

Meeting	Executive
Date	11 February 2021
Present	Councillors Aspden (Chair), Ayre, Craghill, Cuthbertson, D'Agorne, Orrell, Runciman, Smalley, Waller and Widdowson
In Attendance	Councillor Myers

PART A - MATTERS CONSIDERED UNDER DELEGATED POWERS

88. 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.

Cllr Cuthbertson declared a personal interest in Agenda Item 6 (City of York Trading Limited – Proposed Amendments to Shareholder Agreement), as a non-Executive Director of CYT. He did not take part in the debate or decisions on this item.

Cllrs Craghill and Smalley each declared a prejudicial interest in Agenda Item 7 (Renewal of the Council's Contract with Make It York), as Directors of MIY. They did not take part in the debate or decisions on this item.

89. Minutes

Resolved: That, subject to an amendment to Minute 81 (Declarations of Interest) to record the interests declared by Cllrs D'Agorne and Waller in Agenda Item 6 (The York BID Renewal Ballot) and their non-participation in this item, the minutes of the Executive meeting held on 14 January 2021 be approved as a correct record, to be signed by the Chair at a later date.

90. Public Participation

It was reported that there had been 7 registrations to speak at the meeting under the Council's Public Participation Scheme.

The following spoke in relation to Agenda Item 7 (Renewal of the Council's Contract with Make It York):

- Joan Concannon, Director of External Relations at the University of York and a member of the MIY Board, spoke in support of the proposals, which she said would help MIY work collaboratively to achieve optimal results for the city.
- Janice Grey, a local resident, noted that in view of the overlap between the work of MIY and that of other bodies there was scope for reducing costs, and suggested that the contract with MIY should be reviewed annually.
- Cllr Douglas, Member for Heworth Ward, objected to the proposals on the grounds that they did not represent best value for money or take proper account of the needs of local businesses.
- Andrew Lawson, Executive Director of York BID, spoke in support of continuing the contract with MIY, which he considered important to achieving joint ambitions for the city, and of continued consultation with stakeholders.
- David Horne, MD of LNER and Executive Director of MIY, spoke in support of the proposals, stressing the importance of joint working to harness the potential of major projects and build a strong platform for the future of the city.

Gwen Swinburn spoke on Item 7 and on matters within the Executive's remit. She expressed concerns about the governance of the council's arms-length 'Teckal' companies and asked that this matter be referred to Audit & Governance Committee.

Andrea Dudding spoke on Item 11 (Financial Strategy 2021/22 to 2025/26) on behalf of UNISON. She called on Members, in considering the budget, to remember their responsibility to

ensure best practice in employment and to bring services back in house and protect as many jobs as possible.

91. 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.

92. City of York Council Recovery and Renewal Strategy - February Update

The Chief Operating Officer presented a report which provided an update on the council's activities in response to Covid-19, both directly and to support recovery and renewal. This month's report included updates in relation to recent flooding, cold weather and pressures on discharge from hospital, and considered the impacts of Brexit and the need to re-open the city when restrictions allowed.

As at 29 January, the rate of positive Covid-19 cases in York had been 269.2 per 100k of population. This was above the regional average but below the national rate. Flooding and cold weather in January had placed additional strain on the council's response. However, response protocols had coped with the challenge. Both the vaccination programme and implementation of the test and trace strategy continued to progress well.

The Chair placed on record his thanks to staff, partners, volunteers, businesses and residents across the city for the way they had responded in the face of difficult weather conditions, and called on government to provide sufficient funding to help prevent future flooding events. He noted that the Covid-19 case rate had fallen significantly in recent weeks and was currently below both the regional and national averages.

Resolved: That the contents of the report be noted.

93. City of York Trading Limited - Proposed Amendments to Shareholders Agreement

The Director of Governance presented a report which asked Executive to review the Shareholders Agreement in respect of

City of York Trading Limited (CYT) and to approve proposed amendments to the Agreement.

CYT was a council-owned company the main purpose of which was to supply temporary teaching, care and administrative staff. The Shareholders Agreement had last been reviewed in 2015 and the CYT Board felt it was now time to review it again. The changes proposed by the Board were summarised in paragraph 11 of the report and shown in detail in Annex B. They related mainly to the minimum and maximum numbers of Executive and non-Executive Directors on the Board.

Resolved: (i) That approval be given to make the amendments to the Shareholders Agreement and affix the Council's seal to the document.

Reason: To ensure that the provisions of the Shareholders Agreement accurately represent the most current and up to date practices of City of York Trading Limited.

(ii) That it be noted that the s151 Officer and the Monitoring Officer, in consultation with the Chair of the Shareholder Committee, have commenced a review of the Shareholder Committee and its associated governance arrangements and that updated arrangements will be reported to Full Council for approval to update the council's Constitution.

