>£670k</p> <p>Council paid Special Levy to support IDB works in our area</p>

	Source	Local Flood Risk Strategy Objective (Section 2.1)	Action	Timescale	Lead Organisation	Support Organisation(s)	Estimated Cost
Protection	SW, GW, F	4	<p>Delivery of CYC maintenance programme to ensure optimal, safe and effective operation of all CYC managed watercourses in the CYC area</p> <p>The CYC Surface Water Management Plan identified that a minimum of £5M of investment was required to investigate and remedy defective drainage and highways issues across the CYC area. Ongoing investigations and maintenance of watercourses and drainage networks are required to satisfy the CYC role as a Lead Local Flood Authority</p>	Ongoing - annual	CYC	EA, YWS, IDB	<p>£200k p.a. highways investigation / remediation</p> <p>£100k p.a. watercourse maintenance</p> <p>£25k p.a. reservoir management</p>

	Source	Local Flood Risk Strategy Objective (Section 2.1)	Action	Timescale	Lead Organisation	Support Organisation(s)	Estimated Cost
Preparedness	SW, GW, F	1/2	Create Management Catchment Plans for Flood Risk Regulations – providing a high level assessment of flood risk and risk management actions/measures for each catchment within CYC and neighbouring NYCC authority area	Short	EA	CYC, NYCC	£50k
	SW, GW, F	1/2	Work with neighbouring LLFAs to provide input to Management Catchment Plans for those catchments which cross into other authority areas – NYCC to ensure collaborative upstream actions and ERYC regarding the River Derwent	Short	CYC, NYCC	EA, IDB, YWS	£20k

	Source	Local Flood Risk Strategy Objective (Section 2.1)	Action	Timescale	Lead Organisation	Support Organisation(s)	Estimated Cost
Preparedness	SW, GW, F	1/4	Work with the North Yorkshire Local Resilience Forum (NYLRF) and CYC Emergency Planning Unit to support community resilience work such as creation of Community Emergency Plans and public education programmes as set out in the Community Resilience Action Plan, increase flood warning uptake and input into the CYC River Flood Emergency Plan	Ongoing	CYC Emergency Planning Unit	CYC, all professional partners	
	F, SW, GW	1	Work with residents, businesses and insurance providers in the city and lobby Government to ensure affordable and effective flood risk cover is attainable Delivery of workshops with key stakeholders and insurance providers in the Council area	Short	CYC	EA	£10k
	F, SW, GW	1	Develop, improve and maintain the CYC website flood pages to provide an effective resource for residents and businesses wanting information on flood risk management.	Short	CYC		£2k p.a.
	F, SW, GW	1	Develop a communications strategy to ensure the delivery of effective media messages and campaigns to enable residents and businesses to become more resilient to flood risk	Short - ongoing	CYC	EA	

	Source	Local Flood Risk Strategy Objective (Section 2.1)	Action	Timescale	Lead Organisation	Support Organisation(s)	Estimated Cost
Recovery & Review	SW, GW, F	1/4	<p>Deliver investigations in accordance with Section 19 of the Flood & Water Management Act and deliver all necessary post flood remedial works and actions</p> <p>Working with public & businesses to raise awareness of flood risks and to identify community led solutions</p>	Short - ongoing	CYC	EA, IDB, YWS, all professional partners	£100k p.a.
	SW, GW, F	1/2/4	Develop and improve existing Flood Risk Geographical Information Systems data and databases.	Short	CYC	EA	£5k
			Install a localised network of rain gauges to monitor current events and support event investigations.	Short / Medium	CYC	EA, NYCC, ERYC, YWS (links will be formed with others existing networks)	<p>£30k</p> <p>Installation</p> <p>£5k p.a.</p> <p>Maintenance</p>
	SW, GW, F	1/2/4	Develop remote access and input capabilities for flood risk management usage and data entry in the field to support drainage investigation work, SuDS Approving Body role and flood response actions	Short	CYC	EA	<p>£25k</p> <p>£2k p.a. licences</p>

3. Flood Risk in York

3.1 Introduction

3.1.1 The city of York is located in the Vale of York on the confluence of the rivers Ouse and Foss. Centred on this urban core, the administrative area extends to include villages of varying sizes and largely rural land with the River Derwent forming the eastern boundary. While these main rivers drain two separate catchments they are both included in the area covered by the EA's River [Humber Basin Management Plan](#).

3.1.2 The York Local Flood Risk Management Strategy takes a catchment wide approach to addressing the risks of flooding for the York area. The strategy covers the risk of flooding from the Rivers Ouse, Foss and Derwent as well local flood risk from minor watercourses and surface water.

3.1.3 Predictions indicate that the country will experience warmer, wetter winters and hotter, drier summers resulting in more extreme rainfall events. As a result, flooding of greater magnitude and frequency from all sources is expected.

3.1.4 This section provides an overview of the sources of flood risk affecting the council's area, based on the range of documents that have been produced both by the Environment Agency and the Council.

3.2 Flood Risk from Rivers

Flood Risk from Main Rivers

3.2.1 Being on the confluence of the Rivers Ouse and Foss, York is well known for flooding from those rivers, with approximately 3400 homes and businesses at risk. The EA leads in the management of flood risk from this source.

3.2.2 Although the upstream Yorkshire Dales rivers Swale, Ure and Nidd, which form the Ouse, rise and fall rapidly, by the time the flows reach York the river is meandering and slower flowing. The EA's well established catchment wide monitoring enables warnings for York to be issued approximately 14 hours ahead of the peak flood level through the city. River flood events are therefore predictable, and rises in river levels are relatively slow and always affect the same areas. This allows a consistent and effective multi-agency response to be provided in accordance with the Council's Emergency Flood Plan and also a post event recovery operation targeted at known areas.

3.2.3 Many areas in the City benefit from flood defences constructed following flooding in 1978. This event triggered a defence building programme and the first scheme to be constructed, protecting the Leeman Road area, was completed in the early 1980s. This successfully protected 225 properties against flooding in March 1982, the highest, at the time, since 1947, subsequent defences were built to protect

other areas of the city. Although originally designed for a 1% or 1 in 100 year event, the current standard of protection has now fallen to 2% or 1 in 50. It is widely accepted that this standard of protection will further reduce over time due to increases in flood risk from climate change.

3.2.4 The EA is responsible for the flood walls, gates, embankments and River Foss Barrier flood defences.

The City's flood defences include:

- The Foss Barrier, built in 1986/7, a gate which when lowered in place, cuts the Foss off from the Ouse stopping water from passing back upstream. Flow from the Foss is pumped through the barrier into the Ouse.
- North Street: a series of flood gates and walls installed in 1992/3,
- Lower Ebor Street: concrete flood walls with valves to isolate sewage,
- Holgate Beck: Upstream tributaries of the beck were diverted to empty directly into the Ouse, and a pumping station was installed to pump flows into the Ouse,
- Lower Bootham: a 650m earth flood bank and 280m concrete flood wall,
- Acomb Landing: a reinforced retaining wall was added to existing embankments after the 1982 floods to protect York's drinking water abstraction at this point,
- Clifton Ings: modified natural flood-plain which can hold 2.3 million cubic metres of water - impounding within raised flood banks can lower the peak flood level in the city by almost six inches.
- Leeman Road: A flood bank was built in 1980, following the 1978 floods, and raised in 1982, following further floods. The defences have now been upgraded again in a £4 million project that has included raising the banks further and adding a flood wall at Water End.

3.2.5 Further significant floods occurred in 2000 (highest on record), and 2012 in September, November and December. The September level equalled that reached in 1982. The defences performed successfully with no property flooding within the defended areas, but approximately 50 – 60 properties in unprotected areas were affected, large scale flooding from the sewage system behind flood defences in the Leeman Road area was avoided following emergency operations by all partners.

3.2.6 All of the areas protected from the Rivers Ouse and Foss are susceptible to floodwater by-passing the defences, both through the sewerage system via

combined sewage overflows working in reverse, and by surface water outfalls. To manage this, each protected area has a pumping station on the sewerage system, and penstocks to close off the flows from the river. These are closed as the river rises, and the stations are switched on, pumping flows forward to a point outside the protected area. These are owned and operated by YWS.

