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HAMBLETON
DISTRICT COUNCIL

AGENDA

Committee Administrator: Louise Hancock (01609 767015)

Monday, 25 August 2014

Dear Councillor

NOTICE OF MEETING

Meeting **CABINET**

Date **Tuesday, 2 September 2014**

Time **9.30 am**

Venue **Council Chamber, Civic Centre, Stone Cross, Northallerton**

Yours sincerely

P. Morton.

Phillip Morton
Chief Executive

To: Councillors Councillors
 M S Robson (Chairman) N A Knapton
 P R Wilkinson (Vice-Chairman) B Phillips
 Mrs B S Fortune

Other Members of the Council for information

AGENDA

Page No

1. MINUTES

To confirm the decisions of the meeting held on 15 July 2014 (CA.12 - CA.21), previously circulated.

2. APOLOGIES FOR ABSENCE

Resources Management

3. COUNCIL PERFORMANCE 2014/15 (QUARTER 1)

1 - 16

This reports provides an update in relation to the Council Performance 2014/15 (Quarter 1).

In accepting the recommendation, the progress made against the Council Plan as detailed within Annex A will be endorsed and all future performance reports will be submitted to Scrutiny Committee for consideration.

Relevant Ward(s): All Wards

4. 2014/15 Q1 CAPITAL MONITORING AND TREASURY MANAGEMENT REPORT

17 - 38

This report provides the Quarter 1 update at 30 June 2014 on the progress of the Capital Programme 2014/15 and the Treasury Management position. A full schedule of the Capital Programme 2014/15 schemes is attached at Annex A to the report, together with the relevant update on progress of each scheme.

In accepting the recommendations, Cabinet will approve and recommend to Council that it approves the net increase of £150,354 in the Capital Programme to £2,802,190 as detailed at Annex B and in the Capital Programme attached at Annex A; the increase of capital expenditure of £100,354, funded from capital reserves; the increase of capital expenditure of £50,000, funded from external Section 106 funding; agree the funding allocation to the Capital Programme as detailed in paragraph 3.1 of the report and agree the Treasury Management and Prudential indicators at Annex E of the report.

Relevant Ward(s): All Wards

5. 2014/15 QUARTER 1 REVENUE MONITOROING REPORT

39 - 46

This report provides an update on the revenue budget position of the Council and the reserve funds at the end of June 2014.

In accepting the recommendations, Cabinet will approve and recommend to Council that it approves the budget decrease at paragraph 3.2 of the report by £227,821 to £7,241,329 and approves the allocation from the One-Off Fund at paragraph 6.6 of the report of £302,129.

Relevant Ward(s): All Wards

6. NORTHALLERTON PRISON 47 - 50
- This report seeks authority to negotiate with the Ministry of Justice on the value and potential Council purchase of Northallerton Prison. The report also seeks agreement of how the potential purchase should be handled and what further reports are required.
- In accepting the recommendations, authority will be given to the Chief Executive to negotiate for the purchase of the Northallerton Prison Site; a valuer will be appointed to act as the Council's agent and £25,000 will be budgeted for this from the Economic Development Fund and there will be further reports to Cabinet for decisions on the gross value and net value of the site.
- Relevant Ward(s): Northallerton Broomfield; All Wards**
7. FREE PARKING AT THE APPELGARTH SHORT STAY CAR PARK 51 - 52
- This report provides information on the introduction of a revised pay and display tariff to apply in the Applegarth Short Stay Car Park in Northallerton.
- In accepting the recommendation, the 1 hour free parking at the Applegarth Short Stay Car Park will be approved and the loss of income for 2014/15 of £94,640 will be funded from the Economic Development Fund.
- Relevant Ward(s): All Wards**
- Policy and Strategy
8. COUNCIL PLAN UPDATE 53 - 66
- This report provides an update on the revised Council Plan for 2014/15.
- In accepting the recommendation, Cabinet will approve and recommend to Council that the revised Council Plan 2014/15, which will be used to monitor the Council's performance from Quarter 2 onwards, be approved.
- Relevant Ward(s): All Wards**
9. LOCAL PLAN REVIEW 67 - 74
- This report seeks consideration of the programme of work on the Local Development Framework (LDF) Partial Plan Review.
- In accepting the recommendations, Cabinet will approve and recommend to Council that the Partial Plan Review be progressed as set out in Annex A of the report to provide informal planning policy guidance with updated evidence, to be used in Development Management decision taking; a new Local Plan be produced to fully replace the LDF and a report be brought back to Cabinet and Council to agree a revised Local Development Scheme setting out the work programme, resources and timetable for a full scale plan review.
- Relevant Ward(s): All Wards**

Policy Implementation

10. PUBLIC OPEN SPACE, SPORT AND RECREATION PLANS

75 - 86

This report seeks endorsement of the Public Open Space, Sport and Recreation Action Plans for Rudby, Well, Bagby and Balk, Husthwaite and the refreshed plans for Bedale and Stokesley.

In accepting the recommendation, the Public Open Space, Sport and Recreation Action Plans attached at annex B of the report will be endorsed.

Relevant Ward(s): Bedale; Rudby; Stokesley; Tanfield; White Horse

HAMBLETON DISTRICT COUNCIL

Report To: Cabinet
2 September 2014

Subject: **COUNCIL PERFORMANCE 2014/15 (QUARTER 1)**

All Wards
Portfolio Holder for Support Services: Councillor N A Knapton

1.0 PURPOSE AND BACKGROUND:

- 1.1 The Council Plan sets out the direction for the Council until May 2015 and has been updated to reflect changes to community needs. It shows the Council's goals and gives measurable outcomes. The Council's approach to performance management is designed to ensure that priorities are effectively implemented, monitored and managed to achieve real improvements in the quality of life in the local community.
- 1.2 The Council's performance and strategic risks are reported quarterly to the Management Team and Performance Review Boards. The public has access to performance information through these quarterly Performance Reports. This report provides details on progress against the Council's priorities and information on actions to address under performance.

2.0 LINK TO COUNCIL PRIORITIES:

- 2.2 An overview of performance against each Council Priority is attached at Annex 'A'.
- 2.3 In summary, performance at Quarter 1 the Council Plan was 90% on target, 3% were within the tolerance range set and 7% did not meet the target at quarter 1.
- 2.4 The indicators not meeting performance in the first quarter are:-
- 2.4.1 In Customer Services 22,677 calls (36.7%) were taken at Q1 where the indicator was to increase the resolution of enquiries at the first point of contact. The target is 50%. Changes occurring in the Council to assist Customer Services with this target are the review of Business Process Engineering across the Council and the introduction of an improved Customer Relationship Management system.
- 2.4.2 During Q1 62 dwellings have been completed which is 21% of the Local Development Framework target for 2014/15. There are signs of an increase in house building; there are currently 57 sites under construction in the District which will provide about 1,340 dwellings
- 2.4.3 The average time taken to process a new benefit claim is 31 days and a change in benefit circumstance is 11 days compared to a target required of 20 days and 7 days respectively. When compared to the position at Q1 in 2013/14 an improvement is seen of 2.4 days and 3.3 days respectively. The problems have arisen due to the introduction of the Council Tax reduction scheme increasing the use of the service, implementation of the new software and a vacant post. Plans are in place to improve performance and this should be seen in Q2.

2.4.4 The indicator to maximise the opportunities to detect and prevent fraud has not met the target at Q1 as it is too soon to reflect the picture of fraud that will be detected during the year. Opportunities and avenues are continually being examined and it is expected that further developments will be seen. In July 2014, a case where fraud has been identified has been taken to court through the Proceeds of Crime process and has resulted in the Council being awarded £50,000. In addition, there is the possibility that a further £20,000 will be obtainable from the defendant's other existing assets in this fraud case.

2.4.5 To support local economic growth, the planning applications for employment land are reviewed and at Q 1 applications remain low with no hectares of additional employment land being approved. A proactive approach in discussion with developers continues to be adopted and the Council pursues many avenues in order to encourage economic growth. The Economic Strategy is at Cabinet in October 2014.

2.5 The Council Plan has been updated for the remaining part of 2014/15 and the Updated Council Plan is also on the agenda at this Cabinet. The updated Council plan is as a result of the Council restructure and how this development can be better reflected towards the need of the community. At Q2 the revised Updated council Plan will be used to report performance.

3.0 CONCLUSIONS:

3.1 Performance against the refreshed Council Plan key priorities is being managed and action plans have been developed to address areas of weak performance. This will assist the Council to progress to meet the priorities through the remainder of 2014/15.

4.0 RISK ASSESSMENT:

4.1 There are no risks directly associated in approving this report.

5.0 FINANCIAL IMPLICATIONS:

5.1 There are no direct financial effects from this report.

6.0 LEGAL IMPLICATIONS:

6.1 There are no direct legal implications arising from this report.

7.0 EQUALITY/DIVERSITY ISSUES

7.1 An Equalities Impact Assessment was not completed in compiling this report as no service changes are recommended within it.

8.0 RECOMMENDATION:

8.1 It is recommended that:-

(1) progress made against the Council Plan as detailed in Annex 'A' is endorsed; and

(2) future performance reports are submitted to Scrutiny Committee for consideration.

JUSTIN IVES

Background papers: Council Plan 2011 to 2015 Performance Report 2014/15 for Quarter 1

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Hambleton District Council
COUNCIL PLAN 2014 to 2015
Performance Quarter 1
(01 April 2014 to 30 June 2014)

Introduction

The following information provides the details of performance against the Council Plan Priorities for the first quarter of 2014/15, as reported at the quarterly Review Boards held in July and August 2014.

Key Priorities:

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Customer & Leisure Services

Environmental & Planning Services

Support Services

Customer & Leisure Services

AIM (1) : To put our customers first and provide high quality, value for money services that meet the needs of our communities

We will meet this aim by monitoring customer feedback and satisfaction levels to ensure the delivery of an easy to use, easy to access, responsive service.