Reason: To confirm that Executive is aware of action being taken to ensure that governance arrangements for the Shareholder Committee remain effective and fit for purpose.

94. Renewal of the Council's Contract with Make it York

The Corporate Director of People presented a report which proposed the main terms on which the Council would let a new contract to Make it York (MIY) for the period 2021-24.

The report followed measures agreed by Executive on 15 December 2020 to secure the future of MIY in the context of the Covid-19 pandemic (Minute 76 of that meeting refers). The next steps must now be taken, before the existing contract came to

an end on 31 March. The new contract would address a number of issues, including the effects of Covid-19, mitigation of the risk to the council's investment in MIY, and clarification of governance arrangements. The option to bring MIY's functions back in-house was not recommended, due to cost and the broad success of the current model. Draft priorities for the Service Level Agreement (SLA) were set out in the report and in Appendix A. It was proposed to consult key stakeholder groups on these over the coming month and bring back final proposals for approval in April.

The Executive Member for Economy & Strategic Planning welcomed the proposals for a new SLA to address performance and governance issues and encouraged stakeholders to participate in the consultation. Having noted the comments made on this item under Public Participation, it was

- Resolved:
- (i) That the priorities on which the new service specifications are to be based be agreed as set out in paragraph 10 of the report and following.
 - (ii) That approval be given to undertake further work with Make It York to develop the outcomes and service levels schedule of the contract (the SLA), following consultation with businesses and other stakeholder groups, and to bring these back to Executive in April.
 - (iii) That approval be given to extend the current contract on the current terms until the new contract is in place, following approval of that new contract by Executive in April.

Reason: In order to create a closer relationship between the council and MIY, enabling them to work collaboratively with other organisations in the city and make the best use of resources for the benefit of York in the face of the challenges ahead.

95. Request to Extend Home to School Transport Contracts

The Corporate Director of People presented a report which sought approval to extend the existing contracts for home to school transport to 31 August 2022.

Home to school transport contracts in York were split into two areas. Contracts for home to school dedicated bus services were currently held by York Pullman. Contracts for minibuses and taxis were held by Streamline Taxis. All contracts were due to expire at the end of August 2021.

Two options were available:

Option 1 – procure new contracts, to begin on 1 September 2021;

Option 2 - extend the existing contracts for a further year. This was the recommended option, as it would enable the transport industry to return to some form of normality after the pandemic, widening the number of providers able to bid for the work and allowing costs to stabilise.

Resolved: That Option 2 be approved and the existing home to school transport contracts be extended for a period of one year, from September 2021 to August 2022.

Reason: To ensure that there is provision in place to meet both the Local Authority's statutory duties in relation to home to school transport, and provision for vulnerable young people.

96. 2020/21 Finance and Performance Monitor 3

The Chief Finance Officer presented a report which provided details of the council's overall finance and performance position for the period 1 April 2020 to 31 December 2020, together with an overview of any emerging issues.

The report highlighted the continuing financial consequences of the Covid-19 pandemic, as well as underlying budget pressures across adults' and children's social care. Cost impacts of the recent lockdown and flooding had not been included in the forecasted out-turn. The financial pressures facing the council were projected at £5.7m. As a result of work to identify mitigation measures and further action to bring spending under

control, it was considered this could be reduced to £3.7m by the end of the financial year. The position within each directorate was summarised in Table 1 at paragraph 19 of the report and detailed in Annex 1, along with mitigation measures. Reserves would be reviewed on a quarterly basis this year and released to support the in-year position where appropriate.

With regard to performance, progress was reported against the core set of strategic indicators in the Council Plan. Indicators with a good direction of travel were listed in paragraph 29, while indicators showing a worsening direction of travel were divided into those directly affected by Covid-19 (listed in paragraph 31), and those affected by wider factors (listed in paragraph 32). Further details were provided in Annex 2 to the report. Progress had been made on all of the 8 key outcome areas in the Council Plan, as highlighted in paragraph 35 and detailed in Annex 3.

The Executive Member for Finance & Performance commented that the council's service delivery performance remained strong despite the impact of Covid and continuing pressures on local authority budgets.

Resolved: That the finance and performance information, and the actions needed to manage the council's financial position, be noted.

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

97. Capital Programme - Monitor 3 2020/21

[See also under Part B]

The Chief Finance Officer presented a report which set out the projected out-turn position on the council's capital programme for 2020/21, including any over or under-spends, along with requests to re-profile budgets to and from current and future years.

A decrease of £24.824m was reported on the approved capital budget, resulting in a revised programme of £119.859m. Variances in each portfolio area were outlined in Table 1 at paragraph 7 of the report, and detailed in paragraphs 8-74. The effect of the revisions was shown in Table 2, at paragraph 75.