3.2.7 The protection of these areas is reliant on co-ordinated action by the Council, EA and YWS as the river rises.

3.2.8 The eastern boundary of the Council's area is formed by the River Derwent which drains the North York Moors. It is also a slow rising and falling river, and the village of Elvington is the only significant settlement in the City of York Council boundary which can be affected by this river. Works carried out in 2009 provide protection to a standard of 1 in 100 (1%). This includes a pumping station, operated by the Ouse and Derwent IDB, which pumps flows from the Elvington Beck catchment to the River Derwent at times of high level.

3.2.9 The urbanised lengths of Blue Beck, Burdyke and Holgate Beck, tributaries of the River Ouse, and Tang Hall Beck and Osbaldwick Beck, tributaries of the River Foss, are also main rivers. Holgate Beck and Burdyke have pumping stations, owned and operated by the EA, near their confluences with the River Ouse, which prevent the river flooding areas remote from the river in Holgate and Clifton.

Flood Risk from Ordinary Watercourses

3.2.10 The majority of ordinary watercourses in the Council's area are in the management of four Internal Drainage Boards which have responsibility for a defined network of watercourses within their districts, all of which extend well beyond the CYC boundary into adjoining authority areas. These are:

- [Ainsty \(2008\) IDB](#) covering the west and south west of York, extending into the Harrogate Borough and Selby District Council areas, with the River Ouse as its eastern boundary. It includes Holgate Beck upstream of the length designated as main river.
- [Foss \(2008\) IDB](#) covering an area centred on the River Foss north of York extending into the East Riding of Yorkshire area. It includes Tang Hall and Osbaldwick Becks upstream of the lengths designated as main river, and also non-main river watercourses Westfield Beck and part of South Beck.
- [Kyle and Upper Ouse IDB](#) covering the north west of York extending into the Hambleton District Council area with the River Ouse as its western boundary. It includes Burdyke and Blue Beck upstream of the lengths designated as main river.

- [Ouse and Derwent IDB](#) covering an area south and east of York extending into the Selby District Council area with the River Ouse forming its western boundary and the River Derwent its eastern boundary. It includes non-main river watercourses Elvington Beck, Germany Beck and Tunnel Drain.

3.2.11 The Council is the land drainage authority for the areas not in IDB districts. Although the EA has powers to maintain the main rivers within this and IDB districts, its routine maintenance regime only includes the cleaning of trash screens at culvert inlets. Responsibility for any watercourse remains that of the riparian owners to ensure that flows are not obstructed. This remains largely the Council's responsibility as the majority owner of land through which these watercourses pass.

3.2.12 The risk of flooding from ordinary watercourses is not as well understood as that from main rivers. However, there is not considered to be any spare capacity for unmanaged runoff from future development and individual catchment surface water management plans are required to increase understanding and inform future development drainage strategies.

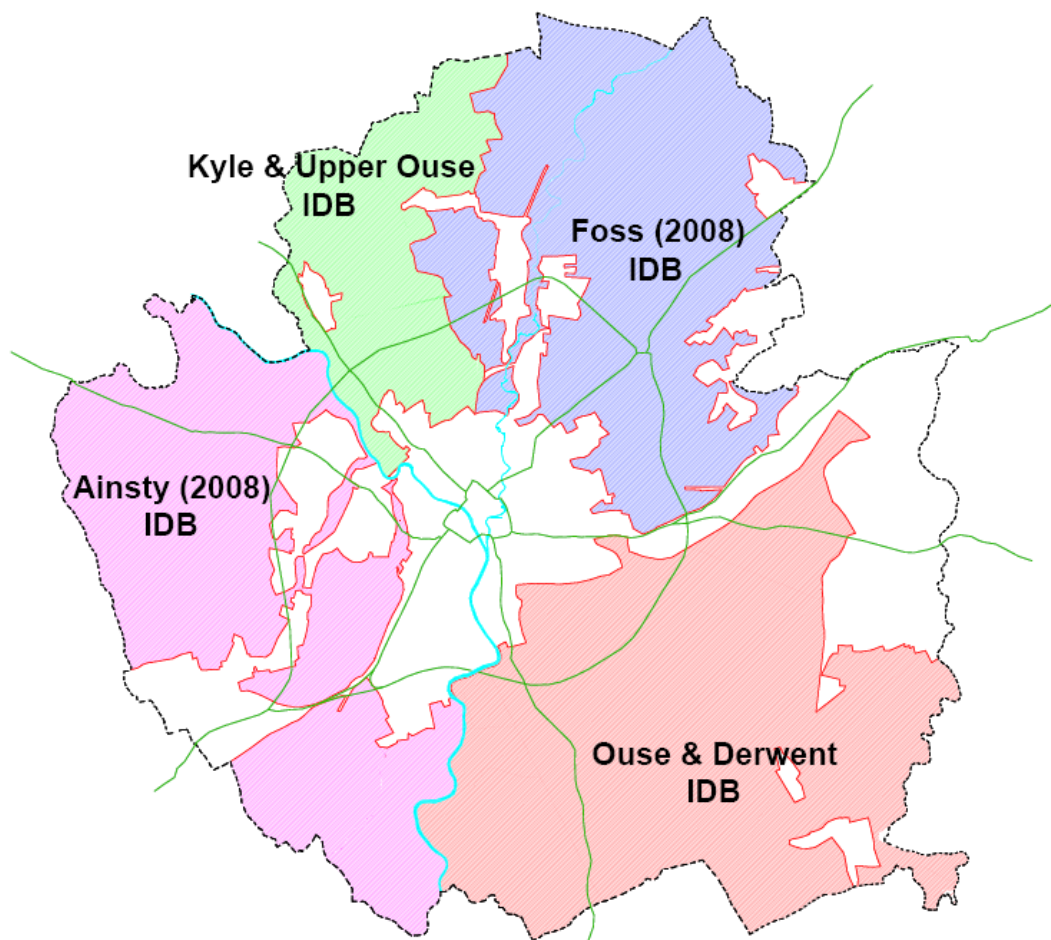


Figure 3.1: Internal Drainage Boards Districts Within York Boundary

Flood Risk from Local Sources

3.2.13 Local flood risk is defined as flooding from ordinary watercourses, surface water and groundwater. The Council, as LLFA, is responsible for the management of flood risk from these sources.

3.2.14 The York [Preliminary Flood Risk Assessment](#) (PFRA) was the first assessment of this, undertaken in 2011 in response to the Flood Risk Regulations 2009. It is a high level screening exercise to compile information on 'nationally significant' local flood risk from past and predicted future floods using available information about historic flooding, and the Flood Map for Surface Water (FMfSW) mapping provided by the EA for potential future flooding from these sources. It concluded that York does not exceed the nationally defined flood risk threshold and therefore has no local flood risk area for further investigation under the regulations.

3.2.15 On the basis of past flooding data, the PFRA also concluded that no historical local flood events are considered to have had "significant harmful consequences" (following the definition laid down in the EU Floods Directive). Future events will be added to the existing database to support future PFRAs and this Strategy.

3.2.16 The PFRA also concluded that the FMfSW provides the best available overview of the future flood risk from surface water across York, and is considered to be the most appropriate source of information for this purpose.

Flood risk from Surface Water

3.2.17 Surface water flooding occurs when rainfall exceeds the capacity of piped systems or cannot soak into the ground. It typically occurs as a result of high intensity rainfall and can be aggravated by pipe or channel blockage.

3.2.18 Detailed knowledge of the effects of surface water flooding in York is limited. Such flooding is difficult to predict and record due to its very localised effects and usually brief duration. The effect of events that have been recorded, notably in the summer of 2007, 2012 and 2013, are of localised flooding at various locations, different on each occasion, across the city. This pattern is typical in the Council's area as a whole and is considered to be due to the flat topography which does not cause rapid runoff on a large scale.

3.2.19 The EA produced the Flood Map for Surface Water (FMfSW) to assist LLFAs in assessing surface water flood risk for their PFRAs. This shows modelled predicted flood effects of two events (1 in 30 annual chance and 1 in 200 annual chance) and two depth bandings (greater than 0.1m and greater than 0.3m flooded depth). The mapping shows no areas of concentrated flood risk in any specific area.

