City of York Council	Committee Minutes
Meeting	Executive
Date	14 February 2019
Present	Councillors Gillies (Chair), Aspden, Ayre, Runciman and Waller
Apologies	Councillors Brooks, Dew and K Myers

Part A - Matters Dealt With Under Delegated Powers

99. Declarations of Interest

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

100. Exclusion of Press and Public

Resolved: (i) That, since Members are agreed that no discussion will take place on the exempt Annex 4 to Agenda Item 7 (The Guildhall Redevelopment Tender Evaluation & Project Business Plan Appraisal), the press and public need not be excluded from the discussion on that item.

(ii) That the press and public be excluded from the meeting during consideration of Annexes A and B to Agenda Item 15 (Chief Officer Redundancy) on the grounds that they contain information which relates to an individual, is likely to reveal the identity of an individual and relates to the financial affairs of a particular person. This information is classed as exempt under Paragraphs 1, 2 and 3 of Schedule 12A to Section 100A of the Local Government Act 1972 (as revised by the Local Government (Access to Information) (Variation) Order 2006).

101. Minutes

Resolved: That the minutes of the Executive meeting held on 17 January 2019 be approved and then signed by the Chair as a correct record.

102. Public Participation

It was reported that there had been six registrations to speak at the meeting under the Council's Public Participation Scheme and two requests to speak by ward members.

Michael Hammill spoke on Agenda Item 7 (The Guildhall Redevelopment Tender Evaluation & Project Business Plan Appraisal). He noted the increased cost of the scheme, cast doubt on the demand for business space and suggested that the Guildhall should instead be disposed of to the private sector.

Andrew Lowson, of York Bid spoke on Agenda Item 7 and on Agenda Item 13 (Capital Programme 2019/20 to 2023/24). On Item 7 he expressed the Bid's view that there was a lack of commercial property in the city centre and a strategic look was needed at how existing space could be diversified and better used. On Item 13 he welcomed the match-funded wayfinding and dualling schemes (paragraphs 46-58) as good examples of collaborative working with the Bid and other partners.

Hon. Ald. Brian Watson spoke on Agenda Item 7, suggesting that Executive should approve Option 2 in the report on the grounds that the location was unsuitable for a cafe and restaurant and Option 2 would enable the civic car to be securely garaged.

Cllr Warters, Member for Osbaldwick & Derwent Ward, spoke on Agenda Item 7. He criticised the lack of progress since May 2018 and suggested that the Guildhall be put on the private market for hotel use, with the council retaining use of the Council Chamber in perpetuity.

Caroline Lewis spoke on Agenda Item 8 (Consultation on Disposal of Open Space at Rowntree Park Lodge), as a South Bank resident and organiser of music events at the park. She expressed disappointment about a lack of transparency, affecting residents' trust in the council, and doubt about the accuracy of the costings in the report.

Cath Mortimer spoke on Agenda Item 8, as Secretary of the Friends of Rowntree Park, expressing concern about the lack of public information on the proposal, including the legal meaning of 'disposal' and the impact on the cafe. Although the report had now answered many of these questions, this had been a major issue for the Friends.

Cllr Hayes, Member for Micklegate Ward spoke on Agenda Item 8. He raised a number of concerns about the business plan, the appropriateness of a luxury let in this location and the increase in costs and loan repayments, and urged Executive to consider the plan critically.

Gwen Swinburn spoke on Agenda Items 11 (Financial Strategy 2019/20 to 2023/24) and 13 (Capital Programme 2019/20 to 2023/24). She raised concerns over the adequacy of the consultation process and the lack of any communities and equalities impact assessment and asked the Chief Executive to write to her and Executive Members about these issues.

103. Forward Plan

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

104. A Cultural Strategy for York 2019-2025

The Corporate Director of Children, Education & Communities presented a report which provided an update on the development of a cultural strategy for York covering the period 2019-2025 and sought approval for the vision and key ideas of the strategy.