Indicator	Target	Quarter 1	Q1 Actions/comment
<p>a) Increase resolution of enquiries at the first point of contact via –</p> <ul style="list-style-type: none"> • Face to face • Telephone 	<p>80%</p> <p>50%</p> <p>Average 65%</p>	<p>81.4% (total footfall 41,219)</p> <p>36.7% (total calls 22,677)</p> <p>Average 59%</p>	<p>Target for face to face enquiries exceeded the target.</p> <p>Target not met - Target for telephone enquiries fell below the threshold at Q1</p> <p>High levels of customer contact have continued throughout the year resulting in a 10.4% increase in telephone calls and 4.8% in visitors to the Council offices on the previous financial year.</p> <p>A new peak in demand was reached in March 2014 with 8,416 telephone calls being received. On 13 March 1,000 calls were received in the day.</p>
<p>b) Improve and ensure consistently high levels of customer satisfaction through –</p> <ul style="list-style-type: none"> • Face to Face • Telephone • Website 	<p>95%</p> <p>95%</p> <p>50%</p>	<p>89% (542 feedback)</p> <p>98% (2,704 feedback)</p> <p>64% (157 feedback)</p> <p>Total 3,403 feedback</p>	<p>Face to Face satisfaction target was within the tolerance range, on the GovMetric system this is classed as Good.</p> <p>Telephone satisfaction levels exceed the target, on the GovMetric system this is classed as Good.</p> <p>Website satisfaction levels exceeded the target, on GovMetric system this is classed as Average</p> <p>Customer satisfaction levels for both telephone and face to face channels are consistently high as reported through the GovMetric customer satisfaction system, with almost 9% of face to face and telephone customers providing a rating of the council's services in Quarter 1. The monitoring system was installed April 2013 as part of Customer Service Strategy 2013-16.</p> <p>GovMetric produce a monthly top 10 of council's satisfaction and recently reported results show HDC at a consistent position in both face to face and telephone league tables. The rating is calculated from over 70 local authorities benchmarked by GovMetric.</p>

c) Upheld complaints leading to service improvements	95%	100% 35 complaints 29 compliments	Target met.
d) Monitor the number of contacts resolved at the first point of contact by web	N/A	To be developed as not possible with current systems	Work is ongoing to increase first point resolution by the use of improved technology and task analysis to expand the number of services provided through the Contact Centre. The ongoing web improvement project will be instrumental in the increased use of automated self-service options. A report goes to Cabinet on 7 October 2014.
e) Improve the total number of contacts by web	N/A	61,631 web hits Q1 2014/15 56,350 Q1 2013/14 53,748 Q2 2013/14 Q3 unavailable new web stats system implemented 65,000 Q4 2013/14	The ongoing web improvement project will be instrumental in the increased use of automated self-service options. A report goes to Cabinet on 7 October 2014. The figures show that in Q1 2014/15 a greater number of web hits occurred compared to Q1 in 2014/15
f) Monitor Customer Services access and channel shift. <ul style="list-style-type: none"> • Face to face • Telephone • Self Serve (excl web) 	2013/14 34.3% 53,994 56.9% 89,373 8.8% 13,760	2014/15 Q1 41,198 contacts Face to face 34.5% 14,213 contacts Telephone 55% 22,659 contacts Self Serve 10.5% 4,326 contacts	2014/15 Q1 shows self serve is increased compared to the final position for 2013/14, face to face staying relatively static and telephone falling slightly. The Customer Excellence Programme involving the web improvement project will be instrumental in channel shift and the increased use of automated self-serve options for simpler interactions will allow for more complex enquiries to be more efficiently dealt with.

AIM (2): Encouraging our residents to become more involved in making decision and delivering services which impact on their local communities. We will meet this aim by :-		
Indicator	Quarter 1	Q1 Actions/comment
Work with our communities so that they can protect and provide local services, facilities and open spaces.	Area Partnerships continue to review local priorities and support community-led projects including the Outdoor Activity Centre at Dawney Bridge and the Northallerton Homegrown Food Festival and village hall enhancement schemes in Huby, Alne, Farlington, Seamer and Sutton on the Forest	Target met.
Provide £50k funding through the Communities Fund to enable communities to identify and meet their own needs at a local level	A total of £40,503.75 has been awarded from the HDC Investing in Communities Supporting Area Action grant to support 35 community-led projects across the District	Target met - The indicator is on target for the year and community projects are underway in each area.

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AIM (3) : To support local economic growth.

To support local economic growth by:-

Indicator	Quarter 1	Q1 Actions/comment
Implement the Economic Strategy and stimulate economic growth.	The development of the Strategy is ongoing, involving an internal consultation. 12 hectares of employment land through the planning process is being developed to be approved during the year. on target to be approved.	The actions to increase employment in the District forms part of the Economic Strategy and will be incorporated into the action plan that is being developed. Target not met for the planning process of the employment of land
Providing workspaces and improving the average occupancy levels	95.3% occupancy rates on industrial premises has been achieved against the target of 95% and for Managed Workspaces 72.9% against the target of 75%.	Performance was within accepted tolerance. The occupancy levels for work spaces was within accepted tolerance of meeting the target at Q1.
Provide grants to enable young people to get into work.	The target for April 2015 is to facilitate 25 young apprentices in local small business, in Q1 2 apprentices have started and a further 13 businesses have received approval for apprenticeship grants.	Performance is on target.

Remove barriers to encourage businesses to locate, stay and grow through business engagement, networking and communication	Over the Q1 period 8 networking and business forum events have been attended. Promotion has been through the Local Enterprise Partnership events, Superfast Broadband, Tour de France, Business Awards and a Hambleton Strategic Business Forum event.	The indicator is achieving the target at Q1.
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<p>Aim (4) : Promote healthy lifestyles by promoting Council leisure facilities so that more people are participating in physical activity and who feel they are in good health</p> <p>Promote the Council leisure facilities to encourage attendance from all age groups such that attendance matches the demographic profile of the District.</p>		
Indicator	Quarter 1	Q1 Actions/comment
<p>Monitor the clientele and their product usage at the Council's four Leisure Centres to maximise attendance across all age groups and abilities.</p> <p>18.2% of all visits by under 16 year olds</p> <p>10.7 % of all visits from 60+year olds</p> <p>Medical referrals 179</p>	<p>19.2%</p> <p>10.6%</p> <p>45 (25.1% of target)</p>	<p>The results are currently on target at Q1.</p> <p>The Capital Improvement Schemes at Bedale, thirsk and Stokesley leisure Centres in 2013/14 and the works to the All Weather Pitches planned in the capital programme for 2014/15 will contribute to the improvement and ongoing running of the Leisure Centres.</p>

<p>Aim (5) : Supporting the community to participate in sport and active recreation</p>		
Indicator	Quarter 1	Q1 Actions/comment
<p>Allocate 85% of Section 106 developer contributions for public open space, sport and recreation.</p>	<p>At Q1 86.5% of funding has been allocated</p>	<p>Target exceeded - due to proactive efforts to support parishes to submit a public open space, sport and recreation action plan that allows funding to be allocated. For information at Q1 £193,704 of Section 106 for public open space, sport and recreation has been secured by the Council</p>
<p>Support the community/voluntary sector to secure £75k of external funding for public open space, sport and recreation projects</p>	<p>At Q1 £114,736 of external funding has been secured</p>	<p>Target exceeded - as a result of officer assistance in securing £45,000 from Sport England's 'Inspired Facilities' fund to develop a driving range facility at Easingwold Golf Club and securing just short of £55,000 from the Football Foundation towards the cost of resurfacing the floodlit pitch in Bedale.</p>

Develop and implement an external communications strategy for the Council.	The external communications strategy was tabled at Cabinet on 10 June 2014 and has been approved by Members	Target met.
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Other activity in Leisure and Health Services Portfolio during Quarter 1:

- The Tour de France successfully passed through the district on the 5th July – 10,000 spectators came to West Tanfield to watch this once in a lifetime event
 - The Council's new Lifestyle Service – Take That Step – was launched. It is anticipated that over 150 people with a health condition will benefit from this scheme over the next 12 months
 - A follow-up of the November consultation for the proposed Sowerby Sports Village was held – the majority of responses of were positive with the community valuing the changes that had been made as a result of their previous concerns
- 20**
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- The 2nd Hambleton Strategic Business Forum Spring conference held on Thursday 15th May 2014 at Bedale Hall was deemed a success with over 80 business delegates attending.
 - Established free Wi-Fi in Thirsk with Businesses and Business Association.
 - 14 applications received up to June 2014 for the Business Support Grant (scheme directly linked to Apprentice Scheme) with 11 successful applications awarded a total of £23,794.
 - Incentives to get fit and to 'Shape Up For Summer' were promoted at the leisure centres in May and June. 164 Zest Freedom memberships were sold as a result. A student offer was also available.
 - A social media engagement campaign ran in May on Facebook, resulting in increased interactions with leisure centre customers (347% increase on previous month) and an overwhelmingly positive response from members.
 - The Leisure Centre annual user survey was carried out in April. Over 1200 customers were asked for their feedback on key service provision and overall satisfaction using the Net Promoter Score. The leisure centres have a Net Promoter Score of 37.1 (the industry average is 21 – higher scores are better). 51.4% of people questioned were 'promoters': loyal enthusiasts who will keep buying and referring others, fuelling growth. Full user survey results were analysed in Q2.
 - The leisure centres have each been awarded Quest status. Thirsk & Sowerby Leisure Centre has been rated as 'excellent' with Bedale, Hambleton and Stokesley Leisure Centre all rated as 'good'.

- Community groups across Hambleton have been awarded grants totalling £78,000. This will support 49 different projects.
- The Development Officer post funded by the Council has secured £251,000 of external investment for 36 community groups.
- The Council launched 'take that Step' a brand new exercise & lifestyle referral programme external funding to the tune of £150,000. The programme aims to combat rising obesity in the District.

Environmental & Planning Services

Aim (1) : Meeting Local Housing Needs		
To meet the housing needs of all sections of the local community by providing an adequate amount and range of housing, including affordable housing		
Indicator	Quarter 1	Q1 Actions/comment
New Dwellings - 290 in 2013/14	In Q1 62 dwellings have been completed which is 21% of the LDF (Local Development Framework) target. In Q1 126 permissions for new homes were granted by the Council. There are signs of an increase in house building; there are currently 57 sites under construction in the District which will provide about 1,340 dwellings.	Target not met but performance is improving. Council on 10 December 2013 approved a relaxation of the LDF phasing to enable the Council to be able to demonstrate a robust 5 year supply of deliverable housing sites, (a requirement of the National Planning Policy Framework). This is helping to boost housing construction but it will take some time before the impact is seen.
Page 1 Affordable Homes - 126 in 2013/14	In Q1 36 affordable homes were completed; 22 were from the Extra Care Scheme at Cherry Garth, Thirsk and the other homes are in Easingwold and Aiskew.	The indicator is on target to be met at year end, there are rural sites not programmed for completion until Q4.
Aim (2) : Homelessness Preventions		
To reduce homelessness by providing direct support to District residents in need.		
Indicator	Quarter 1	Q1 Actions/comment
480 preventions by Council intervention in 2014/18	The number of Council homelessness preventions for Q1 was 90, 60 were instigated by HDC and a further 30 by partners. Using Q1 as an estimate for the whole year would provide an estimated achievement of 360 interventions.	Performance is currently below target but it should be achieved at the year end. Further work is being done to achieve the target of 480 but progress has been slowed at Q1 due to the complexity of current cases

Aim (3) : Collecting Household Waste and Recycling		
To minimise the impact of waste on the environment by increasing the amount of household waste that is recycled.		
Indicator	Quarter 1	Q1 Actions/comment
47% by March 2015	The estimated recycling/composting rate for Q1 is 49.7%.	On track to reach target at year end. The new recycling booklet which was delivered to all residents in May should help improve recycling tonnages.