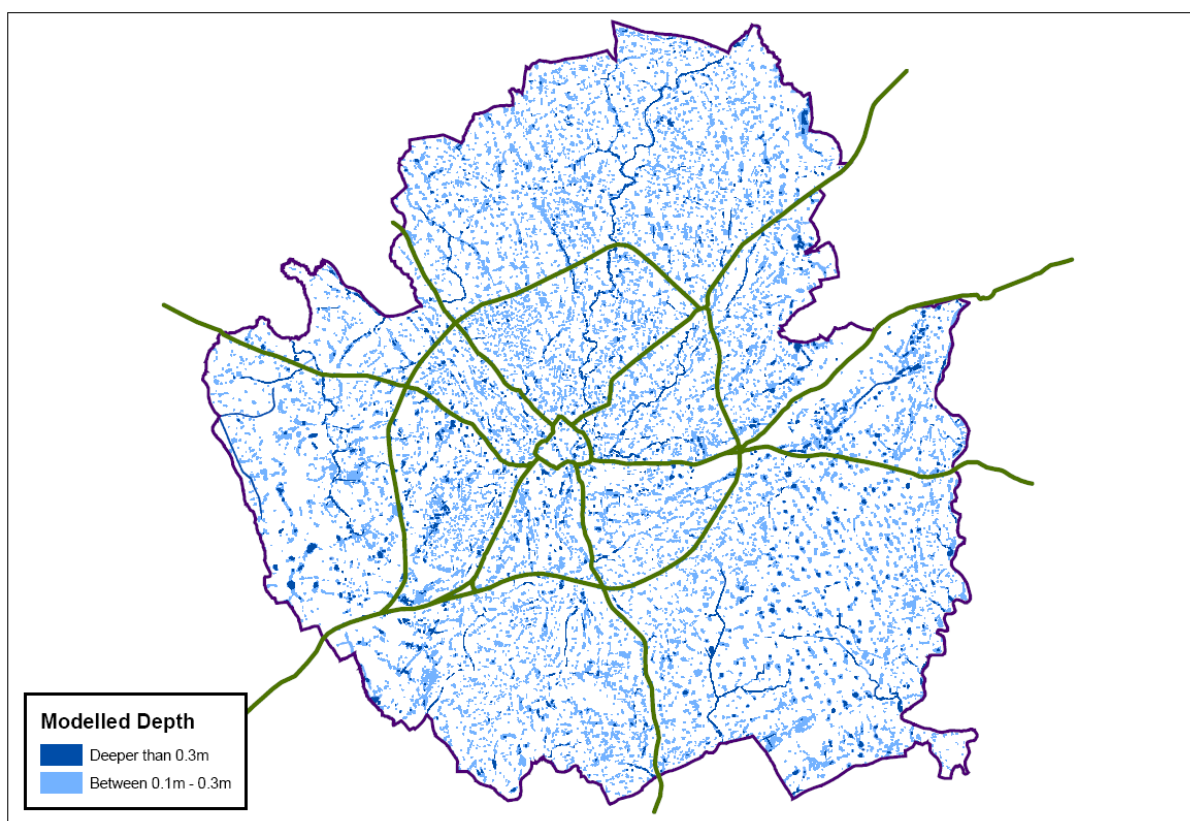


Figure 3.2: Flood Map for Surface Water 1 in 200 Year Event

3.2.20 Using the FMfSW, the number of properties at risk of surface water flooding in the York area has been estimated by the EA. For a rainfall event with a 1 in 200 annual chance of occurring, 11,500 properties, dispersed throughout the area, are estimated to be at risk from flooding to a depth of 0.1m and 1,700, again dispersed throughout the area, are at a risk of flooding to a depth of 0.3m. It is extremely unlikely that this number of properties would be affected simultaneously as the rainfall that causes this type of flooding is usually very localised. Similarly, the likelihood of a 1 in 200 year storm occurring anywhere in the Council area is very limited. On the basis of observed events, it has been found that the FMfSW is a reliable indicator of surface water flood risk locations.

3.2.21 The Council's [Surface Water Management Plan](#) (SWMP) is the key evidence base document underpinning the Strategy. Analysing information from investigations at known flood locations, the EA mapping and site specific modelling, it established that there is a lack of knowledge of the location, extent and condition of surface water drainage infrastructure throughout the Council's area. It identified that minimal maintenance has resulted in problems with blocked drains, compounded by the adverse effect of development on natural flow paths and the flatness of the Council's area, all of which can increase surface water flood risk on a local scale. It also concluded that the areas that have been affected by surface water are unconnected with those suffering fluvial flooding and that, throughout the Council's area, there is

not considered to be a link between the two types of event. Surface water flooding in 2012 and 2013 further confirmed this conclusion.

3.2.22 The site specific modelling carried out for the SWMP has enabled the accuracy of the FMfSW to be checked. It is considered that, while it indicates potential locations of surface water flooding, the mapping may currently over-estimate the number of properties at risk. However, this will be reviewed as further editions of the mapping are published and understanding is improved. It is not currently proposed to carry out any further site specific modelling but as extreme rainfall events occur in the future the effects will be recorded and modelled if it is considered to be of benefit in understanding the cause.

Flood Risk from Sewers

3.2.23 Rainwater falling on impermeable surfaces in developed areas drains into either surface water or combined sewers (which convey both surface water and sewage). Until approximately eighty years ago the use of combined sewers was standard practice, with excess flow in times of storm discharged through combined sewer overflows to an adjacent watercourse. A large part of the central core of the city of York is drained in this way. Post 1930s development is largely drained by separate sewerage systems with surface water sewers ultimately discharging to local watercourses. Flooding can result when the sewers are overwhelmed by intense rainfall and this can be aggravated by inadequate capacity or blockage.

3.2.24 Yorkshire Water Services (YWS) is the water and sewerage company serving the York area. Overall the sewerage system has remained largely unchanged over the years, but at some locations schemes have been implemented to address local flooding issues. An example of this is the storage tank at Union Terrace where a number of properties have experienced flooding from the combined sewer network during times of extreme rainfall. A 15 metre diameter storage tank has been built between 83 and 93 Union Terrace to store flows which is pumped back into the sewerage system when there is sufficient capacity.

3.2.25 Reduced hydraulic capacity from siltation is a particular problem in York due to the flatness of the area and the difficulty in designing sewerage systems that are self cleansing i.e. provides sewer flow velocities sufficient to pick up and disperse solids. This is also the case with piped and open systems in other ownerships and has been highlighted in the SWMP.

3.2.26 Further problems can occur where sewerage systems are isolated behind flood defences in times of raised river levels. Systems are in place to manage these occurrences (pumping stations or sluices) but they can be compromised and present risks to areas that are defended – i.e. Leeman Road in 2012.

Flood Risk from Groundwater

3.2.27 Groundwater flooding occurs as a result of water rising up from the underlying aquifer or from water flowing from abnormal springs. This tends to occur after long periods of sustained high rainfall, and the areas at most risk are often low-lying where the water table is more likely to be at shallow depth. Groundwater flooding is known to occur in areas underlain by major aquifers, although increasingly it is also being associated with more localised floodplain sands and gravels.

3.2.28 The EA has produced mapping of Areas Susceptible to Groundwater Flooding which suggests that there may be a potential for groundwater flooding in the south of the Council's area, as noted in the PFRA. However, there is no experience of flooding from this source and it is considered to be a very low risk.

3.2.29 Due to the predominance of clay across the area, drainage of land is often very poor, and there are many areas where standing water is evident after prolonged rainfall. This is not groundwater flooding, but a characteristic of the geology of the area where water cannot soak into the ground from above.

4. Investigation of Flooding Incidents

4.1 Overview

4.1.1 CYC as the LLFA has a responsibility to record and report flood incidents as detailed within Section 19 of the FWMA:

<p>Section 19</p> <p>(1) On becoming aware of a flood in its area, a lead local flood authority must, to the extent that it considers it necessary or appropriate, investigate:</p> <p>(a) which risk management authorities have relevant flood risk management functions, and</p> <p>(b) whether each of those risk management authorities has exercised, or is proposing to exercise, those functions in response to the flood.</p> <p>(2) Where an authority carries out an investigation under subsection (1) it must:</p> <p>(a) publish the results of its investigation, and</p> <p>(b) notify any relevant risk management authorities.</p>
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4.2 Section 19 Investigation Triggers

4.2.1 The decision as to whether a flood event is significant and merits a formal investigation or not is at the discretion of the LLFA. Following reports of flooding, an initial response will highlight the issues and where the following two criteria are met a formal investigation will be initiated under these powers:

- The incident resulted in internal flooding of the habitable area of a property or of a business premises
- There is ambiguity surrounding the source or responsibility of the flood.