The strategy had been developed by ArtReach after discussions with key stakeholders and a full consultation programme, as described in the annex to the report. The proposed Vision for the strategy, set out in paragraph 13, was as follows:
York brings together outstanding, internationally renowned heritage with a cutting-edge contemporary approach to creativity.
By 2025 York will be internationally recognised for its unique interface between exceptional heritage and contemporary art.

The Vision was informed by the 7 Key Ideas detailed in paragraph 14.

The Executive Member for Culture, Leisure & Tourism commended the strategy to Members, noting that its aim was to bring people together and ensure that York's cultural offer worked for all residents as well as for tourists.

Resolved: That the Vision and Key Ideas set out in paragraphs 13 and 14 of the report be approved on behalf of the city.

Reason: So that:

- York will be internationally recognised for its exceptional heritage and unique arts offer;
- Residents and businesses in York will benefit from York's unique cultural offer, leading to greater investment and participation in the city;
- The cultural offer for York's residents will be expanded beyond the city centre; and
- All citizens, irrespective of age or background, will be proud to be engaged with York's arts and heritage offer, which will include a wide range of inclusive opportunities.

105. The Guildhall Redevelopment Tender Evaluation & Project Business Plan Appraisal

The Corporate Director of Economy & Place presented a report which outlined a comprehensive scheme to refurbish and redevelop the Guildhall complex, generate income of around £848,000 per year and deliver 250 additional jobs, contributing £117m of GVA (Gross Value Added) to the local economy.

On 8 May 2018, Executive had given approval to take the detailed specification for the scheme back out to tender (Minute 167 of that meeting refers). Since then, additional works had been added to the scope, to reflect planning and listed building consent conditions and address structural defects. These and other factors, detailed in paragraph 21 of the report, had resulted in an overall construction budget of £16.5m and a scheme budget of £20.2m. The business case had been updated to show revised income estimates, assessment of demand for a business club model, updated operational costs and confirmed grant support. Two bids had been submitted in

response to tender, as detailed in exempt Annex 4 to the report, and an evaluation process had identified Bidder B as the successful bidder.

The total net revenue cost of the full revised scheme (Option 1) was £574k. Of the alternative options modelled (set out in Annex 5), only Option 2 (repair / refurbishment, with leased office space and no restaurant or cafe) led to a lower revenue cost. This option was not recommended as it would deliver limited public access with poor public facilities, only partial DDA compliance, and low revenue income. It would also need further procurement, causing more delay.

In response to questions from Members, Officers explained that the extent of the structural defects had only come to light after detailed surveys had been carried out. As identified at the outset, inflation, the length of the project and the addition of contingency were also factors in increasing the costs. The Chair commented that all other options had been explored and the project should now proceed. Having noted the comments made under public participation, it was

Resolved: (i) That the additional construction costs necessary to address the structural instability of the Guildhall and to access the riverside site, as set out in paragraph 21 of the report, be noted.

(ii) That the additional costs arising due to inflation and contingency, as set out in paragraph 21, be noted.

(iii) That the 250 additional jobs with a Gross Value Added economic impact (GVA) of £117m over 5 years be noted.

(iv) That the redevelopment of the Guildhall at an additional cost of £7.372m, funded from prudential borrowing identified in the 2019/20 capital budget report, be approved.

(v) That the updated business case for the scheme be approved.

(vi) That it be agreed to proceed to the award of a contract to Bidder B as the construction contractor

for the Guildhall project and to delegate authority to the Director of Economy & Place, in consultation with the Assistant Director of Legal & Governance or his delegated officers, to take such steps as are necessary to enter into the contract and, subject to contract, to commence the construction works.

(vii) That approval be given to seek tenants for the commercial space to maximise income to the council and that authority be delegated to the Director of Economy & Place, in consultation with the Executive Leader (incorporating Finance & Performance) to agree the length of the lease(s).

Reason: To ensure the future viability and effective re-use of the Guildhall as one of the city's most significant historic buildings.

