

MEETING	CABINET
DATE	6 SEPTEMBER 2011
PRESENT	COUNCILLORS ALEXANDER (CHAIR), CRISP, FRASER (PRESENT FOR AGENDA ITEMS 6-10 ONLY; MINUTES 36-40 REFER), GUNNELL, LOOKER, MERRETT, POTTER AND SIMPSON-LAING (VICE- CHAIR)

PART A - MATTERS DEALT WITH UNDER DELEGATED POWERS

31. DECLARATIONS OF INTEREST

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

Cllr Simpson-Laing declared a personal interest in agenda item 7 (Preliminary Flood Risk Assessment), as a resident of a flood risk area.

Cllr Merrett declared a personal and prejudicial interest in agenda item 10 (Capital Programme – Monitor One), specifically in relation to the request for funding from contingency for St Clements Hall, as a member of St Clements Hall. He left the room during this part of the decision and took no part in any discussion thereon.

32. MINUTES

RESOLVED: (i) That the minutes of the Cabinet meeting held on 19 July 2011 be approved and signed by the Chair as a correct record, subject to the following amendments:

- Minute 14 (Taking Forward the 2011/12 Budget Priorities) – in the preamble, include reference to Members' suggested amendments to the draft Plan at Annex A
- Minute 20 (High Speed Rail Consultation – The Council's Response to the

Government's Consultation) – in the second bullet point of paragraph 2 of the preamble, delete the word '*existing*' and substitute '*proposed*'.

(ii) That the minutes of the Cabinet meeting held on 4 August 2011 be approved and signed by the Chair as a correct record.

33. PUBLIC PARTICIPATION

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

34. FORWARD PLAN

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

It was noted that:

- the York Education Partnership item had now been moved from the 4 October meeting to the meeting on 1 November;
- the practice of bringing combined performance and finance monitoring reports to Cabinet would resume from the next quarter;
- the Forward Plan would be reviewed to ensure that the correct portfolio holder was listed against each item.

35. MINUTES OF WORKING GROUPS

Members received a report which presented the minutes of the meetings of the Young People's Working Group (YPWG) and the Equality Advisory Group (EAG) held on 20 June 2011 and 18 July 2011, attached as Annexes A and B respectively.

Members were invited to consider the advice offered by the working groups in their capacity as advisory bodies to the Cabinet, and in particular:

- a) The YPWG's views in respect of developing their role as a conduit between young people and Members, and their proposal to put further recommendations before a future Cabinet meeting (Minute 6, Annex A) and
- b) The recommendation that Marije Davidson be appointed to the EAG as a representative of the York Independent Living Board (Minute 1, Annex B).¹

RESOLVED: (i) That the minutes at Annexes A and B to the report be noted.

(ii) That the specific recommendations of the Working Groups, as set out in paragraphs 5 to 7 of the report, be approved.¹

REASON: In accordance with the requirements of the Council's Constitution in relation to the role of Working Groups.

Action Required

1. Inform the new EAG member of their appointment

JC

36. ACCESS YORK PHASE 1 BEST & FINAL BID SUBMISSION

Members considered a report which sought approval for the submission to the Department for Transport (DfT) of a 'Best and Final Bid' for the Access York Project.

Details of the original Major Scheme Bid and the Expression of Interest / Interim Bid submitted to the DfT were provided in paragraphs 13-14 of the report. Changes to the DfT funding process introduced since the change in government in May 2010 meant that schemes with a reduced overall cost and a reduced DfT funding contribution were more likely to be approved. Work has already been undertaken to ensure the cost effectiveness of the York project. Therefore the only remaining opportunity to reduce costs was to reduce the number of sites in the bid and focus on the highest ranked locations. Poppleton Bar was considered the highest priority

site in terms of benefit to cost ratio, followed by Askham Bar and finally Clifton Moor.

In the light of the current situation, the following options for site development, and funding options to meet projected 20% and 30% target local contribution levels, were presented:

Option 1 – develop all three sites, with an additional £6m of Council funding (total £9.7m).

Option 2 – develop Askham Bar and Poppleton Bar, with additional Council funding of £0.7m or £2.9m (total £4.4m or £6.6m).

Option 3 – develop Poppleton Bar and Clifton Moor, with additional funding of £0m or £2.7m (total £3.7m or £5.4m).