Aim (4) : Supporting Development		
To ensure that the Planning Service supports the sustainable economic growth and development of the District.		
Indicator	Quarter 1	Q1 Actions/comment
Major applications determined in 13 weeks – 65% in 2014/15	In Q1 10 out of 11 major applications were determined within the agreed timescale which is 90.9%. The full wording of this indicator reads ‘Major applications determined in 13 weeks, or as agreed with the applicant’ to better reflect the collaborative approach and the reality that some applications involve extensive work which cannot be completed within the 13 week timeframe	Target exceeded In addition, a new structure has been introduced to streamline the workflow through the service removing the need for one senior officer to sign off every application. It is expected that this will relieve the validations bottleneck, enhancing efficiency and turnaround times.

Other activity in Quarter 1:		
<ul style="list-style-type: none"> • Waste strategy review is underway and the first member workshop is planned. • Current recycling contract expires January 2016 and work which will lead to a new contract is underway, as well as reviewing potential joint procurements with other authorities. • The proposed Community Infrastructure Levy Charges (CIL) that would be charged on new developments has been to consultation and was reviewed by the external examination process at the beginning of August 2014. An update will be provided at Q2. • The repatriation of Environmental Health services in under review for consolidation back into the Council at the beginning of April 2015. The service planning documentation will therefore be included at Q2. • New Environmental Health structure has been agreed and early implementation is anticipated 		

Support Services & Economic Development

Aim (1) : To provide financial sustainability.

We will meet this aim by implementing arrangements to ensure the Council's financial sustainability throughout the period of the current spending review and beyond.

Indicator	Quarter 1	Q1 Actions/comment
Collection of Business Rates	35.88% collected compared to 36.55% in Q1 for 2013/14. For the year 2013/14 98.47% was collected; a target of 99% has been set for 2014-15.	Target met
Council Tax Collection	In Q1 30.68% was collected compared to 30.86% in Q1 2013/14. For the year 2013/14 98.68% was collected; a target of 99% has been set for 2014-15.	Target met
Page 1 Capital Programme	100% of the in-year capital programme has been approved.	Target met

Aim (2) : To minimise the impact to the Council and community of the changes to Welfare Reform.

The changes will be significant and pose significant risks to the Council and the Community. In order to monitor and manage this impact performance against the following will be monitored and managed.

Indicator	Quarter 1	Q1 Actions/comment
To ensure we deliver a high quality service to our citizens we will improve processing times to be in line with North Yorkshire Authorities.	Housing Benefits <ul style="list-style-type: none"> ▪ Number of days taken to process New Claims at Q1 is 31 days, compared to 33.37 days at Q1 last year. The target set for 2014-15 is 20 days. ▪ Number of days to process Change in Circumstances at Q1 is 11 days compared to 14.34 days reported at Q1 last year. The target set for 2014-15 is 7 days 	Processing times are not on target and this is due mainly to: <ul style="list-style-type: none"> a) Heavy volume of enquiries through April & May regarding annual billing and the 20% payment required by all CTR recipients b) a benefit assessor vacancy

<p>a) Processing time targets:</p> <ul style="list-style-type: none"> • 16 days for new claims • 7 days for changes in circumstances <p>b) Compare our performance to other Districts in North Yorkshire</p>	<p>Council Tax Reduction:</p> <p>At Q1 the number of days to process :</p> <ul style="list-style-type: none"> ▪ new claims is 44 days ▪ changes in circumstances is 9 days. ▪ Data from North Yorkshire Authorities is not available at Q1 	<p>c) teething problems from implementation of Risk based assessment software</p> <p>A plan is being put in place to identify how other district council's in the area process their claims effectively, assess areas of knowledge weakness on processing claims and re-training in specific errors.</p>
<p>To maximise the opportunities to detect and prevent fraud</p>	<p>Q1: £22,000 has been identified with respect to Housing Benefit, Council Tax Benefit and Council Tax at Q1, with a target of £200k for 2014/15.</p>	<p>Target not met.</p> <p>At Q1 it is too soon to reflect the picture of fraud that will be detected during the year. Opportunities and avenues are continually being examined and it is expected that further developments will be seen during the year.</p> <p>In July 2014, a case where fraud has been identified has been taken to court through the Proceeds of Crime process and has resulted in the Council being awarded £50,000. In addition, there is the possibility that a further £20,000 will be obtainable from other existing assets in this fraud case.</p>

<p>Aim (3) : To implement the Local Tax scheme and ensure all properties are taxed to minimise impact to the community and Council.</p> <p>To ensure the best financial outcome for the Council in this and following years and cope with the change from Council Tax Benefits to the new Council Tax Reduction scheme, the following measures will be taken:-</p>	
<p>Indicator</p> <p>We will monitor the amount of Council Tax Reduction we pay out versus the amount estimated for the year to ensure the best possible outcome in future years.</p>	<p>Quarter 1</p> <p>Over Q1 the amount paid out in Council Tax Reduction as part of the billing process in April 2014 is £141,550 lower than expected. This can change during 2014/15 as Council tax bills change due to changes in circumstances.</p>
<p>Q1 Actions/comment</p> <p>Target met.</p>	

Annex A

Q1 Council Plan Performance 2014/15

<p>We will monitor the ratio between the total rateable value and the number of businesses in the area to ensure that any changes to this are reflected in the target set by Government for future years.</p>	<p>The total rateable value has increased since the last quarter by £419,550K due to changes in property valuations. However, the number of properties also increased by 29.</p>	<p>Target met.</p>
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<p>AIM (4) : To reduce the carbon footprint of the council Develop and implement further actions to deliver the Carbon Management reduction target for the Council.</p>		<p>Quarter 1</p>				<p>Q1 Actions/comment</p>	
<p>Indicator</p>		<p>2008/09</p>	<p>2009/10</p>	<p>2010/11</p>	<p>2011/12</p>	<p>2012/13</p>	<p>2013/14</p>
<p>At Q1 2013/14 final figures are confirmed</p> <p>T o d o</p>	<p>Based on the table below, the indicator set for 2014-15 is for a further 2% reduction from 2013/14, which will primarily come from part night lighting taking effect.</p> <p>The Council's carbon emissions in tonnes over recent tax years (2008-9 onwards) are:</p>						
<p>Council's carbon emissions in tonnes</p>		<p>2,187</p>	<p>2,203</p>	<p>2,078</p>	<p>1,948</p>	<p>2,080*</p>	<p>2,187**</p>
<p>Scope 1: Buildings gas & vehicle fuel</p>		<p>2,133</p>	<p>2,027</p>	<p>1,989</p>	<p>1,918</p>	<p>1,735*</p>	<p>1,584</p>
<p>Scope 2: Buildings and public lighting electricity (public lighting on green tariff)</p>		<p>104</p>	<p>107</p>	<p>95</p>	<p>87</p>	<p>71*</p>	<p>58</p>
<p>Total gross CO₂ emissions</p>		<p>4,424</p>	<p>4,337</p>	<p>4,162</p>	<p>3,953</p>	<p>3,886*</p>	<p>3,829</p>
<p>% reduction from 2008/9</p>			<p>2.0</p>	<p>5.9</p>	<p>10.6</p>	<p>1.7</p>	<p>3.8</p>

*2012/13 figures were calculated using 2012 greenhouse gas correction factors, as requested by Department of Energy and Climate Change, whereas all previous figures used 2009 carbon (only) emission correction factors.

** 8 % reduction in carbon emissions from electricity usage. This would have been a higher reduction save for the error discovered in the Northern Powergrid database relating to the classification error relating to the Council's public lighting stock of 70wSON units.

Other activity in quarter 1:

- Council Tax is frozen for 2014-15.
- Single Fraud Investigation Services team knowledge will be retained at HDC (2.5 FTE) to focus on investigation of housing Benefit errors. Employees will however have the option to transfer to the DWP on 1 April 2015 but also have the opportunity to remain at Hambleton until such time that the whole of Housing Benefit is transferred to the DWP.
- Introduction of Pooled NDR funding with other North Yorkshire Council's will increase the income the Council receives from Business Rates.
- Council Plan has been revised for Q2 for the rest of 2014/15 to reflect the restructure changes of the Council and meet with Community needs.
- The Office Move across the Council will introduce improved working patterns and increase efficiency due to relocation of teams.

HAMBLETON DISTRICT COUNCIL

Report To: Cabinet
2 September 2014

Subject: 2014/15 Q1 CAPITAL MONITORING AND TREASURY MANAGEMENT REPORT

All Wards
Portfolio Holder for Support Services: Councillor N A Knapton

1.0 PURPOSE AND BACKGROUND:

- 1.1 The purpose of this report is to provide Members with the quarter 1 update at 30 June 2014 on the progress of the capital programme 2014/15 and the treasury management position. A full schedule of the capital programme 2014/15 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. This Council currently does not borrow for a capital purpose; instead capital expenditure is funded by grants, receipts and reserves. The use of the Council's funds affects the daily treasury management cash flow position, as well as the requirement to investment these surplus funds.

2.0 CAPITAL PROGRAMME SUMMARY:

- 2.1 The 2014/15 capital programme was approved by Cabinet on 18 March 2014 at £2,126,350. At 2013/14 outturn, £525,486 capital expenditure was slipped forward in the new financial year revising the capital programme 2013/14 to £2,651,836.
- 2.2 A net increase to the capital programme of £150,354 is detailed in this Quarter 1 monitor that results in a revised capital programme budget of £2,802,190.
- 2.3 The net increase of £150,354, to be approved in this report as detailed in Annex B, is made up of:-
- (a) increase in expenditure of £100,354 supported from reserves;
 - (b) increase in expenditure of £50,000 supported from external funding;
- 2.4 Table 1 below outlines the variances reported against each portfolio area.