The investigation will bring all relevant information together to identify those authorities with relevant flood risk management functions and what actions they have taken and propose to take.

The report will provide the details of the conditions leading to the flooding, the impacts of the flooding, and the roles and responsibilities of all operating authorities in the area. Recommendations and conclusions will be given in full cooperation with all relevant risk management authorities and other partners.

4.2.2 Following approval by the Council the report on the investigation will be published on our website.

The Section 19 report does not compel all involved to take action and is no guarantee that similar issues will not occur again in future. All recommendations will be subject to funding and priority consideration by each responsible authority. It is recommended that the reports are considered by the North Yorkshire Flood Risk Partnership to enable recommendations to be included in formal funding programmes as necessary.

4.2.3 Two previous S.19 reports have been produced and published at:

- Badger Hill / Hull Road
- Leeman Road

4.3 Informal Investigations

4.3.1 Many drainage problems and minor flood events will be of a localised nature or they may be of a recurring nature from a well known source of flood risk. In such cases the Section 19 report trigger may not be relevant and a formal report may not be initiated.

4.3.2 The day to day work of the CYC Flood Risk Management team and the flood risk management functions of all Risk Management Authorities will be called upon in such situations to assess the impacts of an event and to ensure the issues are understood, prioritised and acted upon as necessary.

5. Legislative Framework and Context of the Strategy

5.1 Introduction

5.1.1 This section provides a guide to the legislative context of the strategy and how it fits in the Council's corporate strategy.

The Legal and Regulatory Framework

5.2 The Pitt Flooding Review (June 2008)

5.2.1 In June 2008, Sir Michael Pitt published his report "Learning Lessons from the 2007 Floods", which called for urgent and fundamental changes in the way the country is adapting to the increased risk of flooding. The report includes 92 recommendations, of which 21 are specifically designated to local authorities.

5.2.2 The report identified that there were significant gaps in the powers held by various bodies in trying to reduce and respond to the risk of flooding. The Government response to the Pitt Review was the [Flood and Water Management Act 2010](#) which is the principal legislation overseeing flood risk management in England.

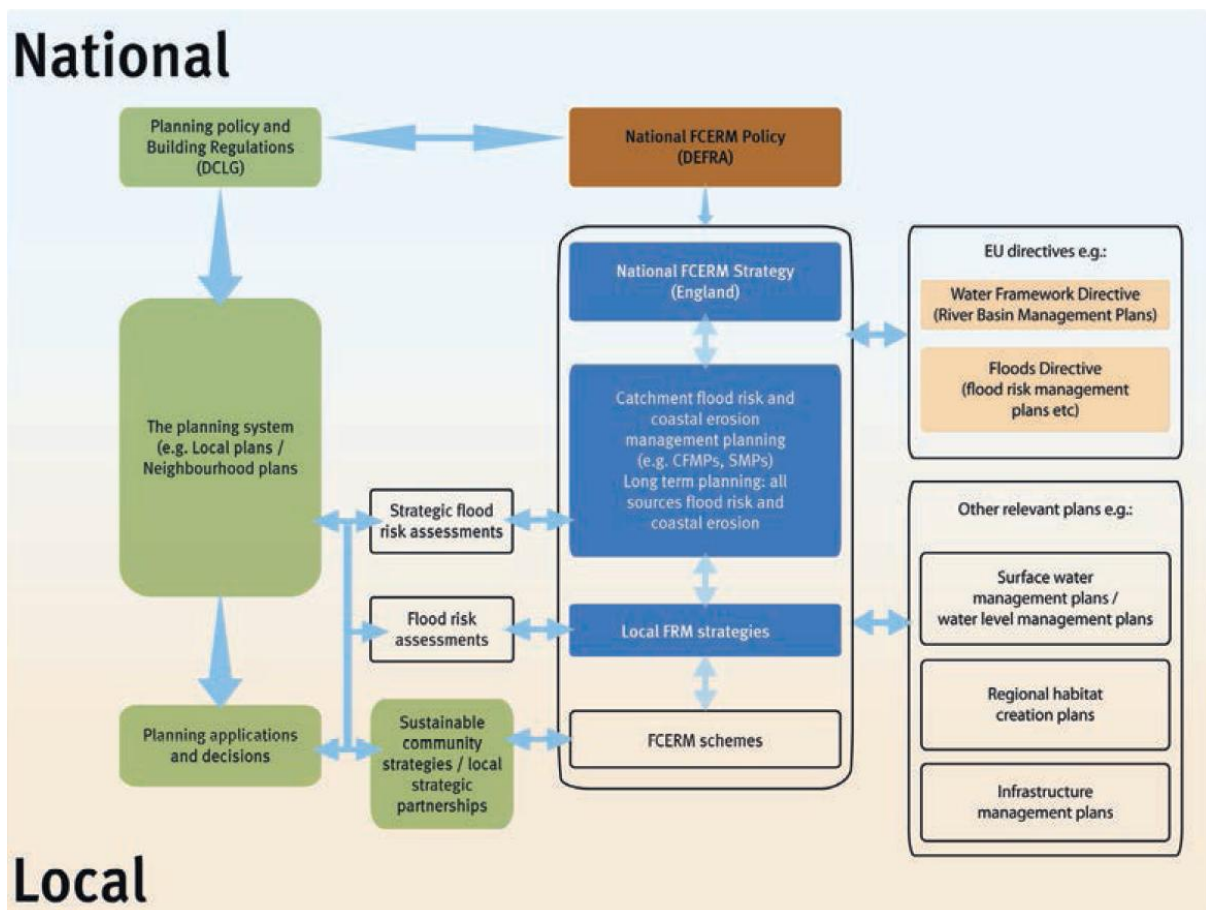
5.3 The Flood and Water Management Act 2010

5.3.1 The Flood and Water Management Act 2010 (FWMA) requires flood risk to be managed by a National Strategy for England and Wales, prepared by the EA, with Local Strategies prepared by LLFAs.

5.3.2 LLFAs have significant new roles and responsibilities to manage and reduce flood risk in a co-ordinated way by:

- Defining who is responsible for managing the various sources of flood risk.
- Enabling effective partnerships to be formed.
- Encouraging more sustainable forms of drainage in new development.

5.3.3 The Relationship between the various laws, directives, regulations, assessments and plans is shown in the following diagram.



5.4 The National Flood Risk Management Strategy for England (2011)

5.4.1 The FWMA requires the EA to “develop, maintain, apply and monitor a strategy for flood and coastal erosion risk management in England”. Accordingly the Agency has published the [National Flood and Coastal Erosion Risk Management Strategy for England 2011](#) (The National Strategy).

5.4.2 The National Strategy sets out strategic aims and objectives for managing flood and coastal erosion risks and the measures proposed to achieve them. It states that Government will work with individuals, communities and organisations to reduce the threat of flooding and coastal erosion by:

- Understanding the risks of flooding and coastal erosion, working together to put in place long-term plans to manage these risks and making sure that other plans take account of them
- Avoiding inappropriate development in areas of flood and coastal erosion risk and being careful to manage land elsewhere to avoid increasing risks

- Building, maintaining and improving flood and coastal erosion management infrastructure and systems to reduce the likelihood of harm to people and damage to the economy, environment and society
- Increasing public awareness of the risk that remains and engaging with people at risk to make their property more resilient
- Improving the detection, forecasting and issue of warnings of flooding, planning for and co-ordinating a rapid response to flood emergencies and promoting faster recovery from flooding

5.4.3 The FWMA requires Local Strategies to be consistent with the National Strategy. Principally, this refers to consistency with the overall aims and objectives, and in particular with the six “guiding principles” :

- Community focus and partnership working
- A catchment cell approach working with neighbouring authorities
- Sustainability, taking into account potential future risks and remaining adaptable to climate change
- Proportionate, risk-based approaches which allot resources to where they will be most effective
- Helping deliver broader benefits by working with natural processes where possible and seeking to provide environmental benefit.
- Beneficiaries should be encouraged to invest in local risk management

5.4.4 The FWMA also requires risk management authorities (local authorities, IDBs, water and sewerage companies and highway authorities) to act consistently with the National Strategy in carrying out their flood and coastal risk management functions.