Despite the disruption of capital investment during the pandemic, progress had been made in a number of areas including Shared Ownership homes, conversion of bus fleets, major expansion at Archbishop Holgate School, further rollout of ICT and completion of the Community Stadium. Due to the impact of Covid-19, only a small number of schemes within the School Maintenance programme had been prioritised in the current year . It was therefore proposed to re-profile a further £1.1m into 2021/22, as set out in paragraphs 14-15.

Resolved: (i) That the 2020/21 revised budget of £119.859m, as set out in paragraph 6 of the report and in Table 1, be noted.

(ii) That the re-stated capital programme for 2020/21-2024/25, as set out in Table 2 at paragraph 75, be noted.

(iii) That approval be given to fund the schemes listed in the table at paragraph 15 from the existing Maintenance programme for 2021/22.

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

98. Financial Strategy 2021/22 to 2025/26

[See also under Part B]

The Chief Finance Officer presented a report which asked Executive to recommend to Council the financial strategy for 2021/22 to 2025/26, including detailed revenue budget proposals for 2021/22.

The strategy would deliver a balanced budget for 2021/22, with savings proposals totalling £7.9m. Overall, £12.5m additional revenue funding would be added to the budget to meet continuing pressures on adult social care and children's services, support the council's response to the Covid-19 pandemic and maintain progress on the objectives of the Council Plan. The proposals were predicated on a basic council tax increase of 1.99% in 2021/22, plus an additional increase of 3% in line with the government's social care precept. The net revenue budget of £131.392m would be funded by

council tax income of £98.051m and retained business rates of £33.341m.

The report included statutory advice from the s151 Officer, at paragraphs 202-224. A summary of the budget expenditure and savings proposals was provided in Annexes 1 and 2, with HRA growth and savings proposals in Annexes 5 and 6. Results of consultation with residents and businesses were detailed in Annex 4; it was noted that responses had increased from 825 to 2,251 this year.

In response to comments made under Public Participation, officers confirmed that proposals to review adult social care staffing would involve exploring options; there was no fixed view at this stage. Members supported the recommendations in the report, commenting individually on their respective portfolio areas. The Chair highlighted the increase in funding to crucial services and the need for the council to achieve a stable position in the face of unprecedented financial pressures.

Resolved: (i) That the revocation of the 2020/21 North and West Yorkshire 50% retention business rates pool on 31 March 2021 be noted, and that City of York Council's membership of the 2021/22 Leeds City Region 50% business rates pool from 1 April, as outlined in paragraph 106 of the report, be agreed.

Reason: To confirm membership of the Leeds City Region 50% business rates pool for 2021/22.

(ii) That the average rent increase of 1.5%, based on national formulas linked to RPI and CPI, be approved to apply to all rents for 2021/22, with the exception of Gypsy, Roma and Traveller Community site rents, to which a 1.2% increase shall apply as described in paragraphs 152 and 154.

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

PART B - MATTERS REFERRED TO COUNCIL

99. Capital Programme - Monitor 3 2020/21

[See also under Part A]

The Chief Finance Officer presented a report which set out the projected out-turn position on the council's capital programme for 2020/21, including any over or under-spends, along with requests to re-profile budgets to and from current and future years.

A decrease of £24.824m was reported on the approved capital budget, resulting in a revised programme of £119.859m. Variances in each portfolio area were outlined in Table 1 at paragraph 7 of the report, and detailed in paragraphs 8-74. The effect of the revisions was shown in Table 2, at paragraph 75.

Despite the disruption of capital investment during the pandemic, progress had been made in a number of areas including Shared Ownership homes, conversion of bus fleets, major expansion at Archbishop Holgate School, further rollout of ICT and completion of the Community Stadium. Due to the impact of Covid-19, only a small number of schemes within the School Maintenance programme had been prioritised in the current year. It was therefore proposed to re-profile a further £1.1m into 2021/22, as set out in paragraphs 14-15.

Recommended: That Council approve the adjustments detailed in the report and contained in Annex A, resulting in a decrease of £24.824m in the approved budget.

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

100. Financial Strategy 2021/22 to 2025/26

[See also under Part A]

The Chief Finance Officer presented a report which asked Executive to recommend to Council the financial strategy for 2021/22 to 2025/26, including detailed revenue budget proposals for 2021/22.

The strategy would deliver a balanced budget for 2021/22, with savings proposals totalling £7.9m. Overall, £12.5m additional revenue funding would be added to the budget to meet continuing pressures on adult social care and children's services, support the council's response to the Covid-19 pandemic and maintain progress on the objectives of the Council Plan. The proposals were predicated on a basic council tax increase of 1.99% in 2021/22, plus an additional increase of 3% in line with the government's social care precept. The net revenue budget of £131.392m would be funded by council tax income of £98.051m and retained business rates of £33.341m.