Portfolio	Current Approved Expenditure	Revised projected Outturn	Variance	Request for additional funding	External funding
	£	£	£	£	£
Environmental & Planning Services	321,379	321,379	0	0	0
Customer & Leisure Services	803,993	877,347	73,354	23,354	50,000
Support Services	1,526,464	1,593,464	77,000	77,000	0
Total	2,651,836	2,802,190	150,354	100,354	50,000

Table 1: Capital Programme Q1 2014/15

2.5 To 30 June 2014 capital expenditure of £253,871 had been incurred or committed representing 9% of the revised Q1 capital programme position. 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.

2.6 The proposed changes to the Capital Programme, which require approval by this Cabinet, are detailed for each of the 3 portfolio areas, at Annex B.

3.0 FUNDING THE CAPITAL PROGRAMME:

3.1 For 2014/15, at Quarter 1, the capital programme of £2,802,190 is being funded from £235,704 external grants/contributions, £50,000 section 106 funding, £200,000 revenue contribution and £2,316,486 from capital receipts and reserves.

3.2 The external grant funding is higher than original estimated by £116,704. This is as a result of 46% of the Bedale All Weather Pitch scheme being funded by a contribution from Football Foundation at £50,427 and an additional £66,277 being received to support the Disabled Facilities Grant scheme.

3.3 The capital receipts estimated to be received during 2014/15 is £917,000.

3.4 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 reserves. At quarter 1 it is estimated that £1,399,486 of reserve funding will be used from the capital receipts or unapplied grants reserves.

3.5 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. Analysis of the funding of the 10 year capital programme will be provided at quarter 2.

3.6 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 2014/15:

4.1 The Treasury Management review at quarter 1 2014/15 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 was £28,550,000 with an average interest rate return of 0.79%. For surplus funds invested for 3 months or more, a return of 0.85% was achieved which was 0.44% greater than the 3 month benchmark at 0.41%.

4.3 The Council remains debt free; no borrowing was taken in the first quarter of 2014/15.

4.4 The Council has operated within the treasury and prudential indicators set out at Annex E.

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 scheme that specifically addressed equalities in the first quarter of 2014/15 is the disabled facilities grant scheme.

10.0 RECOMMENDATIONS:

10.1 That Cabinet approves and recommends to Council:-

- (1) the net increase of £150,354 in the Capital Programme to £2,802,190 as detailed at Annex B and in the Capital Programme attached at Annex A;
- (2) the increase of capital expenditure of £100,354, funded from capital reserves;
- (3) the increase of capital expenditure of £50,000, funded from external Section 106 funding;
- (4) the funding allocation to the Capital Programme as detailed in paragraph 3.1;
- (5) the treasury management and prudential indicators at Annex E.

JUSTIN IVES

Background papers: Capital Programme working papers Q1
Treasury management working papers Q1

Author ref: LBW

Contact: Louise Branford-White - Head of Resources
Direct Line No: 01609 767024

020914 Capital Monitoring Q1

Ref.	Responsible Officer	Title:	Original Approved Expenditure 14/15	Schemes rolled Fwd from 2013/14	Current Approved Expenditure	Third Party Contribution	Cost to the Council	Expenditure at 30/6/14	Anticipated Expenditure £	Variance	Change in Funding Taken/Returned to Capital Reserve	Estimated completion date	Explanation
		Environmental & Planning Services											
1	MJ	Purchase of bins and boxes for refuse and recycling.	36,000		36,000		36,000	12,076	36,000	0			Budget will be spent by year end. Monitoring of the demand for bins for new properties is underway and further information will be available at Q2. The budget is predicted to be fully spent this year. There has been a change in the agent for this service to Swale Housing Improvement Agency. Also increase grant received from the Government of £86,277, therefore this amount can be returned to the reserve.
13	MJ	Disabled Facilities Grants	150,000	80,379	230,379	100,000	130,379	9,992	230,379	0	-66,277		Tender documentation is being prepared, anticipated completion date is October 2014.
B/Fwd	MJ	Depot - Wash Bay		18,000	18,000		18,000	0	18,000	0			Different options available are being investigated, anticipated completion date is February 2015.
B/Fwd	MJ	Waste & Street Scene Clocking System		9,000	9,000		9,000		9,000	0			Project 95% complete, awaiting the completion of the Depot Wash Bay to complete the scheme, anticipated completion date is October 2014.
11	MJ	Central depot external lighting improvements	20,000		20,000		20,000	15,460	20,000	0			Tender documentation being prepared.
12	MJ	Central Depot - Security Fencing	8,000		8,000		8,000		8,000	0			
		Total Scheme Value Environmental & Planning Services	214,000	107,379	321,379	100,000	221,379	37,528	321,379	0	(66,277)		
		Customer & Leisure Services											
B/Fwd	DG	Thirsk and Sowerby leisure centre improvement scheme		36,227	36,227		36,227	8,459	36,227	0			Retention monies. Continued negotiation with contractor to rectify poor work. HDC Legal services now involved
	DG	Thirsk & Sowerby Sports Village			0	0	0	430	50,000	50,000			Funded by section 106 as agreed at December cabinet. Conditions survey is ongoing
	DG	Stokesley Leisure Centre improvement scheme		0	0	0	0	4,349	4,349	4,349			Invoice for this scheme issued late and not list credited. Approval sought at Q1 Cabinet for extension to the scheme.
B/Fwd	DG	Bedale Leisure centre improvement scheme		203,296	203,296		203,296	102,627	203,296	0	-50,427		Funding for remainder of changing room improvements - Retention monies. Continued negotiation with contractor to rectify poor work. HDC legal service involved. Outdoor floodlit pitch (these works are due to be completed in August 2014). Football Foundation has also provided 46% of the pitch funding at £50,427, therefore Capital reserve returned.
B/Fwd	DG	CCTV Control Room Upgrade		3,835	3,835		3,835	0	3,835	0			Scheme is ongoing
B/Fwd	DG	Thirsk New TIC		71,000	71,000		71,000	0	71,000	0			The Project Initiation Document continues to be developed
B/Fwd	DG	Thirsk Craft Yard Window		1,337	1,337		1,337	0	1,337	0			Retention monies
B/Fwd	DG	Evolution Car Park Extension		3,975	3,975		3,975	0	3,975	0			Works completed during April 2014
B/Fwd	DG	Workspaces - roller shutter doors		7,000	7,000		7,000	0	7,000	0			Works completed during May 2014
	DG	Workspaces - roller shutter doors	0		0		0	0	9,005	9,005			New doors being installed to increase efficiency, reduced costs and bring doors up to recommended standards for Health & Safety. Approval required at Q1 from September 2014 Cabinet.
2	DG	Leisure Equipment Lease Buy	200,000		200,000		200,000	0	200,000	0			Site fit infrastructure works planned. Needs to be coordinated with other developments with HLC studio/ gym improvements and take cognisance of North Northallerton scheme.
10	DG	Customer Services Web/Intranet Development	100,000		100,000		100,000	0	100,000	0			This project is expected to deliver during 2014/15 and approval was given at Outturn 15/07/14 Cabinet for £12,210 of this funding to have been utilised during 2013/14. Further report to Cabinet in October 2014.
14	DG	Hambleton All Weather Pitch Refurbishment	131,000		131,000	19,000	112,000	0	131,000	0			This will form part of the North Northallerton plans which are currently at consultation stage. Full consideration will be given as this project progresses.
15	DG	Stokesley All Weather Pitch Refurbishment	11,000		11,000		11,000	0	11,000	0			Minor works - not yet started. Due later 14/15.
16	DG	Hambleton Leisure Centre Improvement Scheme	20,000	15,323	35,323		35,323	0	35,323	0			Preparatory works for studio (remaining budget in 15/16). Some expenditure incurred on initial assessments/schematics. Scheme needs to take consideration of North Northallerton project and potential for external grant funding. Not yet started
	DG	Hambleton Leisure Centre Fence	0		0		0	0	10,000	10,000			The fence work to be completed by September 2014. Approval confirmed by Cabinet 15 July 2014 in the Outturn report.
		Total Scheme Value Customer & Leisure Services	462,000	341,993	803,993	219,000	584,993	115,865	877,347	73,354	-27,073		
		Support Services											
B/Fwd	JJ	Air conditioning - Legislative requirement Corporate	15,000		26,862		26,862		26,862	0			Scheme on-going, review of air conditioning units to identify those in need of priority. Included in 10 year plan as an ongoing scheme for 3 years.
B/Fwd	JJ	Public lighting energy reductions		31,088	31,088		31,088	16,888	31,088	0			Part night complete for Public Lighting awaiting invoices. Car parks still to consider, budget predicted to be spent.
4	JJ	Public lighting replacement	51,000	18,816	69,816		69,816	0	69,816	0			Concrete programmed replacement columns to go ahead as well as every day renewals from ageing stock, budget predicted to be spent.
5	JJ	Civic Centre - Carpet Replacement	10,000		10,000		10,000	0	17,000	7,000			Scheme extended to include the public area around the centre of the building on the first floor. Approval required at Q1 cabinet for additional £7k.
6	JJ	Civic Centre - Internal Painting	6,000		6,000		6,000	0	6,000	0			Project 50% complete awaiting invoices.