5.5 Local Flood Risk Management Strategies

5.5.1 The FWMA designates CYC as the Lead Local Flood Authority (LLFA) for its area. This gives it duties and powers to lead the co-ordination of flood risk management as well as the specific role of managing flood risk from local sources, which are identified as:

- Surface water
- Ordinary watercourses
- Groundwater

5.5.2 The EA is responsible for managing the risk of flooding from the main rivers and reservoirs. YW owns and manages the public sewer network and is responsible

for managing its flood risk. Ainsty (2008), Foss (2008), Kyle and Upper Ouse, and Ouse and Derwent IDBs are responsible for managing flood risk within their defined districts. Further information is in Sections 3 and 6.

5.5.3 The FWMA places a duty on all risk management authorities to act in accordance with the relevant local flood risk management strategy when carrying out their flood risk management functions. These functions are subject to scrutiny in accordance with the LLFA's democratic processes.

5.5.4 The FWMA gives CYC new responsibilities as a LLFA:

- Maintain a register of drainage and flood assets
- Investigate flooding incidents
- Prepare a local flood risk management strategy
- Establish an approval body for sustainable drainage systems (SuDS)
- Power to designate flood risk management structures
- Power to undertake works
- Consenting to works on ordinary watercourses

5.5.5 The powers are permissive and can be used at the discretion of the LLFA.

5.6 The EU Floods Directive and the Flood Risk Regulations 2009

5.6.1 The Flood Risk Regulations 2009 came into force on 10 December 2009, transposing the EU Floods Directive into UK law. They require the EA to assess, map and manage flood risk from the sea, main rivers and reservoirs, and require LLFAs to do so for other flood risks. The key provisions of the regulations are:

- to give responsibility to the EA to prepare Directive deliverables – preliminary flood risk assessments, maps and plans - for floods from the sea, main river and reservoirs
- to give responsibility to lead local flood authorities (unitary and county councils) to do the same for all other forms of flooding (excluding sewer flooding which is not caused by precipitation)
- preliminary flood risk assessments (PFRAs) identifying areas of significant flood risk to be prepared by the Environment Agency and LLFAs by December 2011.
- flood hazard and risk maps to be prepared by 22 December 2013 for identified areas of significant flood risk

- flood risk management plans to be prepared by 22 December 2015 for the same areas
- all assessments, maps and plans to be reviewed and updated every six years

5.6.2 The PFRA is a high level screening exercise bringing together information on past and future significant local flood risk based on readily available information, it identifies significant flood risk areas. The Council's [PFRA](#) concludes that York does not exceed the national local flood risk threshold and therefore no further action is required in the current cycle.

5.6.3 The EA are preparing Flood Risk Management Plans for main rivers and the sea as part of the requirements of the Flood Risk Regulations. The Council is cooperating with the EA in the preparation of plans for the Humber River Basin District to ensure flood risks from local sources are included in the plans. Shared action plans will be developed and early actions from the Flood Risk Management Plan have been included in the Strategic Action Plan in Section 2 of this report. The consultation phase of the Flood Risk Management Plan will align with the consultation phase of this plan, the finalised plans will be further aligned before publication in 2015.

5.7 National Planning Policy Framework

5.7.1 The [National Planning Policy Framework](#) (NPPF) was introduced in 2012 by the government to make the planning system less complex and more accessible. It has simplified the number of policy pages about planning, but requirements relating to flood risk remain virtually unchanged from the earlier Planning Policy Statement 25. Further detail on flood risk management requirement in planning policy and delivery can be found in Section 7: Development Management.

5.8 Emergency Flood Planning

5.8.1 Emergency planning and incident management are vital to reduce the impact of flooding on people and property. Appropriate and timely action can minimise its consequences and can have a positive effect on the wellbeing of individuals and the resilience of communities.

5.8.2 The Civil Contingencies Act 2004 is the main piece of legislation governing emergency planning which includes flooding. It formalises duties on local authorities, the emergency services and other organisations.

5.8.3 The Council River Flood Emergency Plan provides a co-ordinated multi-agency response to river flooding with the aim of minimising its impact on the public and key infrastructure. It is prepared, maintained and updated by the Council's Emergency Planning Unit and is updated annually.

5.8.4 This plan does not cover surface water flooding, as it is not possible to plan action due to the unpredictable nature of such events.

Land Drainage and Water Quality

5.9 Land Drainage Law and Regulation

5.9.1 The Land Drainage Acts 1991 and 1994 give CYC permissive powers to maintain the flow in ordinary watercourses within the City boundary and to ensure they are free from obstruction. The Council can require landowners to carry out work to remove obstructions and maintain flow. It can also carry out works on ordinary watercourses and undertake works on private land to prevent flooding. The IDB has similar powers within its districts in York. The EA also has similar powers in respect of ordinary watercourses and main rivers.

5.9.2 Although CYC and the EA have permissive powers relating to the maintenance of flow in watercourses they are only legally responsible for the physical maintenance of the watercourses where they themselves are the landowner.

5.10 Riparian Ownership

5.10.1 Owners of land or buildings next to a watercourse, or with a watercourse running through their land or buildings are defined as riparian owners under common law. The EA's publication "[Living on the Edge](#)" provides guidance to riparian owners' responsibilities and rights. In summary, these responsibilities relate to the upkeep of watercourses and allowing water to flow unhindered and free from pollution.

5.10.2 RMA's will seek to ensure riparian owners carry out appropriate works to ensure they deliver their responsibilities, however, there will be times where this is not possible and in such occasions RMA's permissive powers may be used where risks justify action. This will be addressed on an individual case by case basis.

5.11 The Water Framework Directive 2000

5.11.1 The EU Water Framework Directive (WFD) came into effect in 2000 and was transposed into law in England and Wales by the Water Environment (Water Framework Directive) (England and Wales) Regulations 2003. Member States must aim to reach good chemical and ecological status in inland and coastal waters.

5.11.2 The Water Framework Directive establishes new and better ways of protecting and improving rivers, lakes, groundwater, transitional (where freshwater and sea water mix) and coastal waters. It is designed to:

- prevent deterioration in the classification status of aquatic ecosystems, protect them and improve the ecological condition of waters;
- achieve at least good status for all waters by 2021 or 2027;
- promote sustainable use of water as a natural resource;

- conserve habitats and species that depend directly on water;
- progressively reduce or phase out the release of individual pollutants or groups of pollutants that present a significant threat to the aquatic environment;
- progressively reduce the pollution of groundwater and prevent or limit the entry of pollutants; and
- contribute to mitigating the effects of floods and droughts.

5.11.3 To deliver this the EA, as the responsible authority, has embarked on River Basin Management planning to develop new and better ways of protecting and improving the water environment. York is located in the Humber River catchment and is part of the Swale, Ure, Nidd and Upper Ouse sub-catchment with the Yorkshire Derwent sub-catchment forming its eastern boundary.

5.11.4 It is important that measures to manage local flood risk do not cause deterioration of water bodies and the activities of all of the RMAs can contribute to achieving WFD targets and objectives. Opportunities for this should be considered as an integral part of any flood risk management activities, and examples of these are:

- Consenting works on watercourses
- Maintaining flow in watercourses
- Promoting the use of SuDS with developers and the highway authority
- Approving, and when required adopting, SuDS which comply with agreed standards of design and construction
- Planning policies relating to environmental issues
- Exclusion of foul sewage from watercourses and surface water drains and sewers

5.12 Flood Risk Management Plans and Assessments

5.12.1 The Strategy is the definitive document for managing flood risk in York, bringing together all available plans and assessments to improve understanding and enable recommendations to be made for addressing the key flood risk issues. This table summarises the documents relating to the York area, outlining their purpose and recommendations.