The report included statutory advice from the s151 Officer, at paragraphs 202-224. A summary of the budget expenditure and savings proposals was provided in Annexes 1 and 2, with HRA growth and savings proposals in Annexes 5 and 6. Results of consultation with residents and businesses were detailed in Annex 4; it was noted that responses had increased from 825 to 2,251 this year.

In response to comments made under Public Participation, officers confirmed that proposals to review adult social care staffing would involve exploring options; there was no fixed view at this stage. Members supported the recommendations in the report, commenting individually on their respective portfolio areas. The Chair highlighted the increase in funding to crucial services and the need for the council to achieve a stable position in the face of unprecedented financial pressures.

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

- a) The net revenue expenditure requirement of £131.392m;
- b) A council tax requirement of £98.051m;
- c) The revenue growth proposals as outlined in the body of the report;
- d) The 2021/22 revenue saving proposals outlined in Annex 2;
- e) The fees and charges proposals outlined in Annex 3;
- f) The consultation feedback set out in Annex 4;

- g) The Housing Revenue Account (HRA) growth set out in Annex 5, the HRA savings proposals set out in Annex 6, the HRA 2021/22 budget set out in Annex 7, and the HRA 30-year plan set out in Annex 8.
- h) The dedicated schools grant proposals outlined in paragraph 156; and
- i) The use of £52k New Homes Bonus to fund one-off investment, as outlined in paragraph 87.

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

101. Capital Budget 2021/22 to 2025/26

The Chief Finance Officer presented a report which set out the Capital Strategy for 2021/22 to 2025/26; in particular, proposals to prioritise investment in the economy, housing and transport and to invest to save.

The schemes outlined in the report continued the transformational programme to drive regeneration and accelerate the city's economic recovery. The report set out £41.037m of new investment over the five-year period, of which £8.500m was externally funded and £11.954m was met from the Housing Revenue Account, with £20.433m to be funded by council borrowing. A summary of the new proposals was provided in Table 2 at paragraph 13 of the report, with further details in the following paragraphs and in Annex A. The full re-stated programme for the 5-year period was detailed in Annex B

In supporting the programme, Members welcomed the investment in the council's response to Covid and in their own portfolio areas, including major projects, libraries, homes and public spaces, carbon reduction and flood alleviation schemes.

Recommended: (i) That Council agree the revised capital programme of **£546.880m**, reflecting a net overall increase of **£41.037m** (as set out in Table 2 at paragraph 13 of the report and in Annex A), key elements of which include:

- a) New schemes funded by prudential borrowing totalling £7.513m, as set out in Table 3;

- b) New schemes funded by a combination of prudential borrowing and external funds totalling £3.300m, as set out in Table 4 and summarised in Table 5;
- c) New schemes funded by a combination of prudential borrowing and other internal funds totalling £200k, as set out in Table 6;
- d) Extension of prudential borrowing funded Rolling Programme schemes totalling £10.870m, as set out in Table 5 and summarised in Table 7;
- e) Extension of externally funded Rolling Programme schemes totalling £7.00m, as set out in Table 9; and
- f) An increase in HRA-funded schemes totalling £11.954m, funded from a combination of HRA balances and Right to Buy balances, as set out in Table 10.

(ii) That Council note that the total increase in council borrowing as a result of new schemes being recommended for approval is £20.483m, the details of which (schemes) are considered within this report and the financial strategy report.

(iii) That Council approve the full re-stated programme totalling **£546.880m**, covering financial years 2021/22 to 2025/26, as set out in Table 14 at paragraph 75 of the report, and in Annex B.

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

102. Capital Financing & Investment Strategy

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

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

remained broadly unchanged from the previous year, save for the inclusion of an additional section to reflect the potential impact of the Covid-19 pandemic.

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.

103. Treasury Management Strategy Statement and Prudential Indicators for 2021/22 to 2025/26

The Chief Finance Officer presented a report which asked Executive to recommend to Council the treasury management strategy and prudential indicators for the 2021/22 financial year.

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

Officers confirmed that there were no significant changes to note. The report had been considered by Audit & Governance Committee and their comments had been incorporated.

Recommended: That Council approve:

- a) The proposed treasury management strategy for 2021/22, including the annual investment strategy and the minimum revenue provision policy statement;
- b) The prudential indicators for 2021/22 to 2025/26 in the main body of the report;
- c) The specified and non-specified investments schedule at Annex B; and
- d) The scheme of delegation and the role of the section 151 officer, in Annex D.

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

Cllr K Aspden, Chair

[The meeting started at 5.35 pm and finished at 7.17 pm].