Capital Programme Schemes 2014/15 (including 2013/14 schemes B/Fwd)											ANNEX Annex A		
Ref.	Responsible Officer	Title:	Original Approved Expenditure 14/15	Schemes rolled Fwd from 2013/14	Current Approved Expenditure	Third Party Contribution	Cost to the Council	Expenditure at 30/6/14	Anticipated Expenditure £	Variance	Change in Funding Taken/(Returned) to Capital Reserve	Estimated completion date	Explanation
			£		£	£	£	£	£	£	£		
7	Jl	Civic Centre - Window Replacements	10,000		10,000		10,000	0	10,000	0	0		Out to tender, projected to be completed in 2 phases end of August and end of September 2014.
8	Jl	Civic Centre - Backup Generator	40,000		40,000		40,000	0	40,000	0	0		Out to tender to be installed by end of September.
9	Jl	ICT Improvements	187,030		187,030		187,030	0	187,030	0	0		ICT projects continue to be at early stage of development. Further information will be available at quarter 2.
17	DG	All Leisure Centres - Digital Transaction Software	24,000		24,000		24,000	0	24,000	0	0		This will form part of additional capital funded support from ICT. Feasibility work has now been undertaken. Likely to be delivered in phases.
9	Jl	ICT Leisure Improvements	105,670		105,670		105,670	0	105,670	0	0		This will be delivered in phases during 2014/15 and is to be reported at the ICT steering group during August 2014.
9	Jl	ICT Information Security/Compliance	6,300		6,300		6,300	0	6,300	0	0		The legislative FCN requirements to be completed as highlighted in the Health Check report.
9	Jl	ICT Customer Excellence	76,000		76,000		76,000	0	76,000	0	0		Development of E-Forms to benefit interaction with Customers online
18	Jl	ICT Finance system split from Richmondshire District Council	0		0		0	0	60,000	60,000	60,000		Decision for the Finance system to be split as part of the repatriation from Richmondshire District Council. New Licences and 20 days of consultancy work required. Approval required at Q1 from Cabinet September 2014.
19	Jl	Car Park Resatements	45,000		45,000		45,000	0	45,000	0	0		In process of preparing tender documentation. On Site in September.
19	Jl	Car Parks - Thisk Cobbles	75,000	14,348	89,348		89,348	83,590	89,348	0	0		Work complete - awaiting final invoices
20	Jl	Bedale Gateway Car Park	160,000		160,000		160,000	0	160,000	0	0		Work on Scheme documentation suspended, local consultation to be undertaken on principle of car park summer/early autumn.
21	Jl	Adoptions - Thisk Phases 2 & 3	200,000		200,000		200,000	0	200,000	0	0		Liaison started with NYCC on scheme requirements.
22	Jl	Adoptions - Electric Bollards - Thisk & Northallerton	40,000		40,000		40,000	0	40,000	0	0		Liaison started with NYCC to commence on scheme detail in early August.
N/A	Jl	Thisk Market Place Central Area Enhancement	0		0		0	0	10,000	10,000	10,000		Revenue Repair & Renewals funded from Reserves
N/A	Jl	Revenue Repairs & Renewals	399,350		399,350		399,350	0	399,350	0	0		
Total Scheme Support Services			1,450,350	76,114	1,526,464	0	1,526,464	100,478	1,603,464	77,000	77,000		
Total Capital Approvals 2014/15			2,126,350	525,486	2,651,836	319,000	2,332,836	253,871	2,802,190	150,354	-16,350		

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 Environmental & Planning Services – no new schemes/changes have been included at Quarter 1.
- 1.3 Customer & Leisure Services and Asset Management – 4 schemes affect the Capital Programme at Quarter 1:-
 - (a) Thirsk & Sowerby Sports Village – This scheme is new at Quarter 1 and requires approval to spend £50,000, which is being funded from external Section 106 funding. This is to support the initial development of the project in the form of the condition surveys.
 - (b) Stokesley leisure Centre Improvement Scheme – This scheme is almost complete, retention monies are held and increased funding of £4,349 is required to finalise outstanding invoice.
 - (c) Hambleton Leisure Centre Fence – This scheme is new at Quarter 1 and requires funding approval of £10,000 from the capital reserve. The fence is to prevent travellers from parking unwanted trailers and vehicles on the open space land adjacent to Hambleton Leisure Centre.
 - (d) Workspaces: Roller Shutter Doors – This scheme is new at Quarter 1 and requires approval of £9,005 from the capital reserve. New doors are to be installed to increase efficiency, reduce overall costs and bring the doors up to the recommended standards for Health & Safety.
- 1.4 Support Services – 3 schemes affect the capital programme at Quarter 1:
 - (a) Civic Centre - Carpet Replacement – Increased funding of £7,000 is required to complete this scheme to include carpet replacement to the public area around the centre of the building on the first floor.
 - (b) ICT Finance system split from Richmondshire District Council – This scheme is new at Quarter 1 and requires funding approval of £60,000 from the Capital reserve. There is a requirement for the Finance System to be split as part of the repatriation from Richmondshire District Council. New ICT Licences and 20 days of consultancy work are required.
 - (c) Thirsk Market Place Central Area enhancement scheme – This scheme is new at Quarter 1 and requires funding approval of £10,000 from the capital reserve. The purpose of this scheme is to enhance the environment of the central pedestrianised area of Thirsk Market Place. It includes new street furniture, tree planting and York stone paving repairs.
- 1.5 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.
- 1.6 New Schemes added to the Capital Programme all have supporting Project Initiation Documentation to ensure projects are affordable, sustainable and prudent.

TREASURY MANAGEMENT POSITION 2014/15 – 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 report therefore updates Members on the current Treasury Management position.
- 1.3 In 2014/15 the Council's treasury position (excluding finance leases) continues to be debt free. No borrowing has been taken during the first quarter of 2014/15.
- 1.4 The capital financing requirement, which is the amount of borrowing required to support the Capital Programme, is zero for this Council. All capital expenditure as detailed in the paragraphs above is supported from grants, contributions and reserves. The following table shows the Treasury Management position as at 30 June 2014:

	30 Jun 14 £m	Rate %
Capital Financing Requirement	0	
Borrowing	0	
Investments	28.55	0.79

Table 2: Borrowing and Investment position at 30 June 2014

2.0 THE ECONOMY, INTEREST RATES AND TREASURY MANAGEMENT STRATEGY:

- 2.1 The economic background, interest rate forecast and summary outlook, which sets the environment in which the Council's Treasury Management operates is attached at Annex D.
- 2.2 Capita Asset Services - the Council's Treasury Management advisors – brief forward view of the economy and interest rate position is detailed in the subsequent paragraphs.
- 2.3 After strong UK Gross Domestic product growth of 0.7%, 0.8% and 0.7% in Quarters 2, 3 and 4 respectively in 2013, and 0.8% in Q1 2014, it appears very likely that strong growth will continue into 2014 as forward surveys are very encouraging. There are also positive indications that recovery is starting to broaden away from reliance on consumer spending and the housing market into construction, manufacturing, business investment and exporting. This strong growth has resulted in unemployment falling much faster through the threshold of 7%, set by the Monetary Policy Committee (Monetary Policy Committee) last August, before it said it would consider any increases in Bank Rate. The Monetary Policy Committee has, therefore, now broadened its forward guidance by adopting five qualitative principles and looking at a much wider range of about eighteen indicators in order to form a view on how much slack there is in the economy and how quickly slack is being used up. Accordingly, markets are expecting a first increase around the end of 2014.

- 2.4 Also encouraging has been the sharp fall in inflation (Consumer Prices Index), reaching 1.5% in May, the lowest rate since 2009. Forward indications are that inflation is likely to fall further in 2014 to possibly 1%. The return to strong growth has also helped lower forecasts for the increase in Government debt by £73bn over the next five years, as announced in the Autumn Statement, and by an additional £24bn, as announced in the March 2014 Budget - which also forecast a return to a significant budget surplus, (of £5bn), in 2018-19. However, monthly public sector deficit figures have disappointed in this quarter.
- 2.5 In June, the Federal Reserve continued with its monthly \$10bn reductions in asset purchases, which started in December 2014. Asset purchases have now fallen from \$85bn to \$35bn and are expected to stop by Q3 201, providing strong economic growth continues this year. First quarter Gross Domestic product figures were depressed by exceptionally bad winter weather, but growth rates since then look as if they are recovering well.
- 2.6 The Euro Zone is facing an increasing threat from deflation. In May, the inflation rate fell further, to reach 0.5%. However, this is an average for all Euro Zone countries and includes some countries with negative rates of inflation. Accordingly, the European Central Bank did take some rather limited action in June to loosen monetary policy in order to promote growth.
- 2.7 Interest rate Forecast - The Council's treasury advisor, Capita Asset Services, has provided the following forecast:

	Sep-14	Dec-14	Mar-15	Jun-15	Sep-15	Dec-15	Mar-16	Jun-16	Sep-16	Dec-16	Mar-17	Jun-17
Bank rate	0.50%	0.50%	0.75%	0.75%	1.00%	1.00%	1.25%	1.25%	1.50%	1.75%	2.00%	2.00%
5yr PWLB rate	2.70%	2.80%	2.90%	3.00%	3.00%	3.10%	3.20%	3.30%	3.30%	3.40%	3.50%	3.60%
10yr PWLB rate	3.70%	3.70%	3.80%	3.90%	4.00%	4.00%	4.10%	4.20%	4.20%	4.30%	4.40%	4.40%
25yr PWLB rate	4.40%	4.40%	4.50%	4.60%	4.70%	4.70%	4.80%	4.80%	4.90%	4.90%	4.90%	5.00%
50yr PWLB rate	4.40%	4.40%	4.50%	4.60%	4.70%	4.70%	4.80%	4.80%	4.90%	4.90%	4.90%	5.00%

- 2.8 Capita Asset Services undertook a review of its interest rate forecasts in May, after the Bank of England's Inflation Report. However, more recent developments to the Bank of England's forward guidance have necessitated a second updating in this quarter carried out on 30 June. This latest forecast now includes a first increase in Bank Rate in Quarter 1 of 2015 (previously quarter 4 of 2015).
- 2.9 Summary Outlook - Until 2013, the economic recovery in the UK since 2008 had been the worst and slowest recovery in recent history. However, growth rebounded during 2013 and the first quarter of 2014 to surpass all expectations, propelled by recovery in consumer spending and the housing market. Forward surveys are currently very positive in indicating that growth prospects are also strong for the rest of 2014, not only in the UK economy as a whole, but in all three main sectors, services, manufacturing and construction. This is very encouraging as there does need to be a significant rebalancing of the economy away from consumer spending to construction, manufacturing, business investment and exporting in order for this start to recovery to become more firmly established. One drag on the economy has been that wage inflation has been significantly below Consumer Prices Index inflation, so disposable income and living standards were being eroded, (although income tax cuts had ameliorated this to some extent). However, recent falls in inflation have created the potential for the narrowing of this gap and it could narrow further during this

year, especially if there is also a recovery in growth in labour productivity (leading to increases in pay rates). With regard to the US, the main world economy, it faces similar debt problems to those of the UK, but thanks to reasonable growth, cuts in government expenditure and tax rises, the annual government deficit has been halved from its peak without appearing to do too much damage to growth, although labour force participation rates remain lower than ideal.

- 2.10 As for the Euro Zone, concerns subsided considerably during 2013. However, sovereign debt difficulties have not gone away and major issues could return in respect of any countries that do not dynamically address fundamental issues of low growth, international uncompetitiveness and the need for overdue reforms of the economy, (as Ireland has done). It is, therefore, possible over the next few years that levels of Government debt to Gross Domestic product ratios could continue to rise. This could mean that sovereign debt concerns have not disappeared but, rather, have only been postponed.

3.0 ANNUAL INVESTMENT STRATEGY 2014/15 – Quarter 1:

- 3.1 **Investment Policy** – the Council's investment policy is governed by the Department for Communities and Local Government guidance, which was implemented in the Treasury Management Strategy Statement (TMSS) for 2014/15, and includes the Annual Investment Strategy approved by Cabinet on 11 February 2014. This Policy sets out how surplus funds are invested and placed with highly credit rated financial institutions, using Capita Asset Services suggested credit-worthiness approach. This includes the use of Country sovereign credit ratings as well as individual financial institution credit ratings and Credit Default Swap (CDS) overlay information provided by Sector.