106. Consultation on Disposal of Open Space at Rowntree Park Lodge and Update of Financial Business Case

[See also under Part B]

The Assistant Director of Regeneration & Asset Management presented a report which informed Members of comments received under Section 123 of the Local Government Act 1972 (the Act) regarding the proposed 'disposal of open space' at Rowntree Park Lodge and provided an updated business case for the proposal.

On 25 January 2018, the Executive had approved the lease of the upper floors of the Lodge as a holiday let, with revenue to be ring-fenced for the upkeep of the Park (Minute 108 of that meeting refers). This change in use was classed by the Act as a disposal of open space, requiring public advertisement and consideration of any responses. 42 responses had been received, all objecting to the proposals, as summarised in paragraphs 17-18 of the report. Officers' responses to the objections were set out in paragraph 19.

An update to the original business case was set out in paragraphs 20-30. This reflected the development of the proposal to provide a greater area of accommodation with a higher specification, resulting in an increased projected income, and the cost of this and of further works to remove asbestos and

replace the roof of the dormer section. The revised scheme cost and funding were shown in the table at paragraph 29. The additional costs would require a further £110k budget, funded from prudential borrowing to be paid back over 15 years, during which time a net profit of £380k was projected for use in the Park.

The Executive Member for Culture, Leisure & Tourism endorsed the proposals while stressing the need to maintain the trust of local residents, in particular the Friends of Rowntree Park, and engage them in further consultation. Officers confirmed that, although a recommendation to Council on the budget was required today, a decision on delivery of the scheme could be deferred to an Executive Member Decision Session.* Ideally, work on site would begin in September, subject to planning consent in July. Having noted the comments made under public participation, it was

Resolved: (i) That the objections raised to the proposal be noted.

(ii) That approval be given to continue with the proposal previously endorsed by the Executive in January 2018 to convert the upper two floors into holiday let accommodation.

Reason: To support Rowntree Park and its stakeholders in developing the facilities on a long term sustainable basis.

(iii) That it be noted that all net revenue generated will be ring-fenced for the benefit of Rowntree Park, as per the Executive decision in January 2018, and that the public will have an input in setting priorities for the use of the fund, which is projected to deliver £380k over the next 15 years.

(iv) That it be noted that the Explore Reading cafe will be closed for a period of 12 weeks during the development works.

**See Part B minute*

107. 2018/19 Finance and Performance Monitor 3

The Director of Customer & Corporate Services presented a report which detailed the council's overall finance and performance position for the period 1 October 2018 to 31 December 2018, together with an overview of any emerging issues.

The financial pressures facing the council were projected at £525k, slightly higher than previous years' forecasts at this stage. Variations within each directorate were detailed in paragraphs 8 to 33 of the report and summarised in Table 1 at paragraph 7. It was noted that allocations from contingency, currently standing at £648k, might be needed to deal with some of these pressures. However, it was expected that by the end of the year an underspend would again be achieved.

Performance against the core indicators that monitored the priorities in the 2015-19 Council Plan was set out in paragraphs 44 to 99 of the report. Indicators identified as improving or declining were highlighted in paragraphs 42 and 43 respectively. Details of performance relating to major projects, employees and customers were provided in paragraphs 100 to 113. All performance data was available to view on the council's open data platform at www.yorkopendata.org.

In summary, key statutory services continued to perform well and, during a period of continued challenge for local government, the overall financial and performance position provided a sound platform from which to deal with future challenges.

Resolved: (i) That the finance and performance information be noted.

(ii) That the position on the overall budget, and the need to retain some of the additional business rates income to cover potential cost pressures, be noted.

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

108. Capital Programme - Monitor 3 2018/19

[See also under Part B]

The Director of Customer & Corporate Services presented a report which set out the projected out-turn position of the council's 2018/19 capital programme, including any under or overspends and adjustments.

A net decrease of £15.952m was reported on the approved capital budget, resulting in a revised programme of £106.291m. Variances in each portfolio area were outlined in Table 1 at paragraph 6 of the report, and detailed in paragraphs 8 to 57. The effect of the revisions was shown in Table 2, at paragraph 58.