Title	Body	Date	Context	Purpose	Key Recommendations, Conclusions and Outputs
Strategic Flood Risk Assessment 2 nd revision	CYC	2013	Fluvial main river flood risk	Informs spatial and planning policy on flood risk in accordance with NPPF	Planning advice on flood risk management Guidance on application of sequential and exception tests and development management
Preliminary Flood Risk Assessment	CYC	2011	Local flood risk	Prepared in accordance with the Flood Risk Regulations 2009. High level screening exercise compiling information on significant local flood risk from past and future floods.	Does not identify a significant local flood risk area for the purpose of taking further action under the Flood Risk Regulations Future local flood risk is estimated to be low on basis of recorded incidents and modelling
Surface Water Management Plan	CYC	2012	Local flood risk	Increased understanding of local flood risk from surface water and ordinary watercourses	Confirms that local flood risk is low. Recommends that backlog of maintenance is addressed to optimise performance of existing infrastructure and that risk is managed through planning development control.
Humber River Basin Management Plan	EA	2009	Pressures facing the Water Environment in the Humber River Basin District	Prepared under the Water Framework Directive the plan gives targets and key actions for the improvement of surface water bodies relating to water quality and physical modification	York is within the Swale, Ure, Nidd and Upper Ouse catchment with the Yorkshire Derwent catchment on its eastern side. Water bodies in the York area are generally moderate ecological quality and fair chemical quality, with the predicted qualities in 2015 to be moderate and good respectively.
Ouse Catchment Flood Management Plan	EA	2010	All sources of flood risk in the York policy unit	Helps to understand current and future flood risk Provides a high level, long term plan for sustainable flood risk management Identifies flood risk management policies to assist key decision makers in the catchment	Policy Option 5 has been selected for this sub-area - to reduce existing flood risk. It recommends multiple approaches to manage flooding including: -Partnership working -Asset management -Surface water flooding reduction -Review Holgate and Burdyke pumping stations
Derwent Catchment Flood Management Plan	EA	2010	All sources of flood risk in the Lower Derwent policy unit		Policy Option 3 has been selected for this sub-area - to continue with existing or alternate actions to manage flood risk at the current level (inc Climate Change)

5.13 York Council Plan

5.13.1 The Council has set out its programme for the years 2011 to 2015. The targets it is committed to meet are in five priority areas:

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

5.13.2 The Strategy will be delivered within the context of the corporate plan contributing, where possible, to the achievement of its outcomes in the following ways:

- Create jobs and grow the economy – managing the impact of flooding and guide development away from flood risk areas.
- Get York moving – helps to protect critical infrastructure from flooding.
- Protect vulnerable people – identifying flood risk areas and potential protection.
- Protect the environment – ensure that development takes flood risk into account.

5.13.3 The Strategy will be updated in line with revised corporate plans. Flood risk management interventions are well placed to facilitate, safeguard and enhance many features of the current plan and are likely to be key contributors to the aspirations of future Council plans.

6. Risk Management Authorities and their Functions

6.1 Partnership Working and the Functions of Risk Management Authorities

6.1.1 The FWMA defines certain organisations as risk management authorities (RMAs) to work with the LLFA in managing flood risk. In York these are

- The LLFA (City of York Council)
- The Highways Authority (City of York Council)
- The Highways Agency (A64)
- The Environment Agency
- Yorkshire Water Services as sewerage undertaker
- Ainsty (2008), Foss (2008), Kyle and Upper Ouse, and Ouse and Derwent Internal Drainage Boards as bodies responsible for land drainage in their respective districts
- Adjacent LLFAs – North Yorkshire County Council (NYCC) and East Riding of Yorkshire Council (ERYC)

6.1.2 As well as having specific responsibilities and functions relating to flooding, the RMAs have shared duties and powers under the Act, which are:

- A duty to act consistently with the Local Flood Risk Management Strategy when carrying out their flood risk management functions
- A duty to work in partnership to manage flood risk in the York area and to co-ordinate flood risk management activities
- A duty to share information and data relating to their flood risk management activities
- A duty to be subject to the scrutiny of the LLFA's democratic processes in respect of their flood risk functions
- The power to delegate flood risk management functions to other RMAs, subject to mutual agreement

6.2 City of York Council as Lead Local Flood Authority

6.2.1 CYC has an important role as LLFA in delivering local flood risk management in its area and in co-ordinating the activities of the relevant agencies. As well as this general responsibility, the LLFA has specific management functions relating to local flood risk. This is defined as flooding from surface water, groundwater and ordinary watercourses.

6.2.2 Risk management functions are expressed as duties or permissive powers. A duty is a legal obligation, and the use of a power is discretionary.

6.2.3 CYC's risk management duties under the FWMA are:

- To develop, maintain and apply a Local Flood Risk Management Strategy
- To develop and maintain information on flooding from surface water, ordinary watercourses and groundwater
- To investigate incidents of flooding in its area where appropriate and necessary and to publish reports
- To maintain a register of structures and features which have a significant effect on flood risk
- To establish and operate an approval body for sustainable drainage systems (SuDS) serving new development of more than one property

6.2.4 CYC's permissive powers are:

- To designate any structure or feature that affects flooding
- To decide whether third party works on ordinary watercourses can take place and, where appropriate, grant consent to the works
- To carry out works to manage flood risk from surface water and groundwater

6.2.5 In addition to this CYC has powers under the Land Drainage Act 1991 to:

- Maintain and improve ordinary watercourses and build new works
- Serve notice on any person or body requiring them to carry out necessary works to maintain flow in ordinary watercourses

6.2.6 Although CYC has powers to work in Ordinary watercourses it is only responsible for the maintenance of watercourses where it is the riparian owner.

6.3 Investigation of Flooding Incidents

6.3.1 As LLFA, the Council has a responsibility to investigate any significant flood event and publish a report. This is to determine:

- which risk management authorities have relevant flood risk management functions, and
- whether each of those risk management authorities has exercised, or is proposing to exercise, those functions in response to the flood.

6.3.2 The decision as to whether a flood event is significant or not is at the discretion of the LLFA. The Council approach to flood risk management investigations is detail in Section 4: Incident Review Protocol.

6.4 Maintaining a Register of Assets

6.4.1 The register of assets will contain details of structures and features which have a significant impact on flood risk. This will include information on its ownership and state of repair. The register will include assets which are primary defences against flooding such as embankments and flood walls, and features such as watercourses and culverts which are critical to the conveyance of water. This register will be available for public inspection.

6.4.2 The purpose of the register is to:

- Raise awareness of the important flood risk structures and features
- Help identify suitable maintenance regimes
- Inform investigations into flooding incidents

6.5 Approval Body for Sustainable Drainage Systems (SuDS)

6.5.1 Following commencement of Schedule 3 of the Flood & Water Management Act, the Council will become a SuDS approval body (SAB) with a responsibility for approving, and adopting, new surface water infrastructure. No development can be lawfully commenced until the requirements and standards of the SAB are met. The emphasis will be on more natural forms of drainage with surface water managed within development sites. No date for commencement is currently known and the process has been delayed. The Council is working with other RMA's to develop guidance and protocols in advance of commencement and a separate section on SuDS/SAB will be developed for the Strategy when available.

6.5.2 For several years, CYC has taken a proactive approach to SuDS in accordance with guidance in its SFRA and endeavours to ensure that developers' drainage proposals are sustainable and achievable. It will build on this to develop its role as the SAB.

6.6 The Council as Highway Authority

6.6.1 CYC has a duty to maintain the public highway network, the only exception being the A64 which is a trunk road. It has a responsibility under the Highways Act 1980 to drain the highway of surface water and maintain highway drainage systems. The Highway Authority may undertake works on the highway or adjoining the land for the purpose of draining the highway, or to prevent surface water flowing on to it and causing flooding.

6.6.2 Highway gully locations are recorded on the CYC Highway Management System, but there is often no record of the drainage system serving them or details of connectivity. The YWS statutory sewer records provide some guidance where public sewers may serve the gullies, but there is no information in many areas of the City regarding the location of any highway drainage network. The SWMP established that a large number of major arterial roads around York have no records of drainage infrastructure and this data needs to be improved to enable effective maintenance to be carried out.

6.7 The Council as Planning Authority

6.7.1 When approved, the City of York Council Local Plan will set out:

- At a strategic level what is going to happen where, and how it is going to happen
- The preferred and acceptable uses for land in the Council's area
- Criteria and policies for determining planning applications

6.7.2 The role of the planning authority in flood risk management is:

- To avoid inappropriate development in areas at risk of flooding
- To mitigate the impacts of surface water runoff from new development

6.7.3 CYC takes a risk based approach when determining planning applications in accordance with the National Planning Policy Framework. This assesses both the vulnerability to flooding and the risk of causing flooding. The SFRA contains guidelines for developers and planners.