- 3.2 The Treasury Management Strategy Statement sets out the Council's investment priorities as being:-

- Security of capital;
- Liquidity; and
- Yield

The Council's priority is security of its surplus funds when investing with financial institutions, followed by ensuring the right level of liquidity is available. The Council will also aim to achieve the optimum return (yield) on investments, but security is key.

- 3.3 **Investments held by the Council** – 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 higher interest rates in periods up to 12 months. Investments occur with highly credit rated financial institutions using Capita Asset services suggested creditworthiness approach which focuses on the institutional and sovereign credit ratings.

- 3.4 Officers can confirm that the approved limits within the Annual Investment Strategy were not breached during the quarter ended 30th June 2014.

- 3.5 Investment rates available in the market have been broadly stable during the quarter and have continued at historically low levels as a result of the ultra-low Bank Rate and other extraordinary measures such as the Funding for Lending Scheme.

- 3.6 The average level of funds available for investment purposes during the quarter was £30,446,48. 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 £25,920,000 at Quarter 1 - core cash balances for investment purposes (i.e. funds available for more than 1 month) and £2,630,000 cash flow movement balances. Total investment balance at 30 June 2104 was £28,550,000, overall return was 0.79%.

Benchmark	Benchmark Return	Council Performance	Investment Interest Earned
7 day	0.34%	0.50%	£6,276
3 month	0.41%	0.85%	£53,783

Table 3: Investment performance for quarter 1 –30 June 2014

3.7 The table shows that the Council monitors its core cash against 3 month LIBID – London Inter bank Investment Rates – and its cash flow investments against the 7 day rate. The Council outperformed the 3 month by 0.44% and outperformed the 7 day benchmark by 0.16%. The Council also benchmarks against Capita Asset Service District Council data and this will be reported at quarter 2 when information is available.

3.8 The Council's budgeted investment return for 2014/15 is £300,000. Performance for investments interest earned for the quarter is £60,059. This return for the first 3 months of 2014/15 is slightly below the budget but it is expected that the budget will be achieved due to the current speculation surrounding interest rates.

4.0 **BORROWING 2014/15 QUARTER 1:**

4.1 Capita Asset Management Services – the Council's Treasury Management advisor – confirmed that borrowing rates for the 25 year PWLB (Public Works Loan Board) target rate for new long term borrowing for the quarter remained at 4.40% until 19 May 2014 when it then fell to 4.30%.

4.2 The table below shows the Public Works Loans Board interest rates which were available for loans during the first quarter of 2014/15. 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 0.002% (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	1.20%	2.50%	3.42%	4.12%	4.08%
Date	08/04/2014	14/04/2014	16/05/2014	16/05/2014	16/05/2014
High	1.47%	2.85%	3.66%	4.30%	4.28%
Date	17/06/2014	20/06/2014	20/06/2014	03/04/2014	02/04/2014
Average	1.29%	2.66%	3.56%	4.22%	4.18%

Table 4: PWLB certainty rates, quarter ended 30 June 2014

4.3 **Treasury Borrowing** – the Council remains debt free and undertook no external borrowing or cash flow purposes or capital financing purposes in the first quarter of 2014/15.

4.4 **Rescheduling of Borrowing** – the Council has no debt and therefore undertook no rescheduling of debt during the first quarter of 2014/15.

4.5 **Repayment of borrowing** – the Council has no external loans and therefore no repayments were necessary.

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) are included in the approved Treasury Management Strategy Statement by Cabinet on 11 February 2014. This was revised on 18 March 2014 and again approved by Cabinet due to the changes in the capital expenditure programme.

5.2 During the financial year to date the Council has operated within the Treasury and Prudential Indicators set out in the Council's Treasury Management Strategy Statement and in compliance with the Council's Treasury Management Practices. The prudential and treasury Indicators are shown in Annex E.

ECONOMIC BACKGROUND, INTEREST RATE FORECAST AND SUMMARY OUTLOOK

1.0 ECONOMIC BACKGROUND

- 1.1 During the quarter ended 30th June 2014:
- a. Indicators suggested that the economic recovery accelerated;
 - b. Household spending rose again;
 - c. Inflation fell to its lowest level since September 2009;
 - d. The International Labour Organisation measure of unemployment fell further to 6.6%;
 - e. The Monetary Policy Committee suggested that the economy might warrant higher interest rates before the end of the year;
 - f. Low tax receipts put the fiscal tightening slightly off track; and
 - g. The European Central Bank (European Central Bank) made announcements designed to boost bank lending and counter the risk of deflation.
- 1.2 After a healthy quarterly expansion in UK Gross Domestic product of 0.8% in Q1, some of the early indicators point to growth accelerating in the second quarter. On the basis of past form, the CIPS/Market business activity surveys point to quarterly Gross Domestic product growth of around 1.5% in Q2. Admittedly, the composite Purchasing Managers Index has tended to overstate the pace of the recovery over the past year. However, survey data was also encouraging on the strength of the recovery in Q2. All of the headline figures in April's industrial production release were encouraging. Indeed, even if production only manages to hold steady in the remaining two months of the quarter, it would still be 0.7% higher in Q2 overall than in Q1. That said, the £2.5bn trade deficit in April, compared to £1.7bn last year, highlights that the recovery is still struggling to rebalance towards exports.
- 1.3 Meanwhile, household spending looks to have supported further Gross Domestic product growth in Q2. While retail sales volumes fell by 0.5% on the previous month in May, following strong growth in April, the underlying trend remains strong as a combination of rapid jobs growth and falling prices continues to fuel a recovery in consumer spending. In addition, the more forward-looking survey balances of expected sales also point to solid growth in consumer spending in the near-term. Furthermore, non-high street spending remained robust too. Annual growth in new car registrations averaged around 5% in April and May and the Bank of England's Agents' Survey recorded the measure of consumer services turnover at its joint highest level in May since 1998. So it still seems likely that overall household spending strengthened in the second quarter.
- 1.4 The labour market has continued its strong recovery. Employment rose by a huge 345,000 in the three months to April, by far the biggest increase since records began in 1971. Despite an increase in the workforce, employment growth was enough to bring the headline (three-month average) unemployment rate down to 6.6% in April. In addition, the timelier claimant count measure of unemployment fell by 27,400 in May, potentially pointing to further falls in the broader International Labour Organisation measure of unemployment. Nonetheless, pay growth has remained subdued, with headline annual growth (three month average) in average earnings (including bonuses) falling to 0.7% in April, well below inflation of 1.8%. Since real earnings have yet to rise, some consumers may be overstretching their finances in order to spend more.
- 1.5 Meanwhile, after sending dovish messages through the May Inflation Report, the Monetary Policy Committee's communications have now gone full circle, from trying to prevent interest rate expectations from rising too quickly via the introduction of forward guidance last summer, to trying to *raise* them now. A number of Committee members, including Governor Mark Carney, have warned of not-too-distant policy tightening.

- 1.6 Indeed, the main factor that could dissuade the Monetary Policy Committee from starting on an earlier path for increasing Bank Rate is inflation. Consumer Prices Index inflation fell to 1.5% in May, the lowest rate since late 2009. Recent developments, including sterling's further appreciation, falls in producer price inflation and very weak wages growth, suggest that Consumer Prices Index inflation could fall to as low as 1% later this year.
- 1.7 Meanwhile, May's public borrowing figures contained tentative signs that the coalition is struggling to bring down the deficit in line with fiscal plans this year. The underlying measure of borrowing (Public Sector Net Borrowing ex. excluding Royal Mail pension fund transfers) was £13.3bn in May, exceeding the consensus forecast of £12.2bn. The increase was largely driven by a drop in tax receipts, rather than strong increases in spending. Spending in April and May is around 9% higher than it was in the same period last year. However, it is still too early in the fiscal year to draw conclusions from these figures.
- 1.8 One risk which continues to linger is an overheating housing market. Fears that a nationwide bubble is building will not have been assuaged by the Financial Policy Committee's relatively timid action announced alongside June's Financial Stability Report. Indeed, the 15% limit on the proportion of the volume of new mortgages that can be advanced at a multiple of 4.5 times income or more is unlikely to prevent a further rise in high loan-to-income ratio lending, given that the limit is a fair way above the actual current proportion of 10%. Furthermore, the tweaks to the existing stress tests used to assess mortgage applicants seem unlikely to make a material difference either. Admittedly, the housing market has already shown some signs of slowing of its own accord. Indeed, approvals for new mortgages fell to an eleven-month low in May, and the new buyer enquiries balance of the RICS Housing Market Survey has continued to moderate. However, with supply remaining tight, further strong increases in house prices in the near-term look likely. Although the Financial Policy Committee could announce further measures at a later date, the timidity of its actions so far may have slightly increased the chances that the Monetary Policy Committee could raise Bank Rate in the not too distant future.
- 1.9 Internationally, the robust 217,000 increase in US non-farm payrolls in May is another encouraging sign that the economy is getting back on the right track after the weather-related weakness during the winter. The 0.6% m/m rise in US industrial production in May also suggests that activity is bouncing back. Meanwhile, the US Federal Reserve continued tapering its asset purchases by a further \$10bn in June's policy meeting and highlighted that the benign outlook for inflation means monetary policy will remain loose for some time. The Fed lowered its forecasts for Gross Domestic product growth and unemployment, but the Federal Open Market Committee's policy statement made no reference to the recent build up of price pressures.
- 1.10 Activity indicators for the Euro Zone suggest that the recovery only gained a little momentum in Q2. Moreover, the spectre of deflation continues to hang over the region. Harmonised Index of Consumer Prices inflation fell from 0.7% to 0.5% in May, the joint weakest rate since 2009 and far beneath the European Central Bank's 2% price stability ceiling. Furthermore, unit labour costs have risen by just 0.1% in the past year. As developments in wages tend to affect wider measures of inflation after a short lag, the latest data suggests that consumer price inflation could fall even further. Accordingly, the European Central Bank made a number of announcements in June designed to boost bank lending and counter deflationary risks, including rate cuts and potential asset purchases. However, the policies involved are not as bold as they might seem. The interest rate cuts were very small and the decision not to sterilise bond purchases made under the Securities Markets Programme amounts to just 1.7% of Gross Domestic product.