The changes included a request from contingency for £120k to cover additional structural and conservation works at the Mansion House.

Resolved: (i) That the 2018/19 revised budget of £106.291m, as set out in Table 1 at paragraph 6 of the report, be noted.

(ii) That the re-stated capital programme for 2018/19-2022/23, as set out in Table 2 at paragraph 58 and detailed in Annex A, be noted.

(iii) That the use of £120k from capital contingency to the Mansion House scheme, as set out in paragraphs 56-57, be approved.

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

109. Financial Strategy 2019/20 to 2023/24

[See also under Part B]

The Director of Customer & Corporate Services presented a report which set out the financial strategy for 2019/20 to 2023/24, including detailed revenue budget proposals for 2019/20.

The budget reflected the council's priorities, with significant revenue and capital investment in a number of critical services, including adult social care, children's services, waste and street cleansing and libraries. The income and expenditure proposals, if approved, would result in a 3.25 % increase in the City of York element of the council tax, of which 1.5% would relate to the social care precept.

Members welcomed the investment in front line services, against a background of reduced government funding across the country, indicating that there was a need to balance the council's ambitions against an increase in council tax that was fair to York residents. Having noted the comments made under public participation, it was

Resolved: (i) That the average rent decrease of 1% to be applied to all 'social housing rents' for 2019/20 be approved, as required by legislation and as shown in table 16 at paragraph 169 of the report and described in paragraph 168.

(ii) That the average rent increase of 3.4% to be applied to all rents which fall outside the definition of 'social housing rents' for 2019/20, with the exception of a 2.7% increase on the Gypsy, Roma and Traveller Community site rents, be approved, as described in paragraphs 170 and 172.

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

110. Chief Officer Redundancy

[See also under Part B]

The Chief Executive presented a report which notified Executive of the proposed redundancy of a Chief Officer, as required by the council's Constitution, and sought approval to use an existing reserve fund to meet the pension strain costs that would result from the redundancy.

Under Section 4D(6) of the Constitution, Executive Members could object to the proposed redundancy no later than 5 working days after the meeting. Alternatively they could confirm at this

stage that they had no objections, approve a virement to cover the cost and refer the proposal to Council for formal approval.

Resolved: (i) That Executive Members confirm to the Leader that they have no objections to the proposed redundancy, in accordance with the arrangements set out in paragraph 5 of the report.

(ii) That a virement from the pay related matters reserve be approved, to cover the cost associated with the pension strain and enable the proposed redundancy to progress, subject to the Chief Executive being satisfied that there are no 'material' or 'well founded' objections to the proposal from Executive Members under Section 4D(6) of the council's Constitution.

Reason: To ensure that the decision on the proposal is made in accordance with statutory and constitutional provisions.

Part B - Matters Referred to Council

111. Consultation on Disposal of Open Space at Rowntree Park Lodge & Update of Financial Business Case

[See also under Part A]

The Assistant Director of Regeneration & Asset Management presented a report which informed Members of comments received under Section 123 of the Local Government Act 1972 (the Act) regarding the proposed 'disposal of open space' at Rowntree Park Lodge and provided an updated business case for the proposal.

On 25 January 2018, the Executive had approved the lease of the upper floors of the Lodge as a holiday let, with revenue to be ring-fenced for the upkeep of the Park (Minute 108 of that meeting refers). This change in use was classed by the Act as a disposal of open space, requiring public advertisement and consideration of any responses. 42 responses had been received, all objecting to the proposals, as summarised in paragraphs 17-18 of the report. Officers' responses to the objections were set out in paragraph 19.

An update to the original business case was set out in paragraphs 20-30. This reflected the development of the proposal to provide a greater area of accommodation with a higher specification, resulting in an increased projected income, and the cost of this and of further works to remove asbestos and replace the roof of the dormer section. The revised scheme cost and funding were shown in the table at paragraph 29. The additional costs would require a further £110k budget, funded from prudential borrowing to be paid back over 15 years, during which time a net profit of £380k was projected for use in the Park.