6.8 The Council as Riparian Owner

6.8.1 As a landowner, CYC is the riparian owner of main river and ordinary watercourses passing through its land. Its duties as a riparian owner are:

- To let water flow over its land without any obstruction, pollution or diversion which would affect the rights of others
- To accept flood flows through its land, even if these are caused by inadequate capacity downstream
- To maintain the bed and banks of the watercourse free of obstructions which may affect the flow of water

6.9 The Environment Agency

6.9.1 The Environment Agency (EA) and the Department of the Environment and Rural Affairs (DEFRA) have jointly developed and implemented a National Flood and Coastal Erosion Risk Management Strategy for England. The EA has a

strategic overview role for all sources of flooding as well as an operational role in managing flood risk from main rivers and reservoirs.

6.9.2 The National Strategy outlines the EA's strategic functions as:

- Ensuring that Catchment Flood Management Plans (CFMPs) are in place and are monitored to assess progress. These set out high level and current and future risk management measures across catchments
- Publishing and regularly updating its programme for implementing new risk management schemes and maintaining existing assets
- Supporting risk management authorities' understanding of local flood risk by commissioning studies and sharing information and data
- Supporting the development of local plans and ensuring their consistency with strategic plans
- Managing and supporting Regional Flood and Coastal Committees and allocating funding

6.10 The Environment Agency's Operational Role

6.10.1 The EA's operational functions are:

- Risk based management of flooding from main rivers – the Ouse, Foss and Derwent together with lengths of Burdyke, Blue Beck, Holgate Beck, Tang Hall Beck and Osbaldwick Beck. This includes permissive powers to carry out works including flood defences
- Regulation of works in main rivers through the consenting process
- Regulation of reservoirs with a capacity exceeding 25,000m³
- Emergency planning, working with the Met Office to provide forecasts and warnings of flooding from main rivers
- The maintenance and operational management of main river assets including flood defences throughout the Ouse, Derwent and Foss catchments in the city through the management of critical infrastructure such as raised flood defence walls, banks and pumping stations.
- Statutory consultee to the development planning process
- The power to serve notice on any person or body requiring them to carry out necessary works to maintain the flow in main rivers.

6.11 Yorkshire Water

6.11.1 Yorkshire Water is one of ten water and sewage companies responsible for water supply and disposal in England and Wales. Their activities are regulated by OFWAT through the Water Industry Acts 1991 and 1999, and the Water Act 2003 to ensure that consumers' interests are protected. Their flood risk management responsibilities relate to their operations as sewerage undertakers, reservoir owners and providers of infrastructure to new development.

6.12 Yorkshire Water Services and their Flood Risk Management Functions

6.12.1 Most rainwater falling onto properties and roads drains into the public sewer system, which in York is owned by Yorkshire Water Services. It enters either:

- The combined sewer networks and on to sewage treatment works, or
- Surface water sewer networks and discharged to rivers and streams

As the sewerage undertaker for York, YWS are a risk management authority under the FWMA, responsible for managing the risk of flooding due to storm water from its sewers.

6.12.2 YWS have the following risk management functions in relation to its sewerage services:

- To operate, maintain and upgrade the sewer system to agreed standards advised by Ofwat and DEFRA
- To assess the vulnerability of assets to flooding and prioritise investment
- To maintain a register of properties affected by, or at risk of flooding, known as the DG5 Register
- To enhance the sewer system in accordance with asset management plans approved by Ofwat
- To respond to flooding from sewers
- To co-operate with the LLFA in investigating significant flooding incidents
- To adopt private sewers
- To be subject to scrutiny from LLFAs as part of their democratic process
- To act consistently with the national flood risk management strategy and have regard to the local strategy

6.12.3 YWS have an important role to play in the drainage of new development. These will usually drain, with discharge rates controlled, to separate surface water

sewers either constructed or adopted by YWS in accordance with powers under the Water Industry Act 1991.

6.12.4 The government is expected to introduce new requirements for managing surface water from new development with the creation of the SuDS approval Bodies and YWS will be a statutory consultee in the approval process.

6.13 Internal Drainage Boards

6.13.1 Internal Drainage Boards (IDBs) manage land drainage and flood risk in their defined districts. They have a duty to exercise general supervision over all matters relating to the drainage of land, and their powers are set out in their byelaws which are approved by Defra.

6.13.2 Membership and financial matters are covered by Land Drainage Act 1991. They are funded by landowners as direct ratepayers and local authorities who pay a special levy in respect of non-agricultural land.

6.14 Internal Drainage Boards and their Flood Risk Management functions

6.14.1 Internal Drainage Board functions include the supervision of land drainage and flood defence works on ordinary watercourses or other flood sources as requested by local authorities or the Environment Agency.

6.14.2 Each IDB has permissive powers to undertake work to provide water level management within their Internal Drainage District (IDD), undertaking works to reduce flood risk to people and property and manage water levels for local needs. Much of their work involves the maintenance of rivers, drainage channels, outfalls and pumping stations, facilitating drainage of new developments and advising on planning applications. They also have statutory duties with regard to the environment and recreation when exercising their permissive powers.

6.14.3 There are four IDBs which overlap into the CYC area, their boundaries can be seen in figure 3.1:

- Ainsty (2008) Internal Drainage Board
- Foss (2008) Internal Drainage Board
- Kyle and Upper Ouse Internal Drainage Board
- Ouse and Derwent Internal Drainage Board

6.15 Adjacent LLFAs

6.15.1 The two adjacent LLFAs, North Yorkshire County Council (NYCC) and East Riding of Yorkshire Council (ERYC), have the same duties and responsibilities as the Council.

6.15.2 With the River Derwent forming the boundary between ourselves and ERYC, we work closely with themselves and the EA to ensure the effective management of this watercourse.

6.15.3 Our links, partnerships and joint working with NYCC is fundamental to an effective delivery of our Flood Risk Management service. Both authorities and other RMAs need to understand the impact of upstream management practices on communities downstream. This is essential not just for York with NYCC or EA activities on the River Swale, Ure or Nidd catchments, but also for the Selby DC area downstream of York.

6.15.4 These relationships are strong and we share views and approaches to strategic flood risk management. Our Local Flood Risk Management Strategies have been aligned and will be monitored through the North Yorkshire Flood Risk Partnership.

6.16 Yorkshire Regional Flood and Coastal Committee

6.16.1 The Yorkshire RFCC comprises appointed members from the 14 Lead Local Flood Authorities in the Yorkshire area with 5 independent members from the wider industry or academia. The committee has three main purposes:

- to ensure there are coherent plans for identifying, communicating and managing flood and coastal erosion risks across catchments and shorelines
- to encourage efficient, targeted and risk-based investment in flood and coastal erosion risk management that represents value for money and benefits local communities
- to provide a link between the Environment Agency, LLFAs, other risk management authorities, and other relevant bodies to build understanding of flood and coastal erosion risks in its area

6.17 North Yorkshire Flood Risk Partnership

6.17.1 The Yorkshire RFCC area represents a wide range of geographic, social and environmental challenges, similarly the type and extent of flood risks across the area change significantly. Four flood risk partnerships have been set up based on the sub-regional pattern. CYC sits on the North Yorkshire Flood Risk Partnership with North Yorkshire County Council, Internal Drainage Boards, Yorkshire Water Services and the Environment Agency.

6.17.2 The two LLFA's alternate the chairing of the meeting and all RMA's contribute to the make up and content of the meetings. One of the key outcomes from the meeting is a locally prioritised programme of flood risk management works which are used to influence and develop the regional programme developed by the RFCC.

7. Development Management

7.1 National Planning Policy Framework

7.1.1 The [National Planning Policy Framework](#) (NPPF) was introduced in 2012 by the government to make the planning system less complex and more accessible. It has simplified the number of policy pages about planning, but requirements relating to flood risk remain virtually unchanged from the earlier Planning Policy Statement 25. Further detail on flood risk management requirement in planning policy and delivery can be found in Section 7: Development Management.

7.1.2 The York [Strategic Flood Risk Assessment](#) provides more detailed information on the main rivers and associated flood risk. It supports the management of flood risk in future development and was produced in response to the NPPF which is current Government policy on planning for flood risk. It assesses the different levels of fluvial flood risk in the York area and maps these to assist with statutory land use planning.

