

# Public Document Pack



## AGENDA

Committee Administrator: Democratic Services Officer (01609 767015)

Friday, 24 August 2018

Dear Councillor

### NOTICE OF MEETING

Meeting	<b>CABINET</b>
Date	<b>Tuesday, 4 September 2018</b>
Time	<b>9.30 am</b>
Venue	<b>Council Chamber, Civic Centre, Stone Cross, Northallerton</b>

Yours sincerely

*J. Ives.*

Dr Justin Ives  
Chief Executive

<b>To:</b>	Councillors M S Robson (Chairman) P R Wilkinson (Vice-Chairman) Mrs B S Fortune	Councillors Mrs I Sanderson S Watson D A Webster
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Other Members of the Council for information

## **AGENDA**

		<u>Page No</u>
1.	MINUTES	
	To confirm the decisions of the meeting held on 3 July 2018 (CA.9 - CA.17 as amended by Council on 17 July 2018), previously circulated.	
2.	APOLOGIES FOR ABSENCE	
	<u>Resources Management</u>	
3.	2018/19 Q1 CAPITAL MONITORING AND TREASURY MANAGEMENT REPORT	1 - 18
	This report provides the Quarter 1 update at 30 June 2018 on the progress of the Capital Programme 2018/19 and the Treasury Management Position. A full schedule of the Capital Programme 2018/19 schemes is attached at Annex A of the report, together with the relevant update on progress of each scheme.	
	In accepting the recommendations, Cabinet will approve and recommend to Council the net increase of £742,685 in the Capital Programme to £14,607,198 as detailed in Annex B and also in the Capital Programme attached at Annex A of the report ; the increase of capital expenditure is funded from earmarked reserves at £1,372,469 where £483,842 is funded from capital receipts, £67,000 is from the Economic Development Fund and £821,627 is from external grants/contributions; the funding allocation to the Capital Programme as detailed in paragraph 3.1 and 3.2 of the report and the Treasury Management and prudential indicators at Annex E of the report.	
	<b>Relevant Ward(s): All Wards</b>	
4.	2018/19 QUARTER 1 REVENUE MONITORING REPORT	19 - 28
	This report provides an update on the Revenue Budget position of the Council and the reserve funds at the end of June 2018.	
	In accepting the recommendations, Cabinet will approve and recommend to Council that the budget remains at £8,096,170 as detailed in paragraph 3.2 of the report; the allocation from the One-off Fund at paragraph 6.6 of the report of £230,060; the total amount of £40,864 at paragraph 6.3 of the report to be returned to the fund and to note that the Economic Development Fund remaining balance to be allocated at paragraph 6.4 of the report is £581,699; note the two waiver of procurement rules at paragraph 7.2 of the report and that Hambleton District Council is part of the North Yorkshire and East Riding submission to the Ministry of Housing, Communities and Local Government to become a 75% Business Rates Pilot in 2019/20 if the Director of Finance (S151 Officer) deems it to be financial advantageous to the Council as detailed in paragraphs 8.1 to 8.7 of the report.	
	<b>Relevant Ward(s): All Wards</b>	
5.	ANNUAL REPORT ON AUDIT, GOVERNANCE AND STANDARDS COMMITTEE'S ACTIVITIES FOR 2017/18	29 - 32
	This report presents an analysis of the work undertaken by the Audit, Governance and Standards Committee up to 31 March 2018.	
	In accepting the recommendation, Cabinet will endorse the report of the Audit, Governance and Standards Committee.	
	<b>Relevant Ward(s): All Wards</b>	

6.	COMMUNITY INFRASTRUCTURE LEVY (CIL) – PRIORITISATION OF SCHEMES	33 - 42
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This report seeks a review of the prioritisation of the schemes to be funded through the Community Infrastructure Levy and reviews the content of the Community Infrastructure Levy Regulation 123 List.

In accepting the recommendations, Cabinet will approve that the prioritisation of the Regulation 123 List remains unchanged for the present and that a full review of the Regulation 123 List be undertaken to coincide with the submission of the new Local Plan.

**Relevant Ward(s): All Wards outside the North York Moors National Park**

7.	WORLD WAR I CENTENARY	43 - 46
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This report provides information on activities planned to mark the World War I Centenary.

In accepting the recommendations, Cabinet will approve the initiatives taking place to celebrate the centenary of the end of the First World War.

**Relevant Ward(s): All Wards**

Policy and Strategy

8.	AIR QUALITY ACTION PLAN FOR BEDALE	47 - 66
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This report seeks approval of the Air Quality Action Plan for Bedale prior to public consultation.

In accepting the recommendation, Cabinet will approve the Air Quality Action Plan for Bedale for public consultation.

**Relevant Ward(s): Bedale Ward**

9.	EXCLUSION OF THE PUBLIC AND PRESS
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To consider passing a resolution under Section 100A(4) of the Local Government Act 1972 excluding the press and public from the meeting during consideration of items 10 to 12 on the grounds that they involve the likely disclosure of exempt information as defined in paragraphs 1 and 3 of Part 1 of Schedule 12A to the Act.

10.	UCI ROAD WORLD CHAMPIONSHIPS 2019	67 - 70
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This report seeks consideration and approval from Cabinet for the hosting of the official start, and subsequent route sections, for stages of the Union Cycliste International (UCI) Road World Championships in September 2019.

**Relevant Ward(s): All Wards**

11.	SURRENDER OF LEASE - LAND AT STOKESLEY, NORTH YORKSHIRE	71 - 76
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This report seeks approval to surrender a lease on land at Stokesley and other associated matters.

**Relevant Ward(s): Stokesley Ward**

This report seeks consideration of a request regarding the possibility of leasing the Crosby Road Car Park, Northallerton to an interested party.

**Relevant Ward(s): Romanby Ward**

# Agenda Item 3

## HAMBLETON DISTRICT COUNCIL

**Report To:** Cabinet  
4 September 2018

**Subject:** 2018/19 Q1 CAPITAL MONITORING AND TREASURY MANAGEMENT REPORT  
All Ward(s)  
**Portfolio Holder for Economic Development and Finance: Councillor P R Wilkinson**

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### **1.0 PURPOSE AND BACKGROUND:**

- 1.1 The purpose of this report is to provide Members with the Quarter 1 update at 30 June 2018 on the progress of the capital programme 2018/19 and the treasury management position. A full schedule of the capital programme 2018/19 schemes is attached at Annex A, together with the relevant update on progress of each scheme.
- 1.2 Capital expenditure is intrinsically linked with treasury management as the way that the capital programme is funded, directly effects the treasury management arrangements of the Council. The majority of the Council's capital expenditure is funded by grants, capital receipts, reserves and borrowing. The use of the Council's funds affects the daily treasury management cash flow position, as well as the requirement to investment surplus funds.

### **2.0 CAPITAL PROGRAMME SUMMARY:**

- 2.1 The 2018/19 capital programme was approved by Cabinet on 6 February 2018 at £1,744,830. At 2017/18 outturn, £12,119,683 capital expenditure was slipped forward in to the new financial year revising the capital programme 2018/19 to £13,864,513.
- 2.2 A breakdown of the movement in the revised capital programme in 2018/19 is as follows:

<b>Portfolio</b>	<b>Original 2018/19</b> £	<b>2017/18 brought forward</b> £	<b>Revised 2018/19</b> £
Leisure & Environment	687,217	441,700	1,128,917
Economy & Planning	1,468,416	1,037,500	2,505,916
Finance	152,152	265,630	417,782
Economic Development Fund	459,715	-	459,715
Corporate schemes	9,352,183	-	9,352,183
<b>Total</b>	<b>12,119,683</b>	1,744,830	<b>13,864,513</b>

Table 1: Capital Programme 2018/19

- 2.3 At this Quarter 1 monitor, a net increase to the capital programme of £742,685 results in a total revised capital programme of £14,607,198.
- 2.4 The net increase of £742,685 to be approved in this report is detailed in Annex B and is made up of:-
  - a) increase in expenditure of £550,842 supported from Council reserves;
  - b) roll forward of £526,710 the majority of which is £521,710 for the Bedale Gateway Car Park project;

- c) external funding - decrease in expenditure for Disabled Facilities grant of £37,824 which is funded from grants as less allocation than anticipated in 2018/19 and increase in expenditure of £821,627 for Thirsk & Sowerby Sports Village which is funded from a Section 106 Agreement and European Regional Development Funding (ERDF) grant;
- d) decrease in capital expenditure for Economic Development Improvement Infrastructure Central Northallerton of £65,250 to be funded from revenue.

2.5 Table 2 below outlines the variances reported against each portfolio area.

Portfolio	Current Approved Expenditure £	Revised Expenditure Q1 £	Variance Increase/ (decrease) £	Request for additional funding £	Funding no longer required £	Request of roll forward to 2019/20 £	External Funding £
<b>Leisure &amp; Environment</b>	1,128,917	2,036,434	907,517	85,890	-	-	821,627
<b>Economy &amp; Planning</b>	2,505,916	2,344,084	(161,832)	397,702		(521,710)	(37,824)
<b>Finance</b>	417,782	413,032	(4,750)	250	-	(5,000)	-
<b>Economic Development Fund</b>	459,715	461,465	1,750	67,000	(65,250)	-	-
<b>Corporate Schemes</b>	9,352,183	9,352,183	-	-	-	-	-
<b>Total</b>	<b>13,864,513</b>	<b>14,607,198</b>	<b>742,685</b>	<b>550,842</b>	<b>(65,250)</b>	<b>(526,710)</b>	<b>783,803</b>

Table 2: Capital Programme Q1 2018/19

2.6 To 30 June 2018 capital expenditure of £493,440 had been incurred or committed representing 3% of the revised Quarter 1 capital programme position of £14,607,198. Many of the schemes are currently under development and it is expected at Quarter 1 that the capital programme will come in on target at the end of the financial year. Furthermore, the loan to Broadacres of £8,800,000 is due to be drawn down before the end of the financial year.

2.7 The proposed changes to the Capital Programme, which require approval by this Cabinet, are detailed for each of the 3 portfolio areas, the Economic Development Fund and the Corporate Schemes at Annex B.

### **3.0 FUNDING THE CAPITAL PROGRAMME:**

3.1 For 2018/19, at Quarter 1, the capital programme of £14,607,198 is being funded from £3,430,701 external grants/contributions, £461,465 from the Economic Development Fund, £407,542 from the Computer Fund, £433,792 from the Council Tax Payers Reserve, £74,778 from the Repairs and Renewals Reserve, £80,120 from Revenue contributions and £918,800 from Capital Receipts.

3.2 In addition the £8,800,000 loan to the local Housing Association can be financed either by the Council's surplus funds or external borrowing.

3.3 The external grant funding is higher than original estimated by £783,803. This is as a result of a reduction £37,824 for the Disabled Facilities Grant Scheme funded from the Better Care Fund due to less grant being received than first anticipated as well as £821,627 for Thirsk & Sowerby Sports Village which is being funded from a Section 106 Agreement and European Regional Development Fund (ERDF) grant funding.

3.4 The capital receipts estimated to be received during 2018/19 is £466,150.

- 3.5 Therefore at year end in accordance with accounting practice the capital programme will be financed using all available in year funding prior to using the Council's capital reserves. At Quarter 1 it is estimated that £1,910,347 of reserve funding will be used.
- 3.6 The overall funding position continues to be closely monitored to ensure the overall capital programme remains affordable and sustainable over the 10 year approved capital plan.
- 3.7 It should be noted that the report reflects the capital programme position as if approval has been agreed by Cabinet. This is detailed in the recommendations below.

#### **4.0 TREASURY MANAGEMENT POSITION 2018/19**

- 4.1 The Treasury Management review at Quarter 1 2018/19 is attached at Annex C and provides Members with an update on the:
  - (a) Treasury management position
  - (b) Economy and interest rates
  - (c) Investment policy
  - (d) Investment performance
  - (e) Borrowing position
  - (f) Compliance with prudential and treasury indicators
- 4.2 The investment position at Quarter 1, 30 June 2018 was a balance of instant access funds of £780,000 with an average interest rate return of 0.43%.
- 4.3 At Quarter 1, one new temporary loan was taken from a local authority for cashflow purposes. £1,000,000 was borrowed from 24<sup>th</sup> May 2018 to 1 June 2018 at a rate of 0.70%. The long term loan taken from the Public Works Loan Board is still outstanding with an interest rate of 1.05% and will be repaid on 5<sup>th</sup> September 2021.
- 4.4 Overall the interest received from the loans to the local Housing Association is not included in this section of the report because it is classed as capital expenditure under economic development to support local businesses. However the Interest earned in the first quarter from the £26,200,000 loaned to the Local Housing association is £284,600.
- 4.5 The Council has operated within the treasury and prudential indicators set out at Annex E. The approved limits were not breached during the first three months of 2018/19.

#### **5.0 LINK TO COUNCIL PRIORITIES:**

- 5.1 All schemes approved as part of the capital programme have been evaluated against key corporate priorities. Schemes are only undertaken and approved by cabinet in accordance with the Council Plan and supporting project initiation documentation.
- 5.2 Treasury Management supports all aspects of the Council's priorities as with good management of surplus funds, investment interest earned can be used to support Council services.

#### **6.0 RISK ASSESSMENT:**

- 6.1 There are no risks associated with approving this report. However, the risks associated with not receiving regular monitoring reports are potentially more serious.

**7.0 FINANCIAL IMPLICATIONS:**

7.1 The financial implications are dealt with in the body of the report.

**8.0 LEGAL IMPLICATIONS:**

8.1 Treasury Management activities and the Capital programme conform to the Local Government Act 2003 and the Council has adopted the Chartered Institute of Public Finance and Accountancy (CIPFA) Prudential Code and the CIPFA Treasury Management Code of Practice.

**9.0 EQUALITY/DIVERSITY ISSUES:**

9.1 The capital programme seeks to address key equality issues that affect the Council and the public. The main schemes that specifically addressed equalities in the first Quarter of 2018/19 are the disabled facilities grant scheme and disable access to the Civic Centre.

**10.0 RECOMMENDATIONS:**

10.1 That Cabinet approves and recommends to Council:-

- (1) the net increase of £742,685 in the capital programme to £14,607,198 as detailed in Annex B and also in the capital programme attached at Annex A;
- (2) the increase of capital expenditure is funded from earmarked reserves at £1,372,469 where £483,842 is funded from capital receipts, £67,000 is from the Economic Development Fund and £821,627 is from external grants/contributions;
- (3) the funding allocation to the capital programme as detailed in paragraph 3.1 and 3.2; and
- (4) the treasury management and prudential indicators at Annex E.