The Executive Member for Culture, Leisure & Tourism endorsed the proposals while stressing the need to maintain the trust of local residents, in particular the Friends of Rowntree Park, and engage them in further consultation. Officers confirmed that, although a recommendation to Council on the budget was required today, a decision on delivery of the scheme could be deferred to an Executive Member Decision Session. Ideally, work on site would begin in September, subject to planning consent in July. Having noted the comments made under public participation, it was

Recommended: (i) That Council allocate a further £110,000 capital budget, funded from prudential borrowing, to facilitate the regeneration of Rowntree Park Lodge in accordance with the revised business case, this allocation to be funded from the revenue receipts from the holiday lets together with funds from existing budgets to deal with property maintenance.

(ii) That the decision to commence delivery of the scheme be delegated to a future Decision Session of the Executive Leader (Incorporating Finance & Performance) following further consultation and engagement with the Friends of Rowntree Park and local residents to establish how funding priorities will be identified using the net income from Rowntree Lodge.

Reason: To support Rowntree Park and its stakeholders in developing the facilities on a long term sustainable basis.

112. Capital Programme - Monitor 3 2018/19

[See also under Part A]

The Director of Customer & Corporate Services presented a report which set out the projected out-turn position of the council's 2018/19 capital programme, including any under or overspends and adjustments.

A net decrease of £15.952m was reported on the approved capital budget, resulting in a revised programme of £106.291m. Variances in each portfolio area were outlined in Table 1 at paragraph 6 of the report, and detailed in paragraphs 8 to 57. The effect of the revisions was shown in Table 2, at paragraph 58.

The changes included a request from contingency for £120k to cover additional structural and conservation works at the Mansion House.

Recommended: That Council approve the adjustments resulting in a decrease of £15.952m in the 2018/19 budget, as detailed in the report and in Annex A.

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

113. Financial Strategy 2019/20 to 2023/24

[See also under Part A]

The Director of Customer & Corporate Services presented a report which set out the financial strategy for 2019/20 to 2023/24, including detailed revenue budget proposals for 2019/20.

The budget reflected the council's priorities, with significant revenue and capital investment in a number of critical services, including adult social care, children's services, waste and street cleansing and libraries. The income and expenditure proposals, if approved, would result in a 3.25 % increase in the City of York element of the council tax, of which 1.5% would relate to the social care precept.

Members welcomed the investment in front line services, against a background of reduced government funding across the country, indicating that there was a need to balance the council's ambitions against an increase in council tax that was fair to York residents. Having noted the comments made under public participation, it was

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

a) The net revenue expenditure requirement of £123.372m;
b) A council tax requirement of £90.066m;
c) The revenue growth proposals as outlined in the body of the report;
d) The 2019/20 revenue savings proposals as outlined in Annex 2;
e) The fees and charges proposals outlined in Annex 3;
f) The HRA (Housing Revenue Account) budget set out in Annex 4, the HRA savings proposals set out in Annex 5 and the 30 year HRA Business Plan set out in Annex 6;
g) The dedicated schools grant proposals outlined from paragraph 173;
h) The use of £100k of funds previously set aside in a Public Health Grant Reserve, to fund one off investment and £51k New Homes Bonus to fund recurring expenditure, as outlined in paragraph 83;
i) The use of the remaining £522k New Homes Bonus funding and £300k funding from the business rates pool to create a Service Risk Reserve for future use, as outlined in paragraph 84.
j) The use of £1.5m funding from the LCR and NWY business rates pools to allocate into the venture fund to deal with future cashflow or revenue implications regarding major planned developments, including Castle Gateway and Castle Museum, as referred to in the Capital Strategy report

and to be subject to future reports to Executive.

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

114. Capital Financing & Investment Strategy

The Director of Customer & Corporate Services presented a report which provided an overview of how the council's capital expenditure and financing contributed to the provision of services and how the associated risk was managed, and asked Executive to recommend the capital and investment strategy to Council.