- 1.11 In the UK, equities continued to underperform, despite improving expectations for the strength and sustainability of the UK's recovery. Indeed, they have continued to underperform US equities, even though the consensus expects the UK to grow faster than the US in 2014. Meanwhile, gilt yields edged up – particularly at the short-end of the curve – following the Monetary Policy Committee's communications in June, which were more hawkish than May's Inflation Report. In contrast, forward rates at the long end of the curve fell further, although it is not clear whether this is a result of pessimism about the UK's growth prospects in the long run, or a decline in the term premium which reflects uncertainty about the future path of interest rates.

2.0 INTEREST RATE FORECAST

THE UK

2a. May Bank of England Quarterly Inflation Report

Over the last four quarters, we have had a continuing run of strong economic news which has consolidated confidence that the UK economy is recovering strongly. However, please note that the Governor said the economy "has only just begun to head back towards normal" after the slowest ever recovery from a recession. Widespread disbelief that unemployment would take nearly three years to fall to 7%, as the Bank forecast at the time of the August Inflation Report, has indeed proved to be well founded as the rate fell to 6.8% in Q1 2014 and then to 6.6% in quarter 2. Accordingly, this latest Inflation Report has seen the Bank provide a view of the economy as moving from a recovery supported by household spending to a more broadly based expansion sustained by:-

- Growth in business investment;
- A change from falling to rising real wages (average wage increases started to exceed the rate of Consumer Prices Index inflation over the last quarter but more recently, this situation has reversed back again);
- Increasing employment;
- Productivity growth to support those real wage increases and improve export competitiveness – expected to reach 2.5% by the end of 2014.

Key economic statistics in the Inflation Report were as follows: -

1. Gross Domestic product has grown at an annual rate of 3.1% over the last four quarters;
2. Bank of England Gross Domestic product forecasts: 2014 unchanged at 3.4%, 2015 upped from 2.7% to 2.9%, and for 2016 unchanged at 2.8%;
3. Inflation to be well behaved over the next two years: rising to 2.0% in two years' time from 1.7% in Q2 2015;
4. Growth of productivity has only started to marginally improve, although it is expected to gradually rise back to its average historical rate.

We have reservations that the Bank's current forecasts for Gross Domestic product growth may be over optimistic and that strong economic growth could weaken as the main impetus has come from consumer spending and an uplift in borrowing to buy property. Whilst the release of this burst of pent up demand to buy property is having a very welcome effect on the economy, this surge is likely to fade in time and will then leave a question mark over where growth is going to come from. Basically, there are four main areas of demand in the UK economy: -

1. Consumers – but most consumers are maxed out on borrowing and trying to pay down debt. In addition, although average wage inflation is now higher than Consumer Prices Index inflation, many consumers are still experiencing declining disposable income as their wage increases are continuing to be less than inflation. This will not reverse until productivity and business investment improve, so as to warrant paying higher wages than are being paid currently. It is mainly higher wages that could provide a solid stimulus to an increase in consumer expenditure which would then underpin strong growth. There are also concerns that a significant number of mortgage holders are going to find it very difficult to manage increases in Bank Rate, and so in mortgage rates, when they do start.
2. Government – again, maxed out on borrowing and committed to austerity programmes to reduce its expenditure. Further austerity measures are still to come.
3. Foreigners buying our exports – but the European Union, our major export market, is likely to experience tepid growth, at best, for the next few years. Also the rise in the value of Sterling means that imports are becoming cheaper which will cause UK consumers to increase purchases of cheaper imported goods in preference to UK produced competing products, so depressing UK Gross Domestic product growth.
4. Business investment in fixed capital formation; but this has fallen from 13.5% to 10.4% of Gross Domestic product over 2008 - 2013. However, there are encouraging signs that businesses are catching the upturn in optimism and are beginning to increase investment and exports into new markets in emerging countries. However, it will take a significant length of time for this start to make a material impact on total UK Gross Domestic product growth rates and to take over the baton from consumers.

2b. The evolution of forward guidance

If you have been following the comments flying around through late June and early July, you may have ended up with the impression that Carney and other Monetary Policy Committee members have been giving rather confused signals as to what the Monetary Policy Committee's thoughts are when making "forward guidance" comments on what is going to happen to Bank Rate and when. Here is a quick recap of how forward guidance has evolved: -

1. **August 2013.** The Monetary Policy Committee would not consider raising Bank Rate until the unemployment rate falls to 7%; this was deemed unlikely to occur until late 2016.
2. **February 2014 Quarterly Inflation Report.** Forward guidance mark 1 was abolished as the unemployment rate fell rapidly (the 7% threshold was breached in April 2014). Mark 2 'fuzzy guidance' was to be based on a range of about eighteen indicators but was still to be driven, ultimately, by the fundamental concept of how quickly the amount of slack in the economy after the recession, was used up. However, there were a wide range of views in the Monetary Policy Committee as to how much slack there was and also around how quickly it would be used up, as there is no definitive and objective way of measuring this concept of slack. However, the Bank, and Carney, both commented that market views of likely increases in Bank Rate were in the right ball park (i.e. late 2014 / early 2015).
3. **14 May: 2014 Quarterly Inflation Report.** By this time, we had hard data that the UK economic recovery was going full steam ahead in 2014, i.e. this pointed to it being more likely that Bank Rate would have to go up sooner than had been expected

previously. Instead of which, Carney went out on a limb and made comments to the effect that the possibility of any Bank Rate increase in 2014 and, arguably, even as soon as Q1 2015 was minimal. No other Monetary Policy Committee member contradicted these comments, so the logical inference was that his comments must also have been a reflection of the view of the Monetary Policy Committee.

4. **12 June: Carney Mansion House speech.** Carney expressed surprise that financial markets had not factored in a higher probability that Bank Rate could go up in 2014. To say that the financial markets were flabbergasted by this dramatic change of tack since a month ago was a bit of an understatement!
5. **18 June: Monetary Policy Committee minutes.** The Monetary Policy Committee said, (for a second time), that the decision on rates was becoming more balanced. It also said that the low probability (15%) attached in the markets to a rise in 2014 was “somewhat surprising”. So Carney’s comments at the Mansion House were not a Suarez moment of madness but rather comments that the whole Monetary Policy Committee agreed with. So the financial markets now had to go back to where they started from; that they WERE right that a Bank Rate increase was likely in 2014, probably towards the end of the year (November 2014 would be the quarterly Inflation Report month when the Monetary Policy Committee would be most likely to take action in Q4). However, to be fair to Carney and the Monetary Policy Committee, saying that 15% was too low leaves wide open just how too low this was, i.e. should it have been a 30% risk; or 70%? Do those comments really mean the financial markets are now right to pencil in a first increase in Q4 2014?
6. **24 June: Select Committee Carney comments.** An MP accused Carney of being an ‘unreliable boyfriend’ i.e. blowing hot one day and cold the next day. Overall, MPs felt that Carney’s attempts at communicating forward guidance had been muddled and left the financial markets, and others, confused in as much as the various attempts at forward guidance had pointed in different directions. Carney attempted to dig himself out of this onslaught by emphasising that the timing for the FIRST increase in Bank Rate would be data driven i.e. no one could say for certain when that would occur. However, what he placed the most emphasis on was the medium term, i.e. the timing of the first increase was of a lesser degree of importance. So, in the medium term, increases would be “**limited and gradual**”. Also, rates would not get back to around 5% as before the financial crisis. He also criticised the financial markets for not responding to the strength of recent economic data and commented that the Monetary Policy Committee would change its views according to how data evolved. This evoked a response from one MP to say that in that case, forward guidance was redundant and we had returned to the days of “old fashioned smoke and mirrors”!

2c. So where are we now?

Let’s make an attempt at trying to blow away the smoke of battle to see clearly where we are now: -

- a. Since our previous interest rate forecast on 19 May, short Sterling rates (a good indicator for when financial markets expect the first increase in Bank Rate), have shifted significantly from indicating an early 2015 first increase to Q4 2014.
- b. The one piece of guidance which appears to have emerged from the fray of battle unscathed is that in the medium term increases in Bank Rate will be “**LIMITED AND GRADUAL**”. Also, rates would not get back to around 5% as before the financial crisis.
- c. The Monetary Policy Committee have also indicated their concerns that an earlier increase in Bank Rate could help them later with implementing a slower pace of increases in Bank Rate and keeping Bank Rate lower, than if there was a later timing for the first increase. It, therefore, becomes a matter of debate as to how rigidly they

will be driven by actual data and what their 2 to 3 year forecasts for inflation (and on the other side of the same coin - slack), indicate, and instead how much weight they will put on their judgement to decide on the optimum time to vote for the first increase given their medium term concerns. Another way of putting this is 'should forecasters now be placing more weight on what they think the Monetary Policy Committee will do, rather than what they think inflation, and other data, would warrant on their own in terms of the timing of the first increase in Bank Rate?'

- d. Many forecasters have, therefore, brought forward their forecast for the first increase in Bank Rate to take account of the various comments that have been made by the Monetary Policy Committee and Carney and the fact that economic recovery in 2014 is likely to be very robust. (27.6.14 June Q1 Gross Domestic product figure came in at an annual rate of 3.0%). Surveys and other economic data are now pointing to Q2 building further momentum to around an annual rate of 3.4%.) We agree with this movement and have moved forward our first increase in Bank Rate from Q4 2015 to Q1 2015.
- e. But...and this little word BUT can have such a powerful effect! What would happen in the medium term if economic data were to take a nasty turn? Suppose the Monetary Policy Committee over estimate the amount of slack in the economy and under estimate the speed with which it is used up? Or, to put it another way, suppose they get their forecasts for inflation over the next 2-3 years too low and inflation builds up quickly and threatens to become a significant risk. Could the commitment to "limited and gradual" increases in Bank Rate melt and disappear like snow on a balmy spring day? One wonders.

Accordingly, in our revised interest rate forecast, this earlier start to the timing of the first increase in Bank Rate has resulted in slight increases in Bank Rate in the two subsequent years compared to our previous forecast. However, we have slowed down the pace at which increases occur in line with the 'slow and gradual' forward guidance which has been emphasised recently.