LOUISE BRANFORD-WHITE  
DIRECTOR OF FINANCE (S151 OFFICER)

**Background papers:** Capital programme working papers Qtr1  
Treasury Management working papers Qtr1

**Author ref:** SC

**Contact:** Saskia Calton  
Corporate Finance Manager  
Direct Line No: 01609 767226

Capital Programme Schemes 2018/19													Annex A
Councillor / Officer	Capital Scheme	Budget 2018/19	2017/18 B/Fwd	Total 2018/19	Qtr 1	Budget Approved at Qtr 1	Third Party Contn	Third Party Cont Qtr 1	Cost to the Council £	Expenditure at 30 June 2018	Anticipated Expenditure Year End	Variance	Explanation
	Leisure & Environment	£	£	£	£	£	£	£	£	£	£	£	
<b>Cllr Fortune</b>													
	NLC - Improvement Scheme	100,000	(66,208)	33,792		33,792			33,792	-	33,792	-	Retention funding to be allocated in January 2019
	NLC - Undergroung Drainage	6,500	-	6,500		6,500			6,500	-	6,500	-	Survey reviewed and validation of work to be commenced. Scheme to be completed in 2018/19
	NLC - LED Lighting Muga	-	-	-	17,000	17,000			17,000	-	17,000	17,000	Request of £17,000 for new LED lighting project at Northallerton All Weather Pitch. The new project is an invest to save scheme with an expected payback time of four years. Work anticipated to be completed in 2018/19.
	SLC - Re-design of Reception Area	20,000	13,900	33,900		33,900			33,900	-	33,900	-	Scheme developed, including drawings and specification. Work to be progressed in consideration of other potential schemes (e.g School Sports Hall)
	SLC - Viewing area	-	1,112	1,112		1,112	1,112		0	-	1,112	-	Scheme to be progressed at Quarter 3.
	SLC - Trend Control Systems	-	6,800	6,800		6,800			6,800	-	6,800	-	Scheme has been developed and are awaiting final costs from contractor.
	SLC - External Air Handling Unit	5,000	-	5,000		5,000			5,000	-	5,000	-	Scheme assessed, safe undertaking of this work may require additional budget, options currently being considered.
	SLC - Gas Boiler Refurbishment	25,000	-	25,000		25,000			25,000	-	25,000	-	To be planned in Quarter 3 and specification currently being developed.
	SLC - AWP Improvements	10,000	-	10,000		10,000			10,000	-	10,000	-	Work to be progressed in consideration of other potential schemes such as the full size All Weather Pitch located at North Riding Football Association in Stokesley.
	SLC - Activity Room	20,000	-	20,000		20,000			20,000	-	20,000	-	Work to be progressed in consideration of other potential schemes (e.g School Sports Hall).
	BLC - Trend Control Systems	-	6,000	6,000		6,000			6,000	-	6,000	-	Scheme developed, awaiting costs from contractor.
	BLC - Roof Tiles Repair	6,000	-	6,000		6,000			6,000	-	6,000	-	Scheme developed, awaiting costs from contractor.
	T&SLC Entrance Roof	-	5,609	5,609		5,609			5,609	2,500	5,609	-	Funding allocated to consultants survey report. Future scheme to be developed following appraisal of options.
	All Leisure Centres - Pool Plant Equipment Replacement	49,200	-	49,200		49,200			49,200	-	49,200	-	Itemised schemes developed, programme of delivery in place for each scheme.
	All Leisure Centres - Circulation Pump Replacement	20,000	-	20,000		20,000			20,000	-	20,000	-	Scheme developed, awaiting costs from contractor.
	All Leisure Centres - Energy Management	10,000	-	10,000		10,000			10,000	-	10,000	-	Initial scoping between Leisure facility units and Design and Maintenance taken place. Scheme delivery plans being prepared.
	All Leisure Centres - Safe Car Parking	20,000	-	20,000		20,000			20,000	-	20,000	-	Health & Safety review of car parking has been undertaken at Thirsk & Stokesley Leisure Centres, review of other Centres to be planned. Following review at each centre, funding to be allocated based on priority/risk.
	Forum - Capital Repairs	-	1,448	1,448		1,448			1,448	-	1,448	-	Scheme completion, await release of retention invoice.
	Bedale Public Art	-	24,765	24,765		24,765	24,765		-	-	24,765	-	Installation due during Quarter 2 in 2018
	Thirsk & Sowerby Sports Village	-	656,278	656,278	821,627	1,477,905	656,278	821,627	-	17,700	1,477,905	821,627	Preliminary work commenced and awaiting signed contract from principal contractor ESH. Scheme to commence during Quarter 2.

Capital Programme Schemes 2018/19													Annex A
Councillor / Officer	Capital Scheme	Budget 2018/19	2017/18 B/Fwd	Total 2018/19	Qtr 1	Budget Approved at Qtr 1	Third Party Contn	Third Party Cont Qtr 1	Cost to the Council £	Expenditure at 30 June 2018	Anticipated Expenditure Year End	Variance	Explanation
<b>Cllr Watson</b>													
	Purchase of bins and boxes for refuse and recycling	60,000	9,963	69,963		69,963	10,000		59,963	6,891	69,963	-	Programme for purchasing bins in place and will be completed by end of March 2019
	Waste and Street Scene - Telematics	-	12,050	12,050		12,050			12,050	-	12,050	-	Project due to commence September 2018
	Northallerton Depot Fire Alarm System	-	7,500	7,500	2,890	10,390			10,390	10,390	10,390	2,890	Request of additional funding £2,890 due to overspend due to original winning contractor retracting quote and new contractor had to be re-sought.
	Northallerton Depot External Works	-	8,000	8,000		8,000			8,000	-	8,000	-	Scheme progressing in conjunction with operational requirements of Waste and Street Scene. Scheme expected to be complete during Quarter 3.
	Stokesley Depot Welfare	9,000	-	9,000	66,000	75,000			75,000	-	75,000	66,000	Redevelopment of original scheme to provide a permanent welfare facility structure. An additional £66,000 is request to fund this scheme. Scheme is due to be completed in 2018/19.
	Northallerton Depot - HGV Full Roof Replacement	45,000	-	45,000		45,000			45,000		45,000	-	Scheme in development and to be commenced in Quarter 3
	Bridge End House - Condition Survey Urgent Repairs	21,000	-	21,000		21,000			21,000	-	21,000	-	Scheme to be reviewed during Quarter 3 to assess project extense.
	Darlington Road Depot - Condition Survey Urgent Repairs	15,000	-	15,000		15,000			15,000	-	15,000	-	Scheme to be reviewed during Quarter 3 to assess project extense.
	<b>Total Scheme Value Leisure &amp; Environment</b>	<b>441,700</b>	<b>687,217</b>	<b>1,128,917</b>	<b>907,517</b>	<b>2,036,434</b>	<b>692,155</b>	<b>821,627</b>	<b>522,652</b>	<b>37,481</b>	<b>2,036,434</b>	<b>907,517</b>	
	<b>Economy &amp; Planning</b>												
<b>Cllr Mrs Sanderson</b>													
	Public lighting replacement	36,000	33,778	69,778		69,778			69,778	7,108	69,778	-	Scheme in progress as planned, completion anticipated March 2019.
	LED Lantern Replacement Scheme	400,000	21,768	421,768		421,768	300,000		121,768	118,991	421,768	-	Scheme in progress as planned, lighting survey being undertaken, contractor scheduled to start in September 2018 for completion December 2019.
	Air Conditioning - Legislation requirement	10,000	3,555	13,555		13,555			13,555	2,275	13,555	-	Scheme progressing as planned.
	Energy Efficiency (Market Assessment)	10,000	-	10,000		10,000			10,000	-	10,000	-	This scheme is linked with the Leisure Services energy assessment scheme, joint assessment of options in progress. Facilities lighting assessments in progress.
	World of James Herriot - Chimney Repair	8,000	-	8,000		8,000			8,000	-	8,000	-	Condition survey undertaken, quotes being sought.
	Civic Centre - Double Glazed Window Replacement Scheme	-	12,000	12,000		12,000			12,000	-	12,000	-	Condition survey in progress.
	Civic Centre - Disabled Access	-	-	-	2,702	2,702			2,702	2,702	2,702	2,702	Scheme complete with a request of £2,702 to fund overspend due to additional work being required to the Civic Centre steps.
	Civic Centre - External Woodwork Scheme - Dormers	-	18,735	18,735		18,735			18,735	-	18,735	-	Condition survey undertaken, quotes being sought.
	Civic Centre - External Woodwork Scheme - Stairwells	-	10,000	10,000		10,000			10,000	-	10,000	-	Condition survey in progress.
	Civic Centre - Card Access system	-	4,000	4,000		4,000			4,000	3,303	4,000	-	Scheme complete and awaiting final invoices.

Capital Programme Schemes 2018/19													Annex A
Councillor / Officer	Capital Scheme	Budget 2018/19	2017/18 B/Fwd	Total 2018/19	Qtr 1	Budget Approved at Qtr 1	Third Party Contn	Third Party Cont Qtr 1	Cost to the Council £	Expenditure at 30 June 2018	Anticipated Expenditure Year End	Variance	Explanation
Cllr Wilkinson	Civic Centre/Northallerton Leisure Centre Increased Car Parking Provision	50,000	-	50,000	25,000	75,000			75,000	-	75,000	25,000	Additional £25,000 requested to increase the scheme from 32 bays to 45 bays.
	Civic Centre - Internal Painting	5,000	-	5,000	-	5,000			5,000	-	5,000	-	Condition survey in progress.
	Car Park Reinstatements	-	62,552	62,552		62,552			62,552	800	62,552	-	Car Park capital expenditure in 10 year plan to be reprofiled linked to the proposed Car Park Improvement scheme.
	Adoptions - Electric Bollards - Thirsk & Northallerton	-	31,558	31,558		31,558			31,558	-	31,558	-	Liaison with Highway Authority (North Yorkshire County Council) on installation licence, scheme contractor and Northallerton BID.
	Bedale Gateway Car Park	-	521,710	521,710	(521,710)	-			-	-	-	(521,710)	Request to roll forward £521,710 as the scheme is currently on hold until 2019/20.
	Bedale Bridge and Cycle Scheme	-	387,205	387,205		387,205	335,000		52,205	-	387,205	-	On-going discussions with NYCC Highways team regarding scheme development.
	St Mary's Closed Churchyard Wall Repairs	-	10,000	10,000		10,000			10,000	-	10,000	-	Scheme preparation in progress, subject to agreement with Highway Authority (North Yorkshire County Council) proposed start in Quarter 2 in 2018/19.
	Boundary Signs	-	3,969	3,969		3,969			3,969	-	3,969	-	Agreement reached with Highways agency on A19 sign installation, on-site works date to be confirmed anticipated during Quarter 2. Assessment in progress to install two additional boundary signs on the A1(M).
Cllr Webster	Community Investment Scheme	-	-	0	370,000	370,000			370,000	92	370,000	370,000	Community investment scheme to be progressed in 2018/19
	Workspaces Health and Safety Aspects	-	10,026	10,026		10,026			10,026	-	10,026	-	Work requests starting in Quarter 2.
	Workspaces - Lighting Improvements	6,500	-	6,500		6,500			6,500	-	6,500	-	Work requests starting in Quarter 2.
	Bedale Craft Yard Render	6,000	-	6,000		6,000			6,000	-	6,000	-	Work requests starting in Quarter 2.
	Workspace Renewal Scheme	6,000	-	6,000		6,000			6,000	-	6,000	-	Work requests starting in Quarter 2.
	Dalton Bridge Voluntary Contribution Business	-	78,989	78,989	-	78,989	78,989		-	26,875	78,989	-	The new bridge and highway opened to traffic on the 25 <sup>th</sup> June 2018. Post road opening works are on-going during July and August including demolition of the existing bridge and final diversion on BT cables.
Cllr Sanders	Disabled Facilities Grant	500,000	258,571	758,571	(37,824)	720,747	688,571	(37,824)	70,000	32,151	720,747	(37,824)	Grant estimated to be received of £480,000 of which only £442,176 was allocated to Hambleton District Council.
	Total Scheme Value Economy & Planning	1,037,500	1,468,416	2,505,916	(161,832)	2,344,084	1,402,560	(37,824)	979,348	194,297	2,344,084	(161,832)	
	Finance												
	ICT Improvements 2018/19	242,130	99,890	342,020	(5,000)	337,020			337,020	14,110	337,020	(5,000)	Work expected to move forward during Quarter 2 and 3. Roll forward of 1 individual project of £5,000 to 2019/20 due to delays of installation of roaming network.
	ICT - Civic Icon Upgrade from V14 to V16	-	5,310	5,310		5,310			5,310	-	5,310	-	Awaiting implementation date from supplier.
	ICT COA Upgrade V5.0	-	2,012	2,012		2,012			2,012	-	2,012	-	Awaiting implementation date from supplier, expected in Quarter 2.