The advantages and disadvantages of each option were set out in Annex 1 to the report; provisional funding sources were detailed in Annex 2. Members were invited to decide which option to recommend for approval to the Staffing Matters and Urgency Committee, which would then make a final decision prior to the DfT deadline of 9 September 2011.

Officers provided an update at the meeting on the action they had taken to determine what other local authorities were doing to amend their bids in order to enhance their chances of obtaining funding. Members noted the update and the contents of the report and

RESOLVED: (i) That Staffing & Urgency Committee be recommended to approve:

- a) The progression of Option 2b (Askham Bar & Poppleton Bar), with approx. 30% local contribution.
- b) The funding approach identified in Option 2b in Table 1 in Annex 2.
- c) The allocation of £3.305m from within the Council's existing capital programme.
- d) An increased allocation of LTP grant funding (up to £0.7m) to the scheme as part of the local contribution, with the expectation that additional developer contributions will be used when received.
- e) The use of £2.2m from the New Homes Bonus and / or prudential borrowing, with the actual split to be determined at a later date, with a commitment to fund any shortfall in funding prudential borrowing,

and to meet any consequent revenue implications that arise.

f) The use of the £350k value of the Sim Hills tip site as part of the Council's contribution.

(ii) That Staffing & Urgency Committee be recommended to note:

a) the additional risk to the Council, such as funding all cost over-runs, which result from the changes to the DfT funding processes and

b) the increase revenue risk from operating additional Park & Ride services.

REASON: To maximise the likelihood of a successful bid for funds from the DfT.

(iii) That Cabinet record its commitment to achieve the future development of the Clifton Moor site for Park & Ride, separately from the Access York bid process.

REASON: In view of the importance of this site.

37. PRELIMINARY FLOOD RISK ASSESSMENT

Members considered a report which sought approval for the Preliminary Flood Risk Assessment (PFRA) carried out to comply with the Flood Risk Regulations (2009).

The PRFA document, attached as Annex 1 to the report, had been completed following clarification with the Environment Agency (EA) of the number of properties at risk of flooding in the City of York area and had now been agreed with the EA. Of the ten indicative 'Flood Risk Areas' identified nationally by the EA and Defra, none were located in York, and it was not proposed to add a new Flood Risk Area for the purposes of the PRFA.

In accordance with the Flood Risk Regulations, the PRFA would be reviewed on a six-yearly cycle. To support future reviews, the Council would complete its Surface Water Management Plan, further develop its data recording processes and tools, and develop a Local Flood Risk Management Strategy.

RESOLVED: That the Preliminary Flood Risk Assessment document be approved.¹

REASON: To enable the Council to meet its statutory obligation under the Flood Risk Regulations 2009.

Action Required

1. Take any action necessary to ensure use of the MT PRFA and to support future reviews

38. LOCAL GOVERNMENT FINANCE UPDATE

Members considered a report which provided an update on a range of issues relating to local government finance, including the Local Government Resource Review (LGRR), consultation on business rates and a review of alternative forms of capital finance.

Terms of reference for Phase 1 of the LGRR had been published in March 2011 and were attached as Annex A to the report. This phase would look at ways of reducing the reliance of local government on central government funding, increasing local accountability and ensuring that the benefits of economic growth were reflected in authorities' resources. It included a consultation paper, seeking views on government proposals to introduce the local retention of business rates and on options for authorities to carry out Tax Increment Financing within the business rates retention system. Key elements of the proposals were detailed in paragraphs 10 to 24 of the report, and a summary of the consultation questions was provided in Annex B. The deadline for responses to the consultation was 24 October 2011.

Paragraphs 28 to 55 of the report provided an analysis of a number of alternative sources of capital finance that could be available to the Council in the near future. They included:

- Local Asset Backed Vehicles (LABV)
- Joint European Support for Sustainable Investment in City Areas (JESSICA)
- Local Authority Pension Funds

- Tax Increment Funding (TIF)
- Section 106 Planning Obligations and Community Infrastructure Levy
- Business Rates Supplement.

In exploring these alternative funding methods, their benefits would need to be clearly identified and assessed against the cost of borrowing from the Public Works Load Board through the Prudential Code.

In response to questions from Members, Officers outlined the advantages and disadvantages of 'pooling' with other authorities (Component 7 in the consultation) and agreed to provide an update on the issues in due course, including information on the opportunities offered by the renewable energy commitment.

RESOLVED: (i) That it be noted that Officers will continue to examine opportunities for alternative forms of capital and to pursue those options that will be beneficial for the authority.