3.0 THE GLOBAL ECONOMY

- 3.1 We can only repeat our previous warnings that we are in times when events can precipitate major volatility in markets. During this year we have seen a flight to safe havens resulting from investment flows out of emerging countries back to western economies as the prospects for higher growth in these economies has improved. This has been triggered by the Fed's start to tapering and successive months of reducing Quantitative Easing purchases by \$10bn per month.
- 3.2 As for the Euro Zone, while Ireland and Portugal have made very good progress and have been able to exit from their bail out programmes, there remains the prospect that Greece could require a third bailout package, though not one on the same scale as the first two.
- 3.3 A further concern over the Euro Zone is the potential "Japanification" of the economy as some countries are now experiencing, or are very near to, deflation. Deflation causes a real increase in the value of debt. This is dangerous in itself for already heavily indebted countries but even more so where countries are still running up annual deficits of 3% or more. We are, therefore, concerned that some Euro Zone countries experiencing low growth, will, over the next few years, see a significant increase in total government debt to Gross Domestic product ratios. There is a potential danger for these ratios to rise to the point where markets lose confidence in the financial viability of one, or more, countries. However, it is impossible to forecast whether any individual country will lose such confidence, or when, and so precipitate a resurgence of the Euro Zone debt crisis. While the European Central Bank has adequate resources to manage a debt crisis in a small Euro Zone country, if one, or more, of the larger countries were to experience a major crisis of market confidence, this would present a serious challenge to the European Central Bank

and to Euro Zone politicians. All eyes are currently on the European Central Bank in terms of whether they will provide further policy support, having resorted to negative interest rates in June in an effort to encourage financial institutions to lend into the “real economy”.

4.0 CAPITA ASSET SERVICES FORWARD VIEW

4.1 We would remind clients of the view that we expressed in our previous interest rate revision newsflashes of just how unpredictable PWLB rates and bond yields are as we are experiencing volatility which is highly correlated to geo-political developments.

4.2 As there remain the threat of potential risks from a number of sources caution must be exercised in respect of all interest rate forecasts at the current time. The general expectation for an eventual trend of gently rising gilt yields and PWLB rates is predicted to remain unchanged, as market fundamentals will focus on the improved UK economic performance as well as issues such as the sheer volume of UK gilt issuance (and also US Treasury issuance) and the price of those new debt issues. Negative (or positive) developments on the geo-political front as well as any fresh issues regarding an Euro Zone-related sovereign debt crisis could significantly impact safe-haven flows of investor money into UK, US and German bonds and produce shorter term movements away from our central forecasts.

4.3 Our interest rate forecast is based on an initial assumption that we will not be heading into a major resurgence of the Euro Zone debt crisis, or a break-up of the Euro Zone, but rather that there will be a managed, albeit painful and tortuous, resolution of the debt crisis where Euro Zone institutions and governments eventually do what is necessary - but only when all else has been tried and failed. Under this assumed scenario, growth within the Euro Zone will be tepid for the next couple of years and, therefore, has the potential to dampen UK growth, as the European Union is our biggest export market.

4.4 Our PWLB forecasts are based around a balance of risks. However, we would flag up the potential for upside risks, especially for longer term PWLB rates, as follows:-

- A further surge in investor confidence that robust world economic growth is firmly expected, causing a greater flow of funds out of bonds and into equities.
- UK inflation being significantly higher than in the wider European Union and US, causing an increase in the inflation premium inherent to gilt yields.

Downside risks currently include:

- The situation over Ukraine poses a major threat to Euro Zone and world growth if it was to deteriorate into “economic warfare” between the West and Russia, where Russia resorted to using its control over gas supplies to Europe. Heightened political risks in the Middle East and East Asia could also trigger safe haven flows back into bonds.
- A failure to rebalance UK growth towards exporting and business investment causing a weakening of overall economic growth beyond 2014.
- A resurgence of the Euro Zone sovereign debt crisis caused by ongoing deterioration in government debt to Gross Domestic product ratios.
- Recapitalising of European banks requiring more government financial support.

- Lack of support by populaces in Eurozone countries for austerity programmes, especially in countries with very high unemployment rates e.g. Greece and Spain, which still face huge challenges in engineering economic growth to correct their budget deficits on a sustainable basis.
- Monetary policy action failing to stimulate sustainable growth in western economies, especially the Eurozone and Japan.
- There are also increasing concerns that the reluctance of western economies to raise interest rates significantly for some years. This plus the huge Quantitative Easing measures which remain in place (and may be added to by the European Central Bank in the near future), has created potentially unstable flows of liquidity searching for yield and therefore heightened the potential for an increase in risks in order to get higher returns. This is a return of the same environment which led to the 2008 financial crisis.

Prudential and Treasury Management Indicators

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) are included in the approved Treasury Management Strategy Statement by Cabinet on 18 March 2014

The main purpose of the indicators is to control how much a Council needs to borrow and as this Council is debt free, the majority of the prudential indicators are nil.

1. PRUDENTIAL INDICATORS	2014/15	2014/15
Extract from budget and rent setting report	Original Budget	Actual Q1
	£'000	£'000
Capital Expenditure	2,126	2,792
Ratio of financing costs to net revenue stream	Nil	Nil
Net borrowing requirement General Fund		
brought forward 1 April	Nil	Nil
carried forward 31 March	Nil	Nil
in year borrowing requirement	Nil	Nil
Capital Financing Requirement 31 March 2015	Nil	Nil
Incremental impact of capital investment decisions	£	£
Increase in Council Tax (band D) per annum	£0.06	£0.06

2. TREASURY MANAGEMENT INDICATORS	2014/15	2014/15
	original	actual
	£'000	£'000
Authorised Limit for external debt -		
borrowing	£5,000	£5,000
other long term liabilities	£1,000	£1,000
TOTAL	£6,000	£6,000
Operational Boundary for external debt -		
borrowing	£4,000	£4,000
other long term liabilities	£600	£600
TOTAL	£4,600	£4,600
Actual external debt	£0	£0
Upper limit for fixed interest rate exposure		
Net principal re fixed rate investments	90%	90%
Upper limit for variable rate exposure		
Net principal re variable rate investments	50%	50%
Upper limit for total principal sums invested for over 364 days (per maturity date)	£10,000	£10,000

Maturity structure of fixed rate borrowing during 2014/15	upper limit	lower limit
under 12 months	0%	100%
12 months and within 24 months	0%	0%
24 months and within 5 years	0%	0%
5 years and within 10 years	0%	0%
10 years and above	0%	0%

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HAMBLETON DISTRICT COUNCIL

Report To: Cabinet
2 September 2014

Subject: 2014/15 QUARTER 1 REVENUE MONITORING REPORT

All Wards
Portfolio Holder for Support Services: Councillor N A Knapton

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 2014.
- 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) The 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 11 February 2014 for 2014/15 at £7,463,150 in line with the approved Financial Strategy on 5 November 2014.
- 2.2 The breakdown of the budget in accordance with the Council themes when the budget was approved was as follows:

	£
Customer Services & Asset Management	1,191,980
Housing, Planning & Waste Management	3,641,650
Leisure & Health	1,232,120
Support Services & Economic Development	1,307,810
Drainage Board levies	89,590
Net Revenue Expenditure	<u>7,463,150</u>

- 2.4 Subsequent to this, the restructure of the Council has reduced the Council portfolio themes and the current budget is split accordingly:

	£
Customer & Leisure Services	1,248,580
Environmental Services	4,283,560
Support Services	1,841,420
Drainage Board levies	89,950
Net Revenue Expenditure	<u>7,463,150</u>

3.0 **BUDGET POSITION TO JUNE 2014:**

3.1 Since the budget for 2014/15 was set in February 2015, adjustments to the budget outlook have occurred in the Revised Financial Strategy approved on 10 June 2014. Specifically in 2014/15 the budget decreased from £7,463,150 to £7,237,347 – a saving of £225,803. The table details the changes that have been approved through separate reports to cabinet and also those that have been identified and are recommended to this cabinet for approval:

	2014/15 £	2015/16 £	2016/17 £	2017/18 £	2018/19 £
Budget Outlook approved 5 November 2013	7,463,150	7,428,911	7,155,389	7,383,666	7,476,429
Changes approved to date at Cabinet:					
Salary & Wage Inflation	-	198,536	202,507	206,557	210,688
National Insurance Charges for Opted Out Scheme	-	-	150,000	-	-
Parking Enforcement	-	28,000	-	-	-
Fees & Charges	-	0	-111,563	-113,794	-116,070
Reduction In Members	-	-66,693	-12,668	-	-
Contribution from taxpayers reserve	-193,582	-	-	-	-
Changes to be approved by this Cabinet:					
Reduction in budget salaries 1%	-85,500	-99,268	-	-	-
Reduction in Pension Scheme Costs	-23,440	-	-	-	-
Restructure Savings	-177,770	-334,097	-	-	-
Increase in Drainage Board Costs	10,240	-	-	-	-
Introduction of the Living wage costs	102,000	-	-	-	-
Customer & Leisure Services	174,540	-	-	-	-
Environmental Services	14,800	-	-	-	-
Support Services	-49,109	-	-	-	-
Budget Outlook Q1	7,235,329	7,155,389	7,383,666	7,476,429	7,571,048
Financial Strategy 10 June 2014	7,237,347	7,344,080	7,567,682	7,606,872	7,647,046
Budget Outlook Q1 Surplus / (Shortfall)	2,018	188,691	184,016	130,443	75,998

3.2 In 2014/15 the budget started at £7,463,150 and at the end of Quarter 1 has decreased by £227,821 to £7,235,329. Compared to the revised Financial Strategy approved in June 2014 there is a small surplus of £2,018. An explanation of the movement in the budget is detailed below.

3.3 The changes to the budget to be approved by Cabinet in this report include five corporate changes and three specific service changes.

3.3 The five corporate budget changes total an under spend of £174,470 and include:

- (i) A saving of £85,500 which is the reduction in salary budgets of 1%. This decrease in salaries is as a result of the national pay award currently indicating that the pay rise in the public sector will be 1%, where as previously 2% had been estimated.
- (ii) Also, pension scheme costs are not as high as anticipated at £23,440 due to not as many employees opting into the pension scheme when the legislation changed from 1 April 2014.
- (iii) The £177,770 restructure saving is as a result of the restructure being introduced across the Council and this figure will increase as the saving becomes clearer at Quarter 2.

- (iv) There was an increase in the Drainage Board costs £10,240, which is notified to the Council after the budget was set in 2014/15 and is not controllable by the Council
- (v) The introduction of paying all employees the living wage of £102,000
- 3.4 The significant changes at Quarter 1 specifically in relation to the service areas show an overall increase in the budget of £140,231. This is represented by a decrease in Support Services budget of £49,109, an increase in Environmental Services budget of £14,800 and an increase to Customer & Leisure Services budget of £174,540.
- 3.5 Support Services – The underspend on the budget of £49,109 is an increased cost of £35,960 for electricity as the supplier incorrectly calculated the original price, a £20,370 reduction of employee costs as a result of the service level agreement with North Yorkshire County Council for Health & Safety and a contribution of £64,699 from Localising Council Tax New Burdens grant to support the transition of the change in