Capital Programme Schemes 2018/19													Annex A
Councillor / Officer	Capital Scheme	Budget 2018/19	2017/18 B/Fwd	Total 2018/19	Qtr 1	Budget Approved at Qtr 1	Third Party Contn	Third Party Cont Qtr 1	Cost to the Council £	Expenditure at 30 June 2018	Anticipated Expenditure Year End	Variance	Explanation
	ICT - Gladstone GDPR compliance		5,240	5,240	250	5,490			5,490	5,490	5,490	250	Scheme completed with a request for £250 to cover small overspend.
	ICT Customer Excellence	19,500	15,762	35,262		35,262			35,262	3,023	35,262	-	Projects due to commence during Quarter 2.
	ICT Council Chamber	-	9,334	9,334		9,334			9,334	-	9,334	-	Project moving forward to include improvements to other meeting spaces. Invoices to be received during Quarter 2.
	ICT- Leisure Management System	-	12,150	12,150		12,150			12,150	-	12,150	-	Mobile working project in conjunction with existing HR system for Leisure Centres. Scheme expected to commence at Quarter 3.
	ICT - Northgate Server Upgrade	4,000	-	4,000		4,000			4,000	-	4,000	-	Project expected to be completed during Quarter 2.
	ICT - Govemetric Customer Satisfaction Upgrade	-	2,454	2,454		2,454			2,454	-	2,454	-	Phased project - email feedback module implemented during Quarter 1 with final invoice expected during Quarter 2. Further phased expected to progress at Quarter 3.
<b>Total Scheme Value Finance</b>		<b>265,630</b>	<b>152,152</b>	<b>417,782</b>	<b>(4,750)</b>	<b>413,032</b>	<b>-</b>	<b>-</b>	<b>413,032</b>	<b>22,622</b>	<b>413,032</b>	<b>(4,750)</b>	
<b>Cllr Wilkinson</b>	<b>Economic Development Fund</b>												
	Dalton Bridge EDF Improvement Infrastructure	-	147,078	147,078	-	147,078			147,078	44,106	147,078	-	The new bridge and highway opened to traffic on the 25 <sup>th</sup> June 2018. Post road opening works are on-going during July and August including demolition of the existing bridge and final diversion on BT cables.
	ED Improvement Infrastructure Central Northallerton	-	65,250	65,250	(65,250)	-			-	-	-	(65,250)	Request of movement of £65,250 to revenue for completion costs in future years.
	Market Towns Investment Plans - Bedale	-	14,000	14,000		14,000			14,000	-	14,000	-	On-going work in Bedale, largely focused on promotional work and events with the local business network 'Brand Bedale'. Further scheme development in the year.
	Market Towns Investment Plans - Easingwold	-	14,000	14,000		14,000			14,000	-	14,000	-	Currently working with the Town Council and business network #woldclass on the Digital Vibrancy of town centre businesses. Further scheme development in the year.
	Market Towns Investment Plans - Northallerton	-	14,000	14,000		14,000			14,000	2,000	14,000	-	Shop window wraps project due to be delivered in September. Also working on a Northallerton Town Design Guide in partnership with Northallerton BID.
	Market Towns Investment Plans - Stokesley	-	14,000	14,000		14,000			14,000	-	14,000	-	Looking for opportunities to work in partnership with local stakeholders. Further scheme development in the year.
	Market Towns Investment Plans - Thirsk	-	14,000	14,000		14,000			14,000	-	14,000	-	Shop window wraps project due to be delivered in September. Additional £67,000 requested for further feasibility works at Leeming Bar. Initial high level feasibility, market demand and financial viability work has been completed and reported to the Local Plan Member Working Group and Management Team
	Industrial Estates/Employment land	-	27,387	27,387	67,000	94,387			94,387	-	94,387	67,000	Industrial park review strategy was taken to Cabinet in December 2017, work ongoing to develop scheme plan.
	Industrial Park Review	-	150,000	150,000		150,000			150,000	-	150,000	-	
<b>Total Scheme Value Economic Development Fund</b>		<b>-</b>	<b>459,715</b>	<b>459,715</b>	<b>1,750</b>	<b>461,465</b>	<b>-</b>	<b>-</b>	<b>461,465</b>	<b>46,106</b>	<b>461,465</b>	<b>1,750</b>	
<b>Cllr Wilkinson</b>	<b>Corporate Schemes</b>												
	Dalton Bridge BID Payment	-	552,183	552,183		552,183	552,183		-	192,933	552,183	-	The new bridge and highway opened to traffic on the 25 <sup>th</sup> June 2018. Post road opening works are on-going during July and August including demolition of the existing bridge and final diversion on BT cables.
	Loan to Third Party Housing Association	-	8,800,000	8,800,000		8,800,000			8,800,000	-	8,800,000	-	
	<b>Total Scheme Value Corporate Schemes</b>	<b>-</b>	<b>9,352,183</b>	<b>9,352,183</b>	<b>-</b>	<b>9,352,183</b>	<b>552,183</b>	<b>-</b>	<b>8,800,000</b>	<b>192,933</b>	<b>9,352,183</b>	<b>-</b>	
<b>Total Capital Programme 2018/19</b>		<b>1,744,830</b>	<b>12,119,683</b>	<b>13,864,513</b>	<b>742,685</b>	<b>14,607,198</b>	<b>2,646,898</b>	<b>783,803</b>	<b>11,176,497</b>	<b>493,440</b>	<b>14,607,198</b>	<b>742,685</b>	

**PROPOSED CHANGES TO THE CAPITAL PROGRAMME:**

- 1.1 The proposed changes to the capital programme, detailed for each of the portfolio areas are listed below:
  - 1.2 Leisure and Environment – 4 schemes affect the capital programme at Quarter 1:
    - (a) Northallerton Leisure Centre – LED Lighting scheme at All Weather Pitch – request of £17,000 to fund an invest to save scheme at Northallerton All Weather Pitch with a payback period of four years.
    - (b) Thirsk & Sowerby Sports Village – request of additional £821,627 funded from S106 of £178,627 and external grant of £643,000 from European Regional Development Fund (ERDF) grant funding.
    - (c) Northallerton Depot Fire Alarm System – request of additional £2,890 to fund overspend due to re-tendering process as first contractor retracted quote and new contractor had to be sought.
    - (d) Waste and Street Scene: Stokesley Depot Welfare scheme – request of additional funding of £66,000 to enable a permanent welfare facility unit at Stokesley Depot.
  - 1.3 Economy and Planning – 5 schemes affect the capital programme at Quarter 1:
    - (a) Civic Centre Disabled Access – a further £2,702 is required for works to the steps at the Civic Centre to aid disabled access.
    - (b) Civic Centre and Northallerton Leisure Centre increased Car Parking Provision – additional funding of £25,000 requested to increase scheme from 32 bays to 45 bays.
    - (c) Bedale Gateway Car Park - £521,710 is requested to be rolled forward to 2019/20 as further work assessment on scheme options and work with partners is required.
    - (d) Community Investment Scheme – Additional funding of £370,000 is requested for Community Investment scheme.
    - (e) Disabled Facilities Grant – HDC has received £37,824 less in grant allocation than first anticipated.
  - 1.4 Finance and Resources - 2 schemes affect the capital programme at Quarter 1:
    - (a) ICT improvements 2018/19 - £5,000 is requested to be rolled forward to 2019/20 since the roaming network scheme has been delayed.
    - (b) ICT – Gladstone GDPR Compliance – scheme completed with a small overspend of £250.

- 1.5 Economic Development Fund - 2 schemes affect the capital programme at Quarter 1:
  - (a) Economic Development Infrastructure Central Northallerton – £65,250 requested to be transferred to revenue to fund completion cost in the future.
  - (b) Industrial Estates/Employment Land - £67,000 is requested for further feasibility works at Leeming Bar.
- 1.6 Corporate Schemes – there are no schemes affected in the capital programme at Quarter 1.
- 1.7 Capital schemes are monitored on a monthly basis and reported to Cabinet quarterly, ensuring that the majority of schemes are held within budget or reported to Council at the earliest opportunity.
- 1.8 New schemes added to the capital programme all have supporting Project Initiation Documentation (pids) to ensure projects are affordable, sustainable and prudent.

**TREASURY MANAGEMENT POSITION 2018/19 – QUARTER 1****1.0 LEGISLATIVE REQUIREMENT:**

- 1.1 The CIPFA (Chartered Institute of Public Finance and Accountancy) Code of Practice for Treasury Management recommends that members be updated on treasury management activities regularly (Treasury Management Strategy Statement, Annual and Mid-year reports, as well as quarterly updates). This report therefore ensures this Council is implementing best practice in accordance with the Code.
- 1.2 The regulatory environment places responsibility on members for the review and scrutiny of treasury management policy and activities. This Quarter 1 report therefore updates Members on the current treasury management position and is presented to Cabinet and also Audit, Governance and Standards Committee.
- 1.3 The Council's treasury management position is based on its requirement to fund the capital programme and it's operational cash flow need. The Council looks to balance the requirement to borrow from external sources with the surplus funds that are available.
- 1.4 During 2017/18 the Council supported its Capital Expenditure by capital receipts, reserves, revenue contribution, long term borrowing , as well as short term borrowing and the use of surplus funds for cash flow purposes. The short term borrowing was taken and repaid in Quarter 1 of 2018/19. The council continues to have an underlying need to borrow for capital purposes and has long term external borrowing of £1,200,000 which was undertaken in September 2016 from the Public Works Loan Board (PWLB) at a rate of 1.05% over 5 years.
- 1.5 The capital financing requirement in 2018/19, which is the amount of borrowing required to support the capital expenditure programme, is set at £36,200,000. The capital expenditure of the Council is mainly supported by grants, contributions and reserves. The capital financing requirement refers to the amount of borrowing that could be taken to support the capital expenditure programme.
- 1.6 The following table shows the treasury management position as at 30 June 2018:-

	<b>30 June 18 £000's</b>	<b>Rate %</b>
<b>Capital Financing Requirement</b>	36,200	
<b>Borrowing</b>	1,200	1.05
<b>Investments</b>	780	0.43

Table 1: Borrowing and Investment position at 30 June 2018

- 1.7 The table shows that changes in the capital expenditure programme only affects the treasury management position through the surplus funds that are available to the Council to invest, to earn investment income.
- 1.8 In December 2017, the Chartered Institute of Public Finance and Accountancy, (CIPFA), issued a revised Treasury Management Code and Cross Sectoral Guidance Notes, and a revised Prudential Code. A particular focus of these revised codes was how to deal with local authority investments which are not treasury type investments e.g. by investing in purchasing property in order to generate income for the Authority at a much higher level than can be attained by treasury investments. The Council will provide a report on the overall capital strategy and show how the new cash resources of the Authority are apportioned between treasury and non-treasury investments. Officers will report to members at Quarter 2 when the implications of these new codes have been assessed as to the likely impact on this Authority

## **2.0 THE ECONOMY, INTEREST RATES AND TREASURY MANAGEMENT STRATEGY:**

- 2.1 The economic background and interest rate forecast, which sets the environment in which the Council's treasury management operates, is attached at Annex D.

## **3.0 ANNUAL INVESTMENT STRATEGY 2018/19 – QUARTER 1:**

- 3.1 The Treasury Management Strategy Statement (TMSS) for 2018/19 which includes the Annual Investments Strategy, was approved by the Council on 27 February 2018. It sets out the Council's investment priorities as being:
- Security of capital;
  - Liquidity;
  - Yield
- 3.2 The Council's priority is security of its surplus funds when investing with financial institutions. However the Council will always aim to achieve the optimum return (yield) on investments in line with its risk appetite and which is commensurate with proper levels of liquidity and security. In the current economic climate it is considered appropriate to keep investments short term to cover cash flow needs, but also to seek out value available in periods up to 12 months. Investments are placed with highly credit rated financial institutions, using the Council's treasury Management advisers – Link Asset Services - suggested creditworthiness approach including sovereign credit rating and Credit Default Swap (CDS) overlay information provided by Link Asset Services.
- 3.3 The average level of funds available for investment purposes during Quarter 1 – 30 June 2018 - was £5,990,000. The level of funds available was mainly dependent on the timing of precept payments, receipt of grants and progress on the Capital Programme. The Council held £780,000 cash flow movement balances at the end of Quarter 1.

3.4

Benchmark	Benchmark Return	Council Performance	Investment Interest Earned
7 day	0.36%	0.43%	£6,451

Table 2: Investment performance for quarter 1 at 30 June 2018

- 3.5 The table shows that the Council monitors its cash flow investments against the 7 day rate. The Council outperformed the 7 day benchmark by 0.07%.
- 3.6 The Council's budgeted investment return for 2018/19 was approved at £8,000 and performance for the year to date is above the budget. In Quarter 1 monitoring it has been reported that due to the increase in the Base Rate from when the Original Budget was set, the investment rates available to the council has also increased, resulting in an estimated £15,000 additional income making the budget £23,000. This will be closely monitored throughout the year.

## **4.0 BORROWING 2017/18 – QUARTER 1**

- 4.1 The Council had short term borrowing of £5,000,000 and long term borrowing of £1,200,000 at the beginning of 2018/19. The short term borrowing was repaid in the first quarter of 2018/19. The long term loan with the Public Works Loan Board (PWLB) is due to be repaid in September 2021.
- 4.2 Public Works Loan Board (PWLB) rates have not been on any consistent trend in this quarter. During Quarter 1, the 50 year Public Works Loan Board target (certainty) rate for new long term borrowing was marginally reduced to 2.40%. the council set is overall borrowing target arte at 3.10% at the beginning of the financial year, to cover all rates periods from 0 to 50 years.

- 4.3 The table below shows the Public Works Loans Board interest rates which were available for loans during Quarter 1 of 2018/19. The Public Works Loans Board is the mechanism by which the Government allows local authorities to borrow at slightly lower interest rates than are available to other institutions. Certainty rates, as detailed in the table, are interest rates available to local authorities if they inform the Government of their borrowing requirements at the beginning of the financial year and are 0.02% (or 20 basis points) below Public Works Loans Board rates. This was introduced by the Government in October 2012.

	1 Year	5 Year	10 Year	25 Year	50 Year
Low	1.28%	1.67%	2.10%	2.52%	2.25%
Date	01/06/2018	29/05/2018	29/05/2018	29/05/2018	29/05/2018
High	1.57%	1.98%	2.43%	2.79%	2.53%
Date	17/04/2018	25/04/2018	25/04/2018	25/04/2018	25/04/2018
Average	1.44%	1.86%	2.29%	2.66%	2.40%

Table 3: Public Works Loan Board (PWLB) certainty rates, quarter ended 30 June 2018

- 4.4 **Treasury Borrowing:** Due to the overall financial position and the underlying need to borrow for capital purposes, external borrowing of £1,200,000 was undertaken in September 2016 from the Public Works Loan Board at a rate of 1.05% over 5 years.
- 4.5 The Council took a short term loan during Quarter 1 from a Local Authority on 24 May 2018 at a rate of 0.70% for cash flow purposes. This was repaid on 1 June 2018.
- 4.6 It is anticipated that more borrowing will be required during the financial year 2018/19 to support the overall Capital Programme and for cash flow purposes. It is estimated that £5,000,000 will be borrowed from the PWLB in the next six months.
- 4.7 **Rescheduling of Borrowing:** the Council did not reschedule the long term loan of £1,200,000.
- 4.8 **Repayment of Borrowing:** the Council repaid a short term loan from 2017/18 of £5,000,000 in Quarter 1 of 2018/19.

## **5.0 COMPLIANCE WITH PRUDENTIAL AND TREASURY INDICATORS:**

- 5.1 It is a statutory duty for the Council to determine and keep under review the affordable borrowing limits. The Council's approved Treasury and Prudential Indicators (affordability limits) were approved in the Treasury Management Strategy Statement by Council on 27 February 2018 and are in compliance with the Council's Treasury Management Practices.
- 5.2 During the financial year to date the Council has operated within the Treasury and Prudential Indicators approved which are attached at Annex E.
- 5.3 Officers can confirm that the approved limits within the Annual Investment Strategy were not breached during the Quarter ended 30 June 2018.

## **Economic Update**

### **1.1 ECONOMIC BACKGROUND:**

United Kingdom - Growth in 2017 was disappointingly weak in the first half of the year but picked up to 0.5% in quarter 3 and 0.4% in quarter 4. Growth in quarter 1 of 2018 was again disappointing, although on the first revision the rate improved from 0.1 to 0.2% to allay fears that the economy may have started a prolonged period of very weak growth. Initial indications in quarter 2 are that growth may have picked up speed to around 0.4%.

The main reason for weak growth during 2017 and 2018 has been that inflation has been exceeding pay growth until recently, meaning that there has been negative growth in consumer disposable income when consumer expenditure is the biggest driver of the services sector which accounts for about 75% of Gross Domestic Product.

The manufacturing sector was the bright spot in the economy in 2017 in terms of strong growth but Quarter 1 was the weakest quarter for one and a half years and forward indicators do not suggest a return to strong growth is likely.

During January and February financial markets were viewing a Bank Rate increase at the May Monetary Policy Committee (MPC) meeting as likely to be a near certainty after strong growth in the second half of 2017. However, the ensuing weeks before the meeting saw opinion turn right around and the Monetary Policy Committee did not disappoint by leaving rates unchanged due to concerns as to whether the weak growth in quarter 1 was indicative of the start of a prolonged slow down or just a temporary blip, to which bad weather had been just one contributor. Since May, opinion has again turned to suggest that an August Bank Rate increase is back on the cards.

However, there remains much uncertainty around the Brexit negotiations, consumer spending levels and business investment, so it is still far too early to be confident about how strong growth and inflationary pressures will be over the next two years, and therefore the pace of any rate increases.

European Union - A recovery to strong growth in 2016 and 2017 looks as if it will weaken somewhat going forward. Despite providing massive monetary stimulus, the European Central Bank has been struggling to get inflation up to its 2% target. However, in April the headline Eurozone rate jumped up from 1.4% to 1.9% although the core inflation rate was still subdued in rising from 0.7% to 1.1%. At its June meeting, the European Central Bank announced it would halve its monthly quantitative easing purchases from €30bn to €15bn, and then end all purchases after December. It is unlikely to make a start on increasing interest rates until late in 2019.

USA - Growth in the American economy was volatile in 2015, 2016 and 2017 during each year, with quarter 1 being particularly weak. The annual rate of Gross Domestic Product growth for 2017 was 2.3%. Quarter 1 in 2018 came in at 2.0%, down from 2.9% in the previous quarter. The Trump \$1.5 trillion income tax cut package coming into effect in January 2018, is likely to boost growth to the Trump administration's 3% target. However, it is also likely to boost inflation at a time when spare capacity in the economy is minimal and unemployment, in particular, has fallen to the lowest level for 17 years, reaching 3.8% in May. The Fed has started on an upswing in rates with seven increases since the first one in December 2015, the latest one being in June 2018 to lift the central rate to 1.75 – 2.00%. There could be a further two or more increases in 2018. In October 2017, the Fed became the first major western central bank to make a start on unwinding quantitative easing by phasing in a gradual reduction in respect of reinvesting maturing debt.

Chinese economic growth - has been weakening over successive years, despite repeated rounds of central bank stimulus and medium term risks are increasing. Major progress still needs to be made to eliminate excess industrial capacity and the stock of unsold property, and to address the level of non-performing loans in the banking and credit systems.

Japan..- The best economic run, (of positive growth for eight quarters), since the 1980s came to an end in quarter 1 with a contraction of -0.6% blamed on weak exports. However, it is still struggling to get inflation up to its target rate of 2% despite huge monetary and fiscal stimulus, with inflation falling to only 0.4% in May. It is also making little progress on fundamental reform of the economy.

## **1.2 INTEREST RATE FORECAST:**

The Council's treasury advisor, Link Asset Services, has provided the following forecast:

	Sep-18	Dec-18	Mar-19	Jun-19	Sep-19	Dec-19	Mar-20	Jun-20	Sep-20	Dec-20	Mar-21
Bank Rate	0.50%	0.75%	0.75%	0.75%	1.00%	1.00%	1.00%	1.25%	1.25%	1.50%	1.50%
5yr PWLB Rate	2.00%	2.00%	2.10%	2.20%	2.20%	2.30%	2.30%	2.40%	2.40%	2.50%	2.50%
10yr PWLB View	2.40%	2.50%	2.60%	2.60%	2.70%	2.80%	2.80%	2.90%	2.90%	3.00%	3.00%
25yr PWLB View	2.80%	2.90%	3.00%	3.10%	3.20%	3.30%	3.30%	3.40%	3.40%	3.50%	3.50%
50yr PWLB Rate	2.50%	2.60%	2.70%	2.80%	2.90%	3.00%	3.00%	3.10%	3.10%	3.20%	3.20%

Link Asset Services undertook its last review of interest rate forecasts on 11 May after the quarterly Bank of England Inflation Report and Monetary Policy Committee meeting at which the Monetary Policy Committee kept Bank Rate unchanged at 0.50%. The Monetary Policy Committee minutes indicated they wanted to see whether the slowdown in growth in quarter 1 had been a temporary blip or a potential first sign of a prolonged period of weak growth.

The overall balance of risks to economic recovery in the United Kingdom is probably even. However, given the uncertainties around Brexit in particular, but also other uncertainties, there is a wide diversity of possible outcomes for the strength of economic growth and inflation, and the corresponding speed with which Bank Rate could go up.

**PRUDENTIAL AND TREASURY MANAGEMENT INDICATORS**

It is a statutory duty for the Council to determine and keep under review the affordable borrowing limits – the Authorised Limit and the Operational Boundary - as detailed below. The Council approved the Treasury and Prudential Indicators (affordability limits), for the 2018/19 financial year at Council on 26 February 2018 in the Treasury Management Strategy Statement.

The main purpose of the indicators is to control how much a Council needs to borrow.

In 2018/19, The Treasury Management Strategy Statement approved the capital financing requirement at £36.2 million which gives the Council the ability to either use surplus funds to support the capital expenditure for the loan to a local Housing Association or to take external borrowing.

The Prudential and Treasury Indicators are detailed below as approved at Council prior to the beginning of the 2018/19 financial year – Original Budget - and at Q1 Actual:

<b>1. PRUDENTIAL INDICATORS</b>	<b>2018/19</b>	<b>2018/19</b>
<b>Extract from budget and rent setting report</b>	<b>Original Budget</b>	<b>Actual Q1</b>
	<b>£'000</b>	<b>£'000</b>
<b>Capital Expenditure</b>	13,865	14,607
<b>Ratio of financing costs to net revenue stream</b>	Nil	Nil
<b>Net borrowing requirement General Fund</b>		
brought forward 1 April	11,900	1,200
carried forward 31 March	22,000	1,200
in year borrowing requirement	10,100	0
<b>Capital Financing Requirement 31 March 2019</b>	36,200	36,200
<b>Incremental impact of capital investment decisions</b>	£	£
Increase in Council Tax (band D) per annum	Nil	Nil

<b>2. TREASURY MANAGEMENT INDICATORS</b>	<b>2018/19</b>	<b>2018/19</b>
	<b>Original Budget</b>	<b>Actual Q1</b>
	<b>£'000</b>	<b>£'000</b>
<b>Authorised Limit for external debt -</b>		
borrowing	£40,000	£40,000
other long term liabilities	£1,000	£1,00
TOTAL	£41,000	£41,000
<b>Operational Boundary for external debt -</b>		
borrowing	£39,000	£39,000
other long term liabilities	£600	£600
TOTAL	£39,600	£39,600
<b>Actual external debt</b>	£22,000	£1,200
<b>Upper Limit on fixed interest rates based on net debt</b>	104%	104%

<b>Upper Limit on variable interest rates based on net debt</b>	-4%	-4%
<b>Upper limit for total principal sums invested for over 364 days (per maturity date)</b>	£1,000	£1,000

Maturity structure of fixed rate borrowing during 2018/19	Lower limit	Upper limit
<b>Under 12 months</b>	<b>0%</b>	<b>100%</b>
<b>12 months to 2 years</b>	<b>0%</b>	<b>100%</b>
<b>2 years to 5 years</b>	<b>0%</b>	<b>100%</b>
<b>5 years to 10 years</b>	<b>0%</b>	<b>100%</b>
<b>10 years to 20 years</b>	<b>0%</b>	<b>100%</b>
<b>20 years to 30 years</b>	<b>0%</b>	<b>100%</b>
<b>30 years to 40 years</b>	<b>0%</b>	<b>100%</b>
<b>40 years to 50 years</b>	<b>0%</b>	<b>100%</b>

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# Agenda Item 4

## **HAMBLETON DISTRICT COUNCIL**

**Report To:** Cabinet  
4 September 2018

**Subject:** 2018/19 QUARTER 1 REVENUE MONITORING REPORT

**All Wards**  
**Portfolio Holder for Economic Development and Finance: Councillor P R Wilkinson**

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### **1.0 PURPOSE AND BACKGROUND:**

- 1.1 The purpose of this report is to update Members on the revenue budget position of the Council and the reserve funds at the end of June 2018.
- 1.2 The Quarter 1 monitoring for the Capital Programme and Treasury Management position is contained in a separate report on this Cabinet agenda.
- 1.3 This report focuses on three key areas:-
  - (a) Changes to the revenue budget
  - (b) Additional grant income received
  - (c) Reserve funds

### **2.0 REVENUE BUDGET:**

- 2.1 The Council set its budget on 6 February 2018 for 2018/19 at £8,096,170 in line with the approved Financial Strategy 2018/19 to 2027/28.
- 2.2 The breakdown of the budget in accordance with the Council themes when the budget was approved was as follows::

	£
Leisure & Environment	5,038,420
Economy & Planning	1,430,990
Finance	342,450
Law & Governance	1,169,770
Drainage Board levies	114,540
<b>Net Revenue Expenditure</b>	<b><u>8,096,170</u></b>

### **3.0 BUDGET POSITION TO JUNE 2018:**

- 3.1 Since the budget for 2018/19 was set in February 2018, adjustments to the budget outlook have occurred. The table below details the changes that have been approved through separate reports to Cabinet and also those that have been identified at Quarter 1 budget monitoring.

	<b>2018/19</b> £	<b>2019/20</b> £	<b>2020/21</b> £	<b>2021/22</b> £
Budget Outlook approved at 06 February 2018	8,096,170	8,096,170	8,025,612	8,449,416
<b>Changes to budget outlook:</b>				
Inflation – salaries and contracts	-	179,192	170,000	190,000
Back funded pension (NYCC)	-	-	21,900	25,000
Parking enforcement	-	28,000	-	-
Insurance fund	-	22,638	24,902	30,000
Make a Difference Fund moved to Budget	-	125,000	-	-
Apprenticeship & Graduate Business & Economy Grants	-	70,000	-	-
Increase in Net Investment Income	-	(74,400)	-	-
Fees & Charges	-	(117,592)	(120,000)	(125,000)
Savings Exercise	-	(250,000)	-	-
Route Optimisation	-	(105,461)	-	-
Corporate Costs Increases:	69,610	88,800	-	-
Departmental Movements:-	150,530	14,730	59,400	-
Other Departmental Movements	(6,850)	(12,740)	-	0
Additional Budget Responsibilities	-	-	267,602	170,251
Savings or additional income requirements in Quarters 2, 3 and 4	(213,290)	(38,725)	-	-
<b>Budget Outlook Q1</b>	8,096,170	8,025,612	8,449,416	8,739,667
<b>Financial Strategy 6 Feb 2018</b>	8,096,170	8,025,612	8,453,726	8,739,834
<b>Budget Outlook Q1 Surplus / (Shortfall)</b>	-	-	4,310	167

- 3.2 In 2018/19 the budget started at £8,096,170 as stated in the Financial Strategy and illustrated in the table above. At the end of Quarter 1, it is recognised that there is currently a shortfall of £213,290, however during the year it is anticipated that additional income or reduced expenditure will occur to cover this overspend. An exercise is being carried out to identify savings and efficiencies across the Council. Therefore, at Quarter 1 it is requested Cabinet approves that there is no change to the budget of £8,096,170.
- 3.3 There are four main areas of changes to the 2018/19 budget at Quarter 1 totalling the £213,290 shortfall:
- (a) Corporate cost increases of £69,610
  - (b) Departmental cost increases of £150,530
  - (c) Other Departmental movements - a saving of £6,850
  - (d) Department movements which have nil effect on the budget
- 3.4 The Corporate Costs movements in the budget are:
- (i) The annual Drainage Board Levies were higher than budgeted by £6,140.
  - (ii) The effects of the increased pay award to staff employed on grades 7 and below has resulted in a £114,590 increase in the budget due to the increase in the national living wage.
  - (iii) The re-enrolment of staff into the Council's pension scheme has resulted in £37,680 additional costs as fewer staff elected to opt out of the scheme than anticipated.
  - (iv) During Quarter 1 a number of Office Moves have occurred incurring £5,980 of expenditure.

- (v) A Corporate Salary Savings exercise analysing vacant posts has resulted in £94,780 of savings.
- 3.5 The changes at Quarter 1 in relation to the significant departmental areas show an overall increase in the budget of £150,530.
- (i) This is represented by an increase in the Leisure & Environment budgets of £33,680 due to the creation of a new post in Operational Services for a Waste and Street Scene Supervisor.
  - (ii) The Economy and Planning budgets have increased by £77,120 as a result of a number of factors. This includes increased costs of the Disabled Facilities Grant totalling £111,520 and vacant units at Leeming Food Enterprise Centre where it is estimated that income will be reduced by £25,000. These are offset by increased car parking income of £59,400 following the agreement with North Yorkshire Police for the sale of parking permits at Crosby Road..
  - (iii) The Law and Governance budgets have increased by £39,730 due to a new post in Legal for a planning solicitor costing £20,630 and a new procurement officer post increasing the budget by £19,100.
- 3.6 Other Departmental movements create a saving of £6,850 and are detailed as follows:-
- (i) Finance – An additional £15,000 of income has been earned from the investment of surplus cash as higher interest rates have been received due to the interest rate rise in November 2017. The Housing Benefit Administration grant is £7,290 lower than budgeted. This is linked to the reduction of Housing Benefit cases due to the transition to universal credit.
  - (ii) Leisure & Environment – the increase in the budget of £860 reflects the additional printing costs of £12,740 incurred due to the new route optimisation rounds. This is partly offset by £11,880 from increased sales of Green Licence fees.
- 3.7 Departmental budget movements that have nil effect on the overall budget are as follows:
- i) Discretionary Housing Payments have increased by £16,800; this can be financed through additional Discretionary Housing Payments subsidy received from the Department for Works and Pensions.
  - ii) A grant of £16,290 has been received from the Department for Works and Pensions in relation to verifying earnings and pension alerts which is to be used to fund the additional costs within the Revenues and Benefits section.
- 3.8 The revised changes to the budget at Quarter 1 total an increase to the budget of £213,290. These are listed above, however, it is recognised that additional income or reduced expenditure will occur to cover this overspend during the year as a result of the savings and efficiencies exercise and therefore detailed in the recommendations section of this report for approval by Cabinet and Council, the original budget set of £8,096,170 will remain. It should be noted that this Quarter 1 position will be monitored against the financial strategy over the rest of the year.

#### **4.0 OTHER MATTERS - GRANTS**

- 4.1 The following grants and contributions have been allocated to the Council and paid into the One-Off Fund Reserve since the budget was approved in February 2018

<b>Description</b>	<b>Amount £</b>
Department for Work and Pensions – Various Grants	26,845
Ministry of Housing, Communities and Local Government - Homelessness Grants	59,318
Cabinet Office - Individual Electoral Registration	9,911
<b>Total</b>	<b>96,074</b>

## **5.0 SENSITIVITY ANALYSIS**

5.1 Further to the recommendations for changes to the budget in this Quarter 1 monitoring report, this report also highlights where there are areas of budget uncertainty. This can give Members early warning of possible issues in the future. All areas will be monitored closely and an update provided for Quarter 2 as at this time there is too much uncertainty surrounding these figures to include them as an adjustment to the budget. Annex 'A' attached details the sensitivity analysis.

## **6.0 RESERVE FUNDING**

6.1 The table below shows the position on the revenue reserves at Quarter 1 if the recommendations are approved in this Cabinet report. Further information is also described below.

<b>Reserve Fund</b>	<b>Balance at 1 April 2018 £</b>	<b>Q1 Movement (from) / to Reserves £</b>	<b>Balance at 30 June 2018 £</b>
<b>General Fund</b>	2,000,000	-	2,000,000
<b>Council Taxpayers Reserve</b>	5,019,975	175,784	5,195,759
<b>Grants Fund</b>	191,834	(50,000)	141,834
<b>Economic Development Fund</b>	1,465,095	(741,006)	724,089
<b>One Off Fund</b>	714,477	154,749	869,226
<b>Computer Fund</b>	1,188,349	(448,208)	740,141
<b>Repairs &amp; Renewal Fund</b>	2,097,807	(1,124,778)	973,029
<b>Community Safety Partnership</b>	27,536	-	27,536
<b>Swimming Project Reserve</b>	97,871	-	97,871
<b>Local Plan Reserve</b>	59,540	20,086	79,626
<b>Make a Difference Fund</b>	63,801	125,000	188,801
<b>North Northallerton Bridge Reserve</b>	2,365,779	-	2,365,779
<b>Community Housing Fund</b>	180,231	-	180,231
<b>Income Generating Fund</b>	-	100,000	100,000
<b>Total</b>	<b>15,472,295</b>	<b>(1,788,373)</b>	<b>13,683,922</b>

6.2 Economic Development Fund – In Quarter 1, the opening balance was £1,465,095 with the net movement of £741,006; split as £461,465 capital and £279,541 revenue. In line with the capital programme budget further approval is required at Q1 for capital expenditure and this is detailed in a separate report on the agenda. Included in the net movement is the expenditure that has been allocated from the Economic Development Fund in previous Cabinet reports, totalling £118,957. The balance of the Economic Development Fund at year end is estimated at Quarter 1 to be £724,089.

<b>Expenditure in 2018/19 from the Economic Development Fund</b>	<b>Amount</b>
Apprentice Scheme	50,000
Networking Events & Promotion	9,000
Federation of Small Business Subscriptions	3,000
Vibrant Market Towns	14,300
Identifying & Securing Investment – Salary related costs	42,357
<b>Total expenditure already approved at Q1</b>	<b>118,957</b>

6.3 The Economic Development Fund requests further expenditure of £10,046 to be allocated to the Improve Infrastructure – Broadband revenue scheme and £67,000 for the Industrial Estate/Employment land capital scheme for further feasibility work at Leeming Bar. A roll forward to 2019/20 of £52,750 is requested for the Vibrant Market Town scheme where originally £167,053 was allocated. The £52,750 is no longer required in 2018/19 and is to be moved forward into 2019/20 to support future years' salary. £65,250 is requested for movement from the Central Northallerton capital scheme into revenue and then rolled forward into 2021/22 to cover future costs when the scheme is completed. The net movements of the Economic Development Fund, including capital, to be approved at Quarter 1 total a return to the Economic Development Fund of £40,954.

6.4 The Economic Development fund has allocated a further £142,390 to future years' allocations; £52,750 (as mentioned above) for the Vibrant Market Town officers for 2019/20 and 2020/21 rolled forward at Q1, £21,390 for the Identifying & Securing Investment scheme to support salary expenditure in 2019/20, £3,000 for the final year approved for the Small Business Subscription scheme in 2019/20 and £65,250 roll forward at Qtr 1 to 2021/22 for the Central Northallerton scheme. This currently leaves £581,699 remaining for future projects.

6.5 Council Tax Payers Reserve – additional Rural Service Delivery grant funding has been received of £124,216 which is to be transferred to the Council Tax Payers Reserve along with a transfer of £1,000,000 from the Repairs and Renewals fund as detailed in the financial strategy approved in February 2018 . A number of transfers from the Council Tax Payers Reserve totalling £1,300,000 have also been made. These are £700,000 to the One-Off fund, £100,000 to the newly created Income Generating fund and £500,000 to support the Capital Programme in 2018/19; as detailed in the financial strategy approved in February 2018.

6.6 One Off Fund - In Quarter 1, the initial balance is £714,477 and additional income of £96,074 was received which can be seen in paragraph 4.1 above. £700,000 has been transferred from the Council Tax payers reserve, to fund related expenditure in 2018/19 as well as £84,809 transferred from the revenue budget. £125,000 has been transferred to the Make a Difference reserve for 2018/19. Expenditure that has been allocated from the One-off Fund in previous Cabinet reports rolled forward from 2017/18 totals £376,074 and further expenditure to be allocated from the One-off Fund is detailed in the table below at £225,060. The balance on the One-off Fund at year end is estimated at Quarter 1 to be £869,226.

<b>Expenditure in 2018/19 from the One-Off Fund</b>	<b>Amount</b>
Self Build Register – Fund temporary Housing Development Officer	19,640
Development Management – Legal Fees	21,260
Revs & Bens – Software system	2,440
District Elections – 2019/20 Election costs	135,000
Homelessness Grants – Fund implementation of software system for the Homelessness Reduction Grant, the Senior Housing Options Advisor, the Housing Options Advisor and the Housing Administration Officer	34,310
Individual Electoral Registration Grant – Postage costs	9,910
Development Management – Appeal Costs	5,000
World War 1 – 100 <sup>th</sup> Anniversary – Public art and activities	2,500
<b>Total expenditure recommended for approval at Q1</b>	<b>230,060</b>

- 6.7 At Quarter 1, is it recommended to Cabinet and Council that the allocation from the One-off Fund at £230,060 is approved.
- 6.8 Computer Fund – in accordance with the Financial Strategy approved by Council in February 2018, the reserve is being used to fund ICT projects to ensure technology is maintained to an acceptable standard in the current ICT market environment. This includes £50,000 of revenue expenditure, £265,630 of 2018/19 capital expenditure and a brought forward amount of capital expenditure from 2017/18 of £137,578. £5,000 within ICT improvement is being rolled forward to 2019/20.
- 6.9 Repairs & Renewal Fund – in accordance with the Financial Strategy approved by Council in February 2018, £1,000,000 of funds have been transferred to the Council Tax Payers Reserve, The reserve is being used to fund Repairs and Renewal projects to ensure that the Council's assets are maintained to an acceptable standard. This includes £50,000 of revenue expenditure, £41,000 of 2018/19 capital expenditure and a brought forward amount of capital expenditure from 2017/18 of £33,778.
- 6.10 Local Plan Reserve – £59,710 has been transferred from the income received from planning applications to the Local Plan. Expenditure allocated in quarter 1 totals £39,624 leaving a balance of £79,626.
- 6.11 Make a Difference Fund – the opening balance in Quarter 1 of £63,801 relates to projects brought forward from the 2017/18 programme and will be expended by 31 August 2018.. The Cabinet report dated 6 February 2018 approved that £125,000 was transferred from the One-Off Fund in 2018/19 to fund the 2018/19 Making a Difference grant programme. Successful awards will invest in worthy local community projects which help improve life in neighbourhoods and which support the work of the voluntary sector and will be expended by 31 March 2019.
- 6.12 North Northallerton Bridge Reserve – Work is on-going in relation to the construction of the North Northallerton bridge and payments will be made during 2018/19 as and when claims are made from the contractors. The funding to cover the costs of this project was received from the Local Enterprise Partnership.
- 6.13 Income Generating Fund: £100,000 has been transferred from the Council Tax Payers Reserve to financially support projects in the initial stages of development which will generate revenue income to contribute to the future funding of the Council.

6.14 Other Reserves - There is a movement on the grants reserve to allocate funds of £50,000. The grant fund provides assistance to community groups to benefit the district as a whole.

## **7.0 WAIVER OF PROCUREMENT RULES**

7.1 It is the Council's policy to obtain competitive quotations or tenders for the purchase of products, work that is to be undertaken or for services to be provided. However, a waiver may be agreed by Cabinet (or the Chief Executive in an emergency) if they are satisfied, after considering a written report that the waiver is justified.

7.2 The Chief Executive has approved the following two waivers, for which Single Quote/Tender Waiver Forms have been completed:

- (a) Commercial Advice – It is necessary to seek specialist advice for a commercial project of a sensitive nature in a short time period. The cost is below £10,000 where only one quote is required and the information available on the market illustrates that it will provide best value.
- (b) Appointment of External Auditor for Certification of Returns and Grant Claims - The council in December 2016 appointed local authority external auditors - Ernst & Young LLP – for 2017/18 and a further 4 years. These new arrangements were not intended to extend to the appointment of external auditors for the certification of the Housing Benefit subsidy claim arrangements and Returns. Therefore, to ensure consistency of external auditor functions across the whole Council - in particular for the work undertaken in respect of the Council's accounts is likely to overlap the Housing Benefit subsidy claim arrangements in areas such as grants testing, income recognition in the Income and Expenditure Account, and the debtor/creditor position in the Council's balance sheet - the appointment of the same external auditor will assist in developing and strengthening strong working practices between the external auditor and the Council. The cost is expected to be the same as in previous years at £11,286.

## **8.0 BUSINESS RATES RETENTION PILOT IN 2019/20**

8.1 The Government has released its business rate pilot prospectus for 2019/20 to all local authorities to apply to become 75% Business Rates Retention Pilots, with the submission date being end of September 2018. The pilot would be for one year only.

8.2 The pilot and application criteria for 2019/20 appear to be very similar as they were in 2018/19. In December 2017 Cabinet Members agreed that the Council would be part of the North Yorkshire pilot submission for 2018/19, however this was not accepted by Government and did not proceed. The Council therefore remained in the current North Yorkshire Business Rate pool arrangements. Analysis shows from experts that the application was consistent with others across the UK and there were no specific reasons as to why pilots were accepted or rejected.

8.3 There are two main differences in the submission for 2019/20 compared to 2018/19. The first is that the submission will be a 75% pilot where the pilot will retain 75% of locally-collected business rates and will receive additional responsibilities in return. The 75% share is reduced from 100% as this aligns with the 75% local share that will be in place nationally in 2020/21 and it also helps to reduce the cost of all pilots to Government. The second difference is that this time there will not be a "no detriment" clause which means that if one of the Council's in the pilot falls short of obtaining the level of business rates that they

estimate then everyone in the pilot will be subject to this risk and receive less income than anticipated which in 2018/19 would have been funded by the Government. Therefore, this means in 2019/20 the Government will not support this loss. This is a risk of entering into the pilot and current modelling is under way.

- 8.4 If the pilot is approved, as a minimum, authorities will forego Revenue Support Grant and Rural Services Delivery Grant (this will be adjusted for from the rates retained). Any difference between the increase in business rate retention and new responsibilities will be offset by an adjustment to top-ups or tariffs. The creation of the pilots will be “fiscally neutral” at baseline, but authorities will gain from retaining 75% of any above-baseline growth; the Council currently retains 50%. In the 75% pilot there is the safety net which will be set at 95% of Base Funding level.
- 8.5 The Ministry of Housing, Communities and Local Government (MHCLG) is looking for a wide spread of different types of pilots; it is open to pilots based on either local economic geography or on existing boundaries (“a county council and all of the associated district councils”). In 2018/19 the Ministry of Housing, Communities and Local Government (MHCLG) effectively gave the “green light” to the arrangements that Harrogate Borough Council agreed with Leeds City Region in 2018/19, where this pilot was accepted but North Yorkshire Pilot excluding Harrogate but also included East Riding Council was not. This is clearly a very complicated area with a number of different scenarios, which are currently being explored and discussed across the area. The Ministry of Housing, Communities and Local Government (MHCLG) will again be particularly focusing on applications from rural areas and from two-tier areas. This is a major opportunity therefore for authorities in these areas.
- 8.6 It is very unlikely that all applications for pilot applications will be successful because of the Government affordability constraints. There is likely to be a competitive process, with applications measured against specified criteria. It is also estimated that the 75% Business Rates Retention Pilot would generate additional resources for the region which would be invested in projects throughout North Yorkshire and the East Riding of Yorkshire. These Chief Executives and the Local Enterprise Partnership (LEP) are to be consulted as to where this investment would be best placed; this work is ongoing.
- 8.7 The North Yorkshire Chief Finance Officers decided that the opportunity and benefits of applying to be a 75% Business Rates Retention Pilot should be investigated with a view that if it was beneficial then an application should be made. The services of Pixel Financial Management have been commissioned to provide advice and also to undertake the financial modelling required. Pixel already provides advice to the North Yorkshire Rates Pool and is well placed to understand the complexities across the region. They are also advisors to the Rural Services Network (SPARSE).

#### **9.0 LINK TO COUNCIL PRIORITIES:**

- 9.1 The monitoring of the financial budget throughout the year and reporting the financial year end position assists in ensuring the Council’s service requirements are met and contributes to the achievement of the priorities set out in the Council Plan.

#### **10.0 RISK ASSESSMENT:**

- 10.1 There are no major risks associated with this report.

#### **11.0 FINANCIAL IMPLICATIONS:**

- 11.1 The financial implications are dealt with in the body of the report.

**12.0 LEGAL IMPLICATIONS:**

12.1 It is a legal requirement under s25 of the Local Government Act 2003 to set a balanced budget and monitor the financial position throughout the year.

**13.0 EQUALITY/DIVERSITY ISSUES:**

13.1 Equality and Diversity Issues have been considered however there are no issues associated with this report.

**14.0 RECOMMENDATIONS:**

14.1 That Cabinet approves and recommends to Council:

- (1) the budget remains at £8,096,170 as detailed in paragraph 3.2;
- (2) the allocation from the One-Off fund at paragraph 6.6 of £230,060;
- (3) the total amount of £40,954 at paragraph 6.3 to be returned to the fund and to note that the Economic Development Fund remaining balance to be allocated at paragraph 6.4 is £581,699;
- (4) to note the two waiver of procurement rules at paragraph 7.2
- (5) that Hambleton District Council takes part in the North Yorkshire and East Riding submission to the Ministry of Housing, Communities and Local Government (MHCLG) to become a 75% Business Rates Retention Pilot in 2019/20 and that delegated authority is given to the Director of Finance (S151 Officer) to enter into the 75% Business Rates Retention Pilot as detailed in paragraphs 8.1 to 8.7.

LOUISE BRANFORD-WHITE  
DIRECTOR OF FINANCE (S 151 OFFICER)

**Background papers:** Budget Monitoring Q1 working papers

**Author ref:** SC

**Contact:** Saskia Calton – Finance Manager  
Direct Line: 01609 767226

**Annex A****Budget 2018/19 Sensitivity Analysis – potential savings / costs**

Portfolio Area	Area of Sensitivity	Commentary
Finance	Housing Benefit Payments	Whilst any increase in Housing Benefit payments will be partly offset by subsidy, the budget is so large that a small increase in percentage terms can lead to a large amount in monetary terms.
Economy & Planning	Planning Fees	This will continue to be closely monitored due to the estimated income being so high, it is currently estimated that the target will be reached.
	Workspace Management Income	A number of businesses have vacated Hambleton's workspaces for various reasons. This will be closely monitored and reported at quarter 2 if there are any empty units.
Leisure & Environment	Operational Services – Fuel Prices	This is being kept under review as prices are currently on the rise and any significant increase will require additional budget.
	Kerbside Recycling Contract	Basket price changes will affect the budget, the current basket price indicates an increase but this will be monitored and reported at quarter 3
	Northallerton Leisure Centre – Gym extension	A review of the effects of the new extension is ongoing and the additional income through membership take up and revenue expenditure incurred will be reported at Quarter 2
	Leisure Centres	A review of all leisure centres income and expenditure as a whole will be carried out and reported at Quarter 2.

# Agenda Item 5

## **HAMBLETON DISTRICT COUNCIL**

**Report To:** Cabinet  
4 September 2018

**Subject:** AUDIT, GOVERNANCE AND STANDARDS COMMITTEE ACTIVITIES 2017/18 – ANNUAL REPORT

All Wards  
Portfolio Holder for Governance: Councillor Mrs I Sanderson

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### **1.0 PURPOSE AND BACKGROUND:**

- 1.1 The purpose of this report is to present a report which analyses the work undertaken by the Audit, Governance and Standards Committee up to 31 March 2018. An analysis of the work undertaken is attached at Appendix A.

### **2.0 LINK TO COUNCIL PRIORITIES:**

- 2.1 The activities undertaken by the Audit, Governance and Standards Committee ensure that the Council is operating in accordance with the Governance arrangements of the Council.

### **3.0 RISK ASSESSMENT:**

- 3.1 There are no risks associated with this report.

### **4.0 FINANCIAL IMPLICATIONS:**

- 4.1 There are no financial implications.

### **5.0 LEGAL IMPLICATIONS:**

- 5.1 There are no legal implications. However the Audit, Governance and Standards Committee is obliged by its terms of reference to report annually to Cabinet on the Committee's activities.

### **6.0 EQUALITY/DIVERSITY ISSUES:**

- 6.1 There are no equality and diversity implications to this report.

### **7.0 RECOMMENDATIONS:**

- 7.1 It is recommended that Cabinet endorse the report of the Audit, Governance and Standards Committee.

COUNCILLOR N KNAPTON  
CHAIRMAN - AUDIT, GOVERNANCE AND STANDARDS COMMITTEE

**Background papers:** None  
**Author ref:** LBW  
**Contact:** Louise Branford-White  
Director of Finance

**AUDIT, GOVERNANCE AND STANDARDS COMMITTEE**

**WORK UNDERTAKEN DURING 2017/18**

**1. External Audit – Ernst & Young LLP**

Ernst & Young, as the Council's external auditor from April 2017 to March 2018, presented reports that covered:-

- Audit Planning Report – this sets out the proposed plan for audit and inspection work;
- Statutory Auditor's report on the 2016/17 Audit and Inspection Letter – this summarises the conclusions and significant issues arising from the audit and inspection work of the Council's Financial Report, including the Statement of Accounts 2016/17 and Annual Governance Statement; the Annual 2016/17 Accounts were approved;
- Annual Audit Letter 2016/17 - an unqualified opinion on the Council's financial statements for the year ended 31 March 2017 was given and an unmodified conclusion on the Council's arrangements for securing value for money for the year ended 31 March 2017.
- Quarterly update reports on their activities with the Council.
- Statutory Auditor's Annual Grant Claims and Returns 2016/17 was noted

It is pleasing to note that these reports did not identify any significant problems and were received and accepted by the Committee.

**2. Internal Audit – Veritau North Yorkshire Ltd**

- Presented the 2016/17 Internal Audit Annual Report, where a substantial assurance opinion of the organisation was given. The Report was accepted;
- Presented the 2016/17 Annual Governance Statement which provided public assurance that the Council has a sound system of internal control, designed to help manage and control risks that impede the achievement of its objectives. This was approved;
- Gave a comparison of the actual performance against target throughout the year in the quarterly internal audit reviews. The Committee was satisfied with the performance;
- Provided an update on the annual review of the Audit Vision and Charter.
- Reported on the internal audit planning process 2016/17 as specifically requested by Members to gain a greater understanding of the process.
- Presented the Internal Audit, Counter Fraud and Information Governance Plan 2018/19, which was accepted by the Committee

### **3. Accounts and Governance – Hambleton District Council Officers**

These reports cover the presentation of:

- The Statement of Accounts 2016/17– these present the statutory financial accounts in the form prescribed by the Code of Practice on Local Authority Accounting in the UK – A Statement of Recommended Practice. The Committee scrutinised the detail of the accounts and after a robust challenge approved them;
- The Annual Governance Statement (AGS) for 2016/17– this a statement required by statute which follows the guidelines issued by the Chartered Institute of Public Finance (CIPFA). It describes the internal control environment and the steps the Council has taken to ensure:-
  - its business is undertaken in accordance with the law;
  - it maintains proper safeguards that provide good governance;
  - public money is safeguarded, and;
  - its resources are used economically, efficiently and effectively.

The Committee agreed with the conclusion of the review and approved the content of the AGS.

- The Review of the Annual Treasury Management Strategy 2018/19 and Practices were reviewed and accepted by the Committee.

### **4. Risk Management – Hambleton District Council Officers**

The Committee received a report on the Annual Review of Risk Management Strategy; this was a review of the Risk Management Process and Policy Statement. In addition it incorporated the suggestions from the Corporate Peer review from June 2017 and the consequent improvements to the Council's risk management process. The report also noted the Council's current strategic and project risks.

### **5. Counter Fraud and Anti-Corruption - Hambleton District Council Officers**

- Annual Report on Counter Fraud and Anti-Corruption 2016/17 was reported and accepted.
- The Counter Fraud Strategy and also the Counter Fraud and Corruption Policy along with associated Prosecution Policy were adopted

### **6. Constitution and other work**

The Committee received reports covering:-

- Amendments to the Councils Constitution – a report requesting to change the Local Code of Conduct for Members and Officers Dealing with Planning Matters, contained within Part 5, Codes and Protocols.
- Politically Restricted Posts – review of the list of politically restricted posts because of re-organisation and changes in job titles within the Council.

- Activity under the Regulation of Investigatory Powers Act reported on a quarterly basis where all were nil and were accepted. Also the current Policy on the Regulation of Investigatory Powers Act was approved.
- Annual review of the Audit, Governance and Standards Committee's terms of reference was noted in accordance with CIPFA Audit Committees – Practical Guidance for Local Authorities.
- Annual report to Cabinet on Committee's activities for 2016/17.
- The Brownfield Land Register which was to be consulted on and published by 31 December 2017. In addition the change to the Constitution to amend the Council's Responsibility for Council Functions and the Scheme of Delegation in response to the regulations requiring local authorities to prepare and maintain registers brownfield land suitable for residential development customer feedback and complaints procedure is fit for purpose.
- Brexit – Update on the Implications for Local Authorities
- 2018/19 Reporting Programme which identified those reports to be received on a structured basis.

## **7. Standards**

The Committee has responsibility for the Standards regime. The Standards Hearings Panel has considered ten complaints under the Council's Complaints Procedure; six of the complaints were in relation to Town/Parish Councillors and four of the complaints were in relation to District Councillors.

# Agenda Item 6

## **HAMBLETON DISTRICT COUNCIL**

**Report To:** Cabinet  
4 September 2018

**Subject:** COMMUNITY INFRASTRUCTURE LEVY (CIL) – PRIORITISATION OF SCHEMES

All Wards, excluding areas within the North York Moors National Park  
Portfolio Holder for Planning: Councillor D A Webster

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### **1.0 PURPOSE AND BACKGROUND:**

- 1.1 Following the adoption of the CIL Charging Schedule in 2015, the Council identified how it intended to use the collected CIL monies to deliver the strategic infrastructure necessary to support development proposed in the Local Development Framework in the CIL Regulation 123 List. The Council prioritised the new primary school in the North Northallerton development for CIL funding (Minute CA.29 )The purpose of this report is to review the prioritisation of the schemes to be funded through CIL and review the content of the CIL Regulation 123 List.
- 1.2 CIL is a levy on development with the funds being used to provide infrastructure to support the development of the area, which largely replaced the use of Section 106 planning obligations. There is discretion for the Council in how the funds are used, although CIL cannot be used to fund affordable housing. Section 106 planning obligations may still be used to fund site specific improvements where these are necessarily and directly related to new developments. In contrast CIL is secured to address the cumulative impacts of development across the Council's area by supporting improved infrastructure.
- 1.3 Within Hambleton, because of viability considerations, CIL is levied on new housing (excluding affordable housing) and retail development only. The CIL regulations provide that areas that accommodate new development will get 15% (rising to 25% in areas with adopted Neighbourhood Plans) of the CIL revenues secured in their area paid directly to the Town or Parish Council. CIL Regulations also allow for the Council to retain up to 5% of CIL receipts to cover its administrative costs.
- 1.4 When CIL was adopted in 2015 it was envisaged that it would have raised approximately £2.6M (based on a projection of £884,560 per annum for CIL Reg 123 List projects) for infrastructure projects by now. This projection has not been realised for three main reasons. A number of large projects that were included in the projections were granted planning permission before CIL came into force, the North Northallerton development has not contributed any CIL income in cash terms owing to the provision of land and infrastructure "in kind" and a large number of small proposals have benefitted from an exemption for self-build housing and as such have not contributed to the CIL Regulation 123 fund.

### **2.0 REGULATION 123 LIST:**

#### Current Situation

- 2.1 The Regulation 123 list is accruing funds towards the projects on the priority list and currently stands at £1.2M.

- 2.2 Since the examination of the CIL Charging Schedule and Cabinet approval of the Regulation 123 List, there have been some changes in circumstance which affect schemes on the List. Before considering the prioritisation of the schemes, it is sensible to consider the List to ensure that the most appropriate infrastructure requirements for CIL funding are included. The list has been considered and it is proposed that the list remains unchanged. The list of schemes is set out in Annex '1'.

#### North Northallerton School Development

- 2.3 The North Northallerton Development includes Outline Planning Permission for a new primary school. The land is to be provided through the accompanying S106 agreement which ensures it is transferred to the County Council and its use is protected for the purposes of the provision of the school until December 2023. The Council has committed to the provision of approximately £2M from the CIL Regulation 123 List to the construction of the school.
- 2.4 At the present time it is not clear when the school will be delivered. However, as mentioned previously, the use of the land is protected within the S106 agreement until December 2023 and as such, given commitments made by this Authority, this money could be drawn down by the County Council at any time during this period.
- 2.5 Presently the CIL receipts retained by the Council amount to approximately £1.2M which is still well short of the £2M required. On current projections it is likely that the £2M point will be reached in approximately 1 year. In discussion with the County Council Education Team it is unlikely that the timescale to realise the £2M will cause any significant problem in terms of the delivery of the school.
- 2.6 It should be noted that concerns have been raised by Local Councils (Town and Parish Councils) about the lack of CIL spend within their areas. However, given the priorities previously set within the Regulation 123 List and the commitments made to the County Council it is considered necessary to set aside this funding in order that it can be made immediately available as required. It is also important to note that these Town and Parish Councils have received 15% of CIL income and have been able to use it for infrastructure projects that are not on the Regulation 123 List. Annex '3' lists payments made so far to Town and Parish Councils.

#### Other Reg 123 List Priorities

- 2.7 Other top priorities in the current CIL Regulation 123 List include the North Northallerton Link Road, Northallerton Sports Village and Dalton Bridge.
- 2.8 The North Northallerton Link Road is to be fully funded through direct provision of land and infrastructure by the North Northallerton Development Consortium and funding from the Local Enterprise Partnership. However, given that this project remains a major priority for the Council it is considered that the Link Road should remain on the CIL Regulation 123 List until it is complete.
- 2.9 The Northallerton Sports Village project is at the early stages of development and the cost, timescales and CIL contributions to this project are still to be clarified. This project remains central to the successful delivery of the North Northallerton Development and the provision of formal recreation facilities in Northallerton and as such it is considered that this project should remain on the CIL Regulation 123 List with a view to a more detailed review of the priorities and CIL contribution to this project in due course.

### New Local Plan and Proposed Changes to the CIL Regulations

- 2.11 Through the development of the emerging Local Plan a new Infrastructure Delivery Plan will be developed which will set out the infrastructure needed to ensure that the new Local Plan is delivered sustainably and effectively. The Infrastructure Delivery Plan will also inform a new CIL Regulation 123 List.
- 2.12 A revised Local Development Scheme, containing a detailed timetable for the remaining milestones for the production of the Local Plan is to be produced in the autumn. The next milestone for the Local Plan is Publication, which includes a statutory 6 week period for representations. This publication period will begin later in the autumn, subject to completion of supporting evidence, including the Infrastructure Delivery Plan. The Infrastructure Delivery Plan (IDP) will be produced with the Local Plan and a draft available for comment with the Publication version of the Local Plan. The final version of the IDP would then be produced to accompany the submission of the Local Plan to the Secretary of State, expected to be in spring 2019.
- 2.13 It should also be noted that a review of CIL was undertaken by the Government in late 2017 which identified a number of issues which had resulted from the implementation of CIL. The review made a number of recommendations which are likely to lead to amendments to the CIL Regulations and these are expected to be announced in the Chancellor's Autumn Statement. These amendments are likely to alter the amount of CIL raised and change the ability to raise funding for discreet elements of infrastructure through S106 agreements.
- 2.14 The conclusion from this is that there are likely to be changes to the CIL Regulations in the short to medium term and the Infrastructure requirements for the District over the next plan period, will be informed by the Infrastructure Delivery Plan to be developed as part of the development of the new Local Plan. It is considered that the Regulation 123 List should be fully reviewed alongside the development and adoption of the new Local Plan (Annex '2' Proposed Programme for further review of CIL Regulation 123 List).

### **3.0 LINK TO COUNCIL PRIORITIES**

- 3.1 CIL supports the provision of key projects identified in the Council Plan under the priority of Driving Economic Development and the priority of Enhancing Health and Wellbeing, for example, the Northallerton Sports Village.

### **4.0 RISK ASSESSMENT:**

- 4.1 There are no significant risks to the Council in approving the recommendations.
- 4.2 The key risk is in not approving the recommendations as shown below.

Risk	Implication	Prob*	Imp*	Total	Preventative action
The funds needed to deliver the North Northallerton Primary School are used on other projects.	<ul style="list-style-type: none"><li>Insufficient funds to build the school.</li><li>Damage to the Council's reputation.</li></ul>	5	5	25	Continue to prioritise for CIL funding until £2M is secured.

### **5.0 FINANCIAL IMPLICATIONS:**

The financial implications are covered within Paragraphs 2.3 to 2.6.

**6.0 LEGAL IMPLICATIONS:**

6.1 Legal implications have been considered, however, there are no issues associated with this report.

**7.0 EQUALITY/DIVERSITY ISSUES**

7.1 Equality and Diversity issues have been considered, however, there are no issues associated with this report.

**8.0 RECOMMENDATION(S):**

8.1 That Cabinet approves:

- (1) that the prioritisation of the Regulation 123 List remains unchanged for the present;
- (2) that a full review of the Regulation 123 List be undertaken to coincide with the submission of the new Local Plan.

HELEN KEMP  
DIRECTOR OF ECONOMY AND PLANNING

**Background papers:** None

**Author ref:** AR and PJ

**Contact:** Peter Jones  
Development Manager (North)  
Tel: 01609 767099

Ann Rawlinson  
Development Manager (Planning Enforcement and Planning Support/TSU)  
Tel: 01609 767123

Annex 1:

CIL Regulation 123 List

**Hambleton District Council  
Community Infrastructure Levy (CIL)  
Regulation 123 List: May 2015 (Proposed to be retained August 2018)**

**Introduction:**

This document has been prepared in accordance with Regulation 123 of the Community Infrastructure Levy Regulations 2010 (as amended). CIL Regulation 123 restricts the use of planning obligations for infrastructure that will be funded in whole or in part by the Community Infrastructure Levy, to ensure no duplication between the two types of developer contributions.

Charging authorities are required to publish on its website a list (the Regulation 123 List) setting out those projects or types of infrastructure that it intends will benefit from CIL funding. The Regulation 123 List can be reviewed at any time but it is likely that the Council will undertake to do this annually, following the publication of the Council's Annual Monitoring Report which will identify progress on collecting and spending CIL. In line with Government guidance on the preparation and implementation of the CIL, the Council will undertake appropriate local consultation when reviewing the Regulation 123 List.

The inclusion of a project or type of infrastructure in this list does not signify a commitment from Hambleton District Council to fund, either in whole or in part, the listed project or type of infrastructure through CIL. Nor does the order of the List imply any order of preference or weighting of one project against another.

**Infrastructure to Benefit from CIL Funding:**

The list below sets out those infrastructure projects that Hambleton District Council intends will be, or may be, wholly or partly funded by CIL.

	Location	Infrastructure Requirement
Road Network and Transport	Northallerton	North Northallerton Line Road (inc Bridge)
	Northallerton	Northallerton Public Transport Interchange
	Easingwold	Easingwold Footpath and Cycleway Network
	Stokesley	Stokesley Footpath and Cycleway Network
	Thirsk	Thirsk Public Transport Interchange
	District Wide	Junction improvements required to mitigate the cumulative impact of housing and employment allocations.
Education	Northallerton	Provision of new primary school in North Northallerton
	District Wide	Provision of additional primary school places required as a result of new development.
Green Infrastructure	Northallerton	Northallerton Sports Village
	Northallerton	Northallerton Town Park
Healthcare	District Wide	Healthcare Facilities – Additional GPs

**Continuing Role for Planning Obligations (Section 106 Agreements):**

The CIL Regulations 2010 include a deadline of April 2015 beyond which restrictions on the pooling of planning obligations (i.e. S106 Agreements and commuted sums) will come into force. From this date, the Council will not be able to pool more than five contributions from separate developments towards a single item of infrastructure not to be funded by the CIL. In order to ensure that developments are not charged twice for the same item of infrastructure, the Council cannot require the provision of any item of infrastructure on the Regulation 123 List via a planning obligation.

Despite these restrictions, there will continue to be an important role for planning obligations in mitigating the site specific impacts of a development and in providing affordable housing. The Council will continue to secure the types of infrastructure identified in its adopted Local Development Framework by way of planning obligations, where they meet the tests set out in Regulation 122 of the CIL Regulations 2010 and do not appear on the Council's Regulation 123 List.

Affordable housing, on-site infrastructure requirements and open space provision (in line with Policy DP37 of the Council's Development Policies Development Plan Document) and maintenance payments to ensure the long-term upkeep of open spaces, will continue to be sought via planning obligations.

Annex 2:

## **Proposed Programme for further review of CIL Regulation 123 List**

### **Introduction:**

In order for a fully informed review of the CIL Regulation 123 List to take place, additional information is required. Given the need for the Regulation 123 List to reflect the infrastructure development needs set out in the new Local Plan, it is considered that the timing of the full review should run alongside the timetable for the Local Plan.

### **Programme:**

Members recently approved work to identify how the recently published NPPF would influence production of the Local Plan and the extent of work required to bring the plan into conformity with new national planning policy.

A revised Local Development Scheme, containing a detailed timetable for the next milestones for the production of the Local Plan is intended to be produced in the autumn once the impact of the NPPF is clear.

The next milestone for the Local Plan is Publication which includes a statutory 6 week period for comments (often referred to as consultation, this is strictly speaking incorrect as the comments will go to the planning inspector and form the basis of the examination of the plan).

This publication period is programmed to begin later in the autumn, subject to completion of supporting evidence, including the Infrastructure Delivery Plan, and the Council being satisfied that the plan conforms with the new NPPF.

The Infrastructure Delivery Plan (IDP) will be produced with the Local Plan and a draft available for comment with the Publication version of the Local Plan. The final version of the IDP would then be produced to accompany the submission of the Local Plan to the Secretary of State. The Infrastructure Delivery Plan will then inform the proposed new CIL Regulation 123 List. At this stage it is anticipated that the replacement CIL Regulations will also be in place.

Annex 3:

**List of payments made so far to Town and Parish Councils**

<b>List Of Councils with CIL Monies</b>	<b>CIL Monies paid out to date</b>	<b>CIL Monies due to be paid by 31st march 2019 on Applications already commenced</b>
Aiskew	£10,800.00	
Alne	£2,609.82	
Aldwark	£5,197.50	
Bagby		£3,209.25
Bedale	£1,366.20	
Brafferton	£194.70	
Burneston	£1,353.00	
Carlton Husthwaite		
Carlton Miniott	£2,937.00	
Carthorpe	£48,675.00	£511.50
Catton	£1,260.765	
Crakehall	£8,927.58	
Crayke	£2652.37	
Dalton	£21,008.03	£7,957.12
Danby wiske	£7,145.68	
Easingwold	£31,075.91	£85,722.06
East Harsley	£1988.25	
Flawith		£5,230.05
Felixkirk		
Great Broughton		£1,923.57
Hackforth	£6,421.36	£7,752.97
Huby	£924.00	£5,849.25
Hutton Bonville	£1,446.23	
Hutton Rudby		£5,379.00
Kirby	£464.56	
Kanyton	£1,301.85	
Morton on Swale	£27,931.20	
Newton on Ouse		£6,059.62
Northallerton		£2,206.87
Pickhill		£5,921.02
Shipton		£1,068.37
Sowerby	£1,516.35	£1,666.5
Stokesley	£27,161.06	£81,483.18
Thirsk	£17,424.51	£633.60
Thrintoft	£273.08	
Tholthorpe	£2,623.50	
Thornton le Moor	£957.74	
Tollerton	£1,773.75	
sinderby		£1,195.08

<b>Sessay</b>	£4,413.75	
<b>Sutton on forest</b>	£387.75	
<b>Skipton on swale</b>	£1,658.25	
<b>Stillington</b>		£5,777.49
<b>Raskelf</b>	£3,311.55	£3,869.25
<b>West Tanfield</b>		£31,328.87
<b>TOTAL</b>	<b>£247,182.00</b>	<b>£264,744.62</b>

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# Agenda Item 7

## **HAMBLETON DISTRICT COUNCIL**

**Report To:** Cabinet  
4 September 2018

**Subject:** WORLD WAR 1 CENTENARY

**All Wards**  
**Portfolio Holder for Leisure: Councillor Mrs B S Fortune**

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### **1.0 PURPOSE AND BACKGROUND:**

- 1.1 11 November 2018 is the 100 year anniversary of the end of World War 1. There will be a range of events and activities to mark the occasion taking place across the country.
- 1.2 It is proposed that Hambleton District Council marks this occasion as follows:

#### **1.2.1 Soldier Trail**

100 cardboard soldiers (representing 100 years) will be produced and decorated by local groups representing our communities (day centres, schools, play groups, disability groups etc.). The decorated soldiers, in groups of 20, will be collated centrally and be given a letter. During October 20 soldiers will be displayed in shops/businesses/community buildings in each of the 5 market towns creating a 'Soldier Trail' in each area. Members of the community will be set a challenge to find all 20 soldiers in their town, noting each letter and then crack the anagram to spell out a phrase related to the World War 1 theme. Postcards will be produced for people to write their answer on to enter a competition for a small prize. This project will provide an opportunity to involve a wide range of people from the very young to the elderly, local businesses, voluntary and community groups, schools etc. These commemorative activities will be promoted externally.

#### **1.2.2 Public Art Installation**

Artists have been asked to submit their ideas for a piece of World War 1 related public art that could be displayed at the Civic Centre. They have suggested the creation of three World War 1 bi-planes, for example, the Sopwith Camel made from wicker and suspended from the ceiling in Reception. The designs could also incorporate the poppy as a symbol of the end of the war. This will be a striking visual project that will attract visitors to the centre and help commemorate the centenary.

### **2.0 LINK TO COUNCIL PRIORITIES:**

- 2.1 This project links to the Council's enhancing health and wellbeing and driving economic vitality priorities. The project will create a town trail for people to engage with that could increase their physical activity, as well as encouraging people to visit our market towns and promoting local businesses, community buildings and leisure centres. The project will also aim to engage with harder to reach, more isolated communities to decorate the soldiers which could improve people's mental health and decrease social isolation. Public art will also improve people's experience when visiting the Civic Centre and will showcase the Council's commemorations.

### **3.0 RISK ASSESSMENT:**

- 3.1 There are no significant risks with approving the recommendations in this report.
- 3.2 The key risks in not approving the recommendations in this report are:

<b>Risk</b>	<b>Implication</b>	<b>Prob*</b>	<b>Imp*</b>	<b>Total</b>	<b>Preventative action</b>
The Council may be viewed negatively if it doesn't commemorate this important event	Reputational risk to the council through poor publicity and public perception	4	3	12	Consider the proposals as contained in the report or consider different proposals that would mark the occasion

Prob = Probability, Imp = Impact, Score range is Low = 1, High = 5

- 3.3 Overall the risk of agreeing with the recommendations outweighs the risks of not agreeing them and is considered acceptable.

### **4.0 FINANCIAL IMPLICATIONS:**

- 4.1 Funding to deliver this project is required to pay for design, materials and prizes.

In terms of Capital Expenditure provision has been made for expenditure as follows:-

<b>Capital Expenditure</b>	<b>2018/19 £</b>
Cost of:	
Soldier trail design, materials and prizes	£250.00
Public art design, creation and installation	£2,250.00
Financed by:	
One Off Fund	£2,500.00
	<b><u>£2,500.00</u></b>

### **5.0 LEGAL IMPLICATIONS:**

- 5.1 There are no legal implications associated with this report.

### **6.0 EQUALITY/DIVERSITY ISSUES**

- 6.1 Equality and Diversity issues have been considered throughout the planning of this project. The project will have open access for all sectors of the community. There are no barriers to people getting involved and the council will proactively seek to engage people who are under-represented.

**7.0 RECOMMENDATION:**

- 7.1 That Cabinet approves the initiatives taking place to mark the centenary of the end of the First World War.

STEVEN LISTER  
HEAD OF SERVICE – LEISURE AND ENVIRONMENT

**Background papers:** None

**Author ref:** SL

**Contact:** Steven Lister  
Head of Service (Leisure and Environment)  
01609 767033

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## **HAMBLETON DISTRICT COUNCIL**

**Report To:** Cabinet  
4 September 2018

**Subject:** AIR QUALITY ACTION PLAN FOR BEDALE

**Bedale Ward  
Portfolio Holder for Environmental Health, Waste and Recycling: Councillor S Watson**

---

### **1.0 PURPOSE AND BACKGROUND:**

- 1.1 This report seeks approval for the Air Quality Action Plan for Bedale prior to public consultation.
- 1.2 Local Air Quality Management forms a key part of the UK Government's strategies for achieving air quality objectives. Local Authorities are required to carry out regular reviews and assessments of air quality in their area against standards and objectives in the national Air Quality Strategy and submit the findings annually to the Department for Environment, Food and Rural Affairs.
- 1.3 The primary pollutants in Hambleton come from transport related emissions and include nitrogen dioxide and particulate matter. The air quality in the district is predominantly assessed by portable diffusion tubes monitoring nitrogen dioxide at 38 locations.
- 1.4 Whilst air quality in Hambleton is generally good, diffusion tube monitoring identified an exceedance of the air quality objective (annual average) for nitrogen dioxide at one location on Bridge Street in Bedale. The monitoring demonstrated that the area exceeding the objective was relatively small and confined to the 'White Bear Hotel junction' rather than being more widespread in Bedale.
- 1.5 Where air quality objectives are exceeded Local Authorities have a duty to declare an Air Quality Management Area and prepare an Air Quality Action Plan setting out the measures required to improve air quality.
- 1.6 Due to the exceedance of the air quality objective in Bedale the Council declared its first Air Quality Management Area in November 2017.
- 1.7 A draft Air Quality Action Plan has been produced to detail how the air quality will be improved in the Air Quality Management Area. The Bedale Aiskew and Leeming Bar bypass scheme is considered the most effective solution to reduce pollution levels in the Air Quality Management Area. Monitoring results from 2017 show a reduction in pollution levels that are now below the air quality objective.
- 1.8 The Air Quality Action Plan must be subject to a public consultation exercise and must be approved by Cabinet before this exercise takes place. Consultees will include the Department for Environment, Food and Rural Affairs, North Yorkshire County Council, Public Health England and the Environment Agency.
- 1.9 Following the consultation the completed report will be provided to the Department for Environment, Food and Rural Affairs.