7.1.3 The NPPF policy on flood risk states that:

“Inappropriate development in areas at risk of flooding should be avoided by directing development away from areas at highest risk, but where development is necessary, making it safe without increasing flood risk elsewhere. Local Plans should be supported by Strategic Flood Risk Assessment and develop policies to manage flood risk from all sources, taking account of advice from the Environment Agency and other relevant flood risk management bodies, such as lead local flood authorities and internal drainage boards. Local Plans should apply a sequential, risk-based approach to the location of development to avoid where possible flood risk to people and property and manage any residual risk, taking account of the impacts of climate change, by:

- applying the Sequential Test;
- if necessary, applying the Exception Test;
- safeguarding land from development that is required for current and future flood management;
- using opportunities offered by new development to reduce the causes and impacts of flooding; and
- where climate change is expected to increase flood risk so that some existing development may not be sustainable in the long-term, seeking opportunities to facilitate the relocation of development, including housing, to more sustainable locations”.

7.1.4 The government requires that the NPPF is taken into account in the preparation of local plans and is a material consideration in planning decisions. In

positive approach that reflects the presumption in favour of sustainable development in accordance with this, when considering development proposals, CYC will take full consideration of the SFRA requirements.

7.2 Local Plan (currently under development)

7.2.1 The Local Plan is the development plan for CYC drawn up in accordance with Section 20 of the Planning and Compulsory Purchase Act 2004 (as amended) and the NPPF. It addresses the spatial implications of economic, social and environmental change and set out the opportunities for development and clear policies on what will or will not be permitted and where.

7.2.2 Much of the evidence base was built up during the previous Local Development Framework (LDF) process, and comprehensive consultation has been undertaken to progress the Plan. However, there has also been the opportunity to revisit certain policy areas to reflect the NPPF. This includes a revised approach to delivering more sustainable economic growth, prosperity and housing at a local level. Whilst the previous Core Strategy followed a more cautious approach to housing growth and identifying land, the new Local Plan for York has been based on the city's ambitious economic, housing growth and social and environmental sustainability agendas.

7.2.3 The Sustainability Appraisal carried out for the Local Plan meets the requirements of the European Directive on strategic environmental assessment. Section 19 of the draft preferred options document covers flood risk management.

7.2.4 Two proposed policies detail with flood risk and drainage:

- **FR1 Flood Risk**

Underpins the requirement for new developments to assess and understand flood risk from all sources and ensure the development is delivered in a way that minimises the risks to the end users and all neighbouring developments. The usage of site specific Flood Risk assessments are key in achieving this.

- **FR2 Sustainable Drainage**

Our Surface Water Management Plan has concluded that the network of rivers, becks, drains and sewers in the City should be considered as 'at capacity' for the purposes of development management. We therefore use the same approaches to advise on all relevant planning applications, as evidenced by our Strategic Flood Risk Assessment and the wording will be used in FR2:

'Sufficient attenuation and long term storage should be provided to accommodate at least a 1 in 30 year storm. Any design should also ensure that storm water resulting from a 1 in 100 year event, plus 30% to account for climate change, and surcharging the drainage system can be stored on the

site without risk to people or property and without overflowing into a watercourse or adjacent areas'

In essence, any new development should deliver no net increase in peak rainfall inputs into the receiving system and in most cases a 30% betterment is expected. Sustainable Drainage Systems (SuDS) will be encouraged in all cases.

- 7.2.5 In the interim, the Council assesses planning applications against the 2005 (draft) Local Plan Development Management Policies. However, because of their age, they are afforded little weight and none where in conflict with the NPPF (which takes precedence).

7.3 SuDS Approval Body

7.3.1 Schedule 3 of the Flood and Water Management Act 2010 sets out a duty on Local Authorities to approve, adopt and maintain SuDS (if serving more than one property) through SuDS Approving Bodies. The benefits of SuDS are well known in their delivery of flood risk management, water quality and place making enhancements. SuDS aim to reduce the risk of surface water flooding by mimicking natural drainage systems as closely as possible through techniques such as swales, rain gardens, ponds, green roofs and other methods to slow, attenuate and reduce the amount of surface water flow from developments. In essence SuDS techniques aim to bring water 'to the surface' which can often free up capacity in existing underground drainage systems.

7.3.2 Applications for SuDS approval will be independent of planning applications, and, the SAB will be a technical process in the same way as building control though planning approval (when required) will be conditional on a SAB approval.

7.3.3 Schedule 3 of the Flood and Water Management Act has been delayed in its implementation, implementation is expected in 2015, this section of the Strategy will be re-written and published following its implementation.

8 Community Action and Resilience

8.1 Community Resilience

8.1.1 We cannot always prevent floods from happening. It is therefore essential that our communities have an understanding of their flood risk so that they can prepare and take appropriate action before, during and after a flood. This action, along with any action of the Council can help to minimise the impacts of flooding. City of York Council, as the Lead Local Flood Authority and all supporting RMAs will aim to build knowledge of flood risk in the Council area through the delivery of the Strategy.

8.1.2 A wide range of information is available to inform residents and businesses what can be done to prepare for flooding and other emergencies. This is predominantly managed through the work of the [North Yorkshire Local Resilience Forum](#) (NYLRF) and the City of York Council Emergency Planning Unit.

8.1.3 Communities are encouraged to engage with the risk management authorities by reporting flood incidents or blocked drains/watercourses, this helps RMAs to respond to incidents before problems arise and to learn from flood events to develop interventions to reduce their future impacts.

8.1.4 There are a number of preparations and actions that individuals and communities can take to make themselves more resilient:

8.1.5 Personal and Community Emergency Plans

It is recommended that both personal and community emergency plans are prepared. Creating a plan enables families and communities to identify their risks and actions they may need to take should certain criteria be met. Simply by creating plans, people automatically become more aware of risk. Parish/Ward Councils usually take on the responsibility of creating a community emergency plan, however any community group can create one should they wish to do so.

For more information on emergency plans, communities should contact the Emergency Planning team. Templates and information are also available on the NYLRF website

<http://www.emergencynorthyorks.gov.uk/index.aspx?articleid=11782>

8.1.6 Grab Bags

Along with an emergency plan, it is recommended that a Grab Bag is created. Preparing a few essential items such as water and a torch, along with copies of important documents such as house insurance can reduce a lot of stress and time wasted should people need to be evacuated from their property.

Further information is available here

<http://www.emergencynorthyorks.gov.uk/index.aspx?articleid=11874>

8.1.7 Flood and Weather Warnings

The EA have a Flood warning system that is available for the public to sign up to receive by phone, text or email. This is an advance warning system which warns people of rising risks and river levels.

Details of the EA Flood Warnings Direct service and how to sign up can be found here: <https://www.gov.uk/sign-up-for-flood-warnings> The EA website also has a page where river levels can be monitored in real time (updated every 15 minutes in a flood): <http://apps.environment-agency.gov.uk/river-and-sea-levels/default.aspx>

The Met Office provide severe weather warnings for the public. They can either be accessed via their website, via an app or via email if they sign up for the alerts. These warnings cover a range of weather types, not just rain and storms. Details of the Met Office weather warnings and how to sign up for them can be found here: <http://www.metoffice.gov.uk/>

8.1.8 Property Level Protection

A range of flood resilience products are available to prevent water from entering properties and reduce its impacts. A range of door barriers and airbrick covers prevent flood water access into the fabric of the building and sewer pipe valves and bungs can prevent sewerage 'backing up'. More complex arrangements of pumps or the 'tanking' of basements to prevent groundwater penetration can be carried out where the flood water sources are more difficult to manage. It is important to understand the type of flood risk that properties face and the limitations and advantages of using property level resilience measures, the EA provides a wide range of information in this respect and, whilst advice can be sought from the Council, recommendations or endorsement of any specific product can not be offered .

It is ultimately the responsibility of the home or premise owner to consider the ways in which they can make their property more resilient to flooding. The National Flood Forum 'Blue Pages' has advice and suggested supplies of property protection products <http://www.bluepages.org.uk/>

8.1.9 Flood Wardens

York has a small number of flood wardens who work with the EA to report any flooding issues in their area. They are also asked to report any issues which may cause a flood risk e.g. blocked drains, culverts or trash screens.

Flood wardens are recruited and trained by the EA in conjunction with the local authority.

Filename:

Local Flood Risk Management Strategy Cabinet Report 090914

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