This was a new statutory report, to be considered alongside the Treasury Management Strategy Statement and revenue and capital reports. The revised Prudential Code 2017 had introduced a requirement for councils to approve an annual strategy, partly in response to increasing commercialisation within local authorities. The strategy for 2019/20 was attached as Annex A to the report.

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

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

115. Capital Budget 2019/20 to 2023/24 (formerly Capital Programme 2019/20 and 2023/24)

The Director of Customer & Corporate Services presented a report which set out the Capital Strategy for 2019/20 to 2023/24, and new capital schemes in particular, for recommendation to Council.

The report set out details of £185.898m new investment over the five year period, of which £33.491m was externally funded, £106.022m to be met from the Housing Revenue Account (HRA) and £46.385m to be funded by the council. Key priority areas for new or increased investment included housing, transport schemes highways, the Guildhall, IT development, school buildings disabled facilities grants and libraries. Other major schemes to be brought forward as individual reports were listed in paragraphs 93-110.

The Executive Member for Environment welcomed the clean air and energy efficiency measures that had been factored in and the Chair remarked on the ambition of the programme. Having noted the comments made under public participation, it was

Recommended: That Council:

(i) Agree to the revised capital programme of **£579.762m** reflecting a net overall increase of **£185.898m**, as set out in table 13 at paragraph 92 of the report and in Annex A, key elements of which include:

- New schemes funded by prudential borrowing totalling £28.960m as set out in table 3 and summarised in table 13.
- New schemes funded by a combination of Prudential borrowing and external funds of £28.7m, as set out in table 4 and summarised in table 13;
- Extension to existing schemes of £7.372m funded by prudential borrowing, as set out in table 5 and summarised in table 13;
- Extension of prudential borrowing funded Rolling Programme schemes totalling £6.903m, as set out in table 6 and summarised in table 13;
- Extension of externally funded Rolling Programme schemes totalling £7.941m, as set out in table 7 and summarised in table 13;
- An increase in HRA funded schemes totalling £106.022m, funded from a combination of HRA balances / Right to Buy receipts, as set out in table 8 and summarised in table 13.

(ii) Note that the total increase in council borrowing as a result of new schemes being recommended for approval, the details of which are considered within this report and the Financial Strategy report, is £46.385m.

(iii) Approve the full re-stated programme, as set out in table 13 and summarised in Annex B, totalling **£579.762m** and covering the financial years 2019/20 to 2023/24.

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

116. Treasury Management Strategy Statement and Prudential Indicators for 2019/20 to 2023/24

The Director of Customer & Corporate Services presented a report which asked Executive to recommend to Council the treasury management strategy and prudential indicators for the 2019/10 financial year.

This regular annual report covered the council's capital plans (including prudential indicators), minimum revenue provision policy, treasury management strategy and annual investment strategy. The revised reporting required for the 2019/20 reporting cycle was outlined in paragraph 8; this included the introduction of a capital financing and investment strategy report, as considered at Agenda Item 12 (Minute 114 refers).

Recommended: That Council approve:

a) The proposed treasury management strategy for 2019/20, including the annual investment strategy and the minimum revenue provision policy statement;
b) The prudential indicators for 2019/20 to 2023/24 in the main body of the report;
c) The specified and non-specified investments schedule at Annex B; and

d) The scheme of delegation and the role of the Section 151 Officer at Annex D.

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

117. Chief Officer Redundancy

[See also under Part A]

The Chief Executive presented a report which notified Executive of the proposed redundancy of a Chief Officer, as required by the council's Constitution, and sought approval to use an existing reserve fund to meet the pension strain costs that would result from the redundancy.

Under Section 4D(6) of the Constitution, Executive Members could object to the proposed redundancy no later than 5 working days after the meeting. Alternatively they could confirm at this stage that they had no objections, approve a virement to cover the cost and refer the proposal to Council for formal approval.

Recommended: That Council approve the proposed redundancy.

Reason: In accordance with legal and constitutional procedures.

Cllr I Gillies, Chair
[The meeting started at 5.30 pm and finished at 7.20 pm].