- 1.10 Diffusion tube monitoring will continue in Bedale to assess whether the recent improvements to pollution levels in the Air Quality Management Area can be maintained. This will inform whether further measures could be required if improvements are not maintained or whether the Air Quality Management Area designation could be removed.

## **2.0 LINK TO COUNCIL PRIORITIES:**

- 2.1 Approval of the Air Quality Action Plan and improvements to air quality will contribute to the delivery of three of the Council's key priorities: Enhancing Health and Well Being, Caring for the Environment and Driving Economic Vitality.

## **3.0 RISK ASSESSMENT:**

- 3.1 There are no risks with implementing the recommendation.
- 3.2 The key risks in not approving the recommendation are shown below:-

Risk	Implication	Prob*	Imp*	Total	Preventative action
Failure to gain approval for the Air Quality Action Plan for Bedale prior to the consultation excessive.	Hambleton District Council will not comply with its legal duty and could be subject to sanctions from the Department for Environment, Food and Rural Affairs.	4	3	12	Approve the Air Quality Action Plan prior to consultation.

Prob = Probability, Imp = Impact, Score range is Low = 1, High = 5

- 3.3 Overall the risk of agreeing with the recommendation outweighs the risks of not agreeing the recommendation and is considered acceptable as the Authority has a statutory duty to implement an Air Quality Action Plan where it has declared an Air Quality Monitoring Area.

## **4.0 FINANCIAL IMPLICATIONS:**

- 4.1 There are no financial implications for the Air Quality Action Plan consultation exercise. Air quality monitoring will continue as part of the Council's routine duties and will be met within the existing Environmental Health service budget. In the future further monitoring or air pollution modelling may be required if the Air Quality Management Area remains in place and may require additional funding out with the current Environmental Health budget.

## **5.0 LEGAL IMPLICATIONS:**

- 5.1 The Authority must fulfil its statutory duty and ensure that the Air Quality Action Plan for the Bedale Air Quality Management Area is subject to a consultation exercise.

## **6.0 EQUALITY/DIVERSITY ISSUES:**

- 6.1 Equality and Diversity Issues have been considered however there are no issues associated with this report.

**7.0 RECOMMENDATION:**

- 7.1 That Cabinet approves and recommends to Council that the Air Quality Action Plan for Bedale is agreed before the consultation exercise.

PAUL STAINES  
DIRECTOR OF LEISURE AND ENVIRONMENT

**Background papers:** Air Quality Action Plan for Bedale

**Author ref:** SL/VF

**Contact:** Steven Lister  
Head of Service, Leisure and Environment  
01609 767033

Vikki Flowers  
Environmental Health Manager  
01609 767037

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# **Hambleton District Council Air Quality Action Plan**

**In fulfilment of Part IV of the  
Environment Act 1995  
Local Air Quality Management**

**XXXX 2018**

Local Authority Officer	John Warren
Department	Environmental Health
Address	Civic Centre, Stone Cross, Northallerton, North Yorkshire, DL6 2UU
Telephone	01609 767093
E-mail	<u><a href="mailto:John.warren@hambleton.gov.uk">John.warren@hambleton.gov.uk</a></u>
Report Reference number	HDC/AQAP/Bedale/2018
Date	Enter Date of Report

## **Executive Summary**

This Air Quality Action Plan (AQAP) has been produced as part of our statutory duties required by the Local Air Quality Management framework. It outlines the action taken to improve air quality in Hambleton following declaration of Hambleton District Council Air Quality Management Area (Bedale) in November 2017.

Air pollution is associated with a number of adverse health impacts. It is recognised as a contributing factor in the onset of heart disease and cancer. Additionally, air pollution particularly affects the most vulnerable in society: children and older people, and those with heart and lung conditions. There is also often a strong correlation with equalities issues, because areas with poor air quality are also often the less affluent areas<sup>1,2</sup>.

The annual health cost to society of the impacts of particulate matter alone in the UK is estimated to be around £16 billion<sup>3</sup>. Hambleton District Council is committed to reducing the exposure of people in Hambleton to poor air quality in order to improve health.

The main action that has been developed to improve air quality relates to transport planning and infrastructure in the form of the Bedale, Aiskew and Leeming Bar Bypass (BALB). The scheme, which opened in August 2016, was created in order to relieve traffic congestion passing through these towns and villages along the former A684, with a corresponding reduction in pollution concentrations.

Our main priority is to reduce pollution concentrations in Bedale so that an AQMA is no longer required. The diffusion tube monitoring for 2017, the first full calendar year since the bypass opened, has generated an annual average for nitrogen dioxide of 37.7µg/m<sup>3</sup> (bias adjusted and corrected for distance), which is an 8.3% reduction from 2016 and 24.9% since 2015.

The Council is confident that the bypass has produced the desired reduction in pollution concentrations and will continue to do so into the future. Therefore, at present, the Council does not propose to consider other actions in order to achieve an improvement in air quality.

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<sup>1</sup> Environmental equity, air quality, socioeconomic status and respiratory health, 2010

<sup>2</sup> Air quality and social deprivation in the UK: an environmental inequalities analysis, 2006

<sup>3</sup> Defra. Abatement cost guidance for valuing changes in air quality, May 2013

## **Responsibilities and Commitment**

This AQAP was prepared by the Environmental Health service of Hambleton District Council with the support and agreement of the following officers and departments:

John Warren, Senior Scientific Officer, Environmental Health

This AQAP has been approved by:

- Hambleton District Council Senior Management Team

This AQAP will be subject to an annual review, appraisal of progress and reporting to the Senior Management Team. Progress each year will be reported in the Annual Status Reports (ASRs) produced by Hambleton District Council, as part of our statutory Local Air Quality Management duties.

If you have any comments on this AQAP please send them to John Warren, Senior Scientific Officer at:

Hambleton District Council, Civic Centre, Stone Cross, Northallerton, DL6 2UU

Telephone 01609 767093

Email [john.warren@hambleton.gov.uk](mailto:john.warren@hambleton.gov.uk)

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## **1 Introduction**

This report outlines the actions that Hambleton District Council will deliver to reduce concentrations of air pollutants and exposure to air pollution in and around the area subject to the AQMA; thereby positively impacting on the health and quality of life of residents and visitors to the Hambleton area.

It has been developed in recognition of the legal requirement on the local authority to work towards Air Quality Strategy (AQS) objectives under Part IV of the Environment Act 1995 and relevant regulations made under that part and to meet the requirements of the Local Air Quality Management (LAQM) statutory process.

This Plan will be reviewed every five years at the latest and progress on measures set out within this Plan will be reported on annually within Hambleton District Council's air quality ASR.

DRAFT

## 2 Summary of Current Air Quality in Hambleton

The major source of air pollution within Hambleton is from road transport, both NO<sub>2</sub> and PM<sub>10</sub>. The A1(M) and A19 run north/south through the district and there are several other 'A' class roads in rural areas and in the district's towns and villages. Concentrations of NO<sub>2</sub> are lower at the majority of sites in 2016 than in 2015, and although annual fluctuations can occur, the long term trend is showing reducing pollution concentrations.

The Council declared its first Air Quality Management Area (AQMA) at Bridge Street in Bedale on 1st November 2017. The Council is confident that the recently opened Bedale/Aiskew/Leeming Bar Bypass Scheme (BALB), designed to re-direct traffic from Bedale and Leeming Bar centres to ease congestion and reduce air pollution, will result in lower pollution concentrations in the AQMA and the wider area.

The latest monitoring results for 2017 at the Bedale AQMA monitoring site show that the nitrogen dioxide annual average is 37.7µg/m<sup>3</sup> (bias adjusted and distance corrected). This is below the nitrogen dioxide air quality objective of 40µg/m<sup>3</sup>. The 2017 annual average represents an 8.3% reduction from 2016 and a 24.9% reduction since 2015. This demonstrates that the Council's reliance on the bypass scheme producing the desired effects is justified.

The 2017 monitoring results for Thirsk show that there is a marginal exceedance of the nitrogen dioxide annual average objective at one site on Westgate, with an annual average of 40.1µg/m<sup>3</sup> (bias adjusted and distance corrected).

In January 2018 increased monitoring at 14 sites in Northallerton was initiated in response to housing and other developments. This has identified that three locations on Brompton Road and Quaker Lane have elevated pollution levels. Therefore further monitoring will be carried out at an additional 10 sites.

All of the other monitoring locations in the district show that the concentrations of NO<sub>2</sub> are below the air quality objectives.

Full details of all monitoring results will be presented in the 2018 ASR.

DRAFT

## 3 Hambleton's Air Quality Priorities

### 3.1 Planning and Policy Context

Hambleton District Council's Local Development Framework contains a Core Strategy document for 2007 to 2026 detailing the strategic objectives relevant to air quality. These include ensuring that all development is sustainable, reducing the need for travel and encouraging the use of sustainable forms of transport such as public transport, walking and cycling, reducing the adverse impact of society on the environment (e.g. reducing pollution) and responding to the implications of climate change. The strategy documents can be found on the Council's website [http://www.hambleton.gov.uk/info/20039/planning/283/adopted\\_local\\_development\\_framework](http://www.hambleton.gov.uk/info/20039/planning/283/adopted_local_development_framework).

### 3.2 Source Apportionment

Source apportionment is not required as the air quality improvements have been achieved and the nitrogen dioxide annual average air quality objective is no longer being exceeded.

### 3.3 Required Reduction in Emissions

The required reduction in emissions calculations are not required as the air quality improvements have been achieved and the nitrogen dioxide annual average air quality objective is no longer being exceeded.

### 3.4 Key Priorities

The Council's main priorities in addressing air quality involve:

- Continuing monitoring at the Bedale AQMA to assess whether the predicted reduction in concentrations will be achieved;
- Continuing monitoring at other locations, across the district including Thirsk to highlight any potential exceedances of air quality objectives;
- Commencement of new monitoring sites in Northallerton to assess the impact of future development, particularly the North Northallerton Development scheme;

- Identifying potential new locations where air pollution or traffic congestion is perceived to be a problem;
- Reporting information to Defra, NYCC and other stakeholders such as Public Health and neighbouring local authorities;
- Increase sharing of information between NYCC and Public Health;
- Ensuring new development does not have a negative impact on air quality.

Challenges faced in addressing these priorities are primarily financial due to reduced local authority funding, increasing costs of monitoring and diminishing resources. Other challenges include identifying pollution and traffic congestion hotspots and working with developers to ensure air quality is properly considered.

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## 4 Development and Implementation of Hambleton District Council AQAP

### 4.1 Consultation and Stakeholder Engagement

In developing this AQAP, we have consulted with the following organisations\*:

- DEFRA
- North Yorkshire County Council Highways Authority
- Public Health England
- Secretary of State
- Environment Agency
- Neighbouring local authorities
- Parish councils
- General public

The response to our consultation stakeholder engagement is given in Appendix A.

*\*Consultation will take place when this document is approved by Cabinet*

## 5 AQAP Measures

Table 5.1 shows the Hambleton District Council AQAP measures. It contains:

- the action that forms part of the plan
- the responsible individual and departments/organisations who will deliver this action
- expected benefit in terms of pollutant emission and/or concentration reduction
- the timescale for implementation
- how progress will be monitored

**NB:** Please see future ASRs for regular annual updates on implementation of these measures.

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Table 5.1 – Air Quality Action Plan Measures

Measure No.	Measure	EU Category	EU Classification	Lead Authority	Planning Phase	Implementation Phase	Key Performance Indicator	Target Pollution Reduction in the AQMA	Progress to Date	Estimated Completion Date	Comments
1	Bedale, Aiskew Leeming Bar Bypass Scheme	Transport Planning and Infrastructure	Other	North Yorkshire County Council	N/A	2015-2016	N/A	N/A	100%	August 2016	The bypass scheme was completed in August 2016 and the Council has continued to monitor pollution concentrations within the AQMA. The 2017 results show that the nitrogen dioxide air quality objective is no longer being exceeded.

## Appendix A: Response to Consultation

Table A.1 – Summary of Responses to Consultation and Stakeholder Engagement on the AQAP

Consultee	Category	Response
e.g. Chamber of Commerce	Business	E.g. Disagree with plan to remove parking on High Street in favour of buses and cycles; consider it will harm business of members.

## Glossary of Terms

Abbreviation	Description
AQAP	Air Quality Action Plan - A detailed description of measures, outcomes, achievement dates and implementation methods, showing how the local authority intends to achieve air quality limit values'
AQMA	Air Quality Management Area – An area where air pollutant concentrations exceed / are likely to exceed the relevant air quality objectives. AQMAs are declared for specific pollutants and objectives
AQMS	Air Quality Monitoring Station
AQS	Air Quality Strategy
ASR	Air quality Annual Status Report
BALB	Bedale, Aiskew, Leeming Bar Bypass Scheme
Defra	Department for Environment, Food and Rural Affairs
EU	European Union
LAQM	Local Air Quality Management
NO <sub>2</sub>	Nitrogen Dioxide
NO <sub>x</sub>	Nitrogen Oxides
NYCC	North Yorkshire County Council
PM <sub>10</sub>	Airborne particulate matter with an aerodynamic diameter of 10µm (micrometres or microns) or less
PM <sub>2.5</sub>	Airborne particulate matter with an aerodynamic diameter of 2.5µm or less

## **References**

Department for Environment Food and Rural Affairs, Part IV of the Environment Act 1995, Local Air Quality Management: Technical Guidance LAQM.TG(16), DEFRA, London, 2016.

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# Agenda Item 10

By virtue of paragraph(s) 3 of Part 1 of Schedule 12A  
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# Agenda Item 11

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# Agenda Item 12

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