REASON: To keep Members informed of matters affecting local government finance.

(ii) That responsibility be delegated to the Director of Customer & Business Support Services and the Cabinet Member for Corporate Services to agree the Council's detailed response to the consultation on the localisation of business rates.¹

REASON: To ensure that an appropriate response to consultation is submitted before the deadline.

Action Required

1. Agree response to consultation, together with IF
Cabinet Member

39. 2011-12 FINANCE MONITOR 1

Members considered a report which provided details of the headline financial performance issues for the first quarter of the 2011-12 financial year, covering the period 1 April to 30 June 2011.

The net General Fund budget for 2011-12 was £123,900k, inclusive of £1,025k usage of reserves and balances. Early forecasts indicated that the Council faced financial pressures of £4,288k, as outlined in Table 1, at paragraph 8 of the report.

Key pressures included:

- Increasing demand for Independent Residential & Nursing Care in Adult Social Services
- An increase above forecasts in the number of children in the care of the Council
- A continued shortfall in Building and Development Control income
- Delays in achieving cross-directorate savings in Communities & Neighbourhoods.

Further information on performance within directorates and measures being taken to mitigate the council-wide position was provided in paragraphs 12 to 26 of the report.

On the Dedicated Schools Grant, there was a projected underspend of £306k against a budget of £106,642k, primarily due to lower than expected costs relating to SEN Out of City Placements. An underspend of £82k was forecast against the current Housing Revenue Account balance of £9,543k, due to a decrease in the negative subsidy payment to central government. Reserves on the General Fund were now close to the minimum level of £6.1m (5% of the net budget).

In response to questions from Members, Officers confirmed that progress was being made towards the required savings and delivery of a balanced budget, and that the budget pressures currently faced by the Council were similar to those at the same time last year.

RESOLVED: (i) That the current projected pressures of £4,288k be noted.

(ii) That it be noted that strategies are being prepared to mitigate this position.

REASON: In order to ensure that expenditure is kept within budget.

PART B - MATTERS REFERRED TO COUNCIL

40. CAPITAL PROGRAMME - MONITOR ONE

Members considered a report which informed them of the likely out-turn position of the Council's 2011-12 Capital Programme, based upon the spend profile and information to June 2011, and sought approval for changes to the programme resulting from overspends, underspends or slippage.

The current approved capital programme for 2011-12 amounted to £66.099m, financed by £29.700m of external funding and £36.399m of internal funding. The report detailed an increase of £5.436m to this programme, made up of:

- Adjustments to schemes, increasing expenditure by £1.587m
- Net re-profiling of £3.849m of schemes from future years to the current year.

Variances against each portfolio area were outlined in Table 2 in paragraph 5 of the report and detailed in paragraphs 8 to 30. It was noted that capital spend up to the mid point in August had been £19.95%, representing 19.95% of the revised budget.

Requests for increases and additions to the programme, and for funding from contingency, were presented in paragraphs 15, 16 and 21-30. It was noted that the contingency fund was already included in the capital programme and the revenue implications were supported in the treasury management budget.

Having noted:

- The 2011/12 revised budget of £71.535m, as set out in the report at paragraph 4 and Table 2 and
 - The re-stated capital programme for 2010/11-2014/15 as set out in paragraph 26, Table 3, and detailed in Annex A,
- it was

RECOMMENDED: That Council approve:

- (i) The net adjustments of an increase of £5.436k in 2011/12 and a reduction of £3.849k in 2012/13, as detailed in the report and contained in Annex A.
- (ii) The increase of £38k in the Travellers' electricity units scheme, funded by

prudential borrowing and supported by existing revenue budgets (paragraph 15).

- (iii) The addition to the capital programme of the Howe Hill Hostel scheme at £50k, to be funded from RTB capital receipts not committed elsewhere in the housing capital programme (paragraph 16).
- (iv) The use of the £300k contingency fund to fund the following schemes, totalling £170k:
 - St Clements Hall - £30k (para 23)*
 - 29 Castlegate - £35k (para 24)
 - Decent Homes standard - £69k (paras 25-27)
 - Fishergate Postern - £20k (paras 28-29)
 - Castle Mills Car Park - £16k (para 30)

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

**Note: a separate vote was taken in respect of the funding to St Clements Hall, during which Cllr Merrett left the room, having declared a prejudicial interest (Minute 31 refers).*

J Alexander, Chair

[The meeting started at 5.30 pm and finished at 6.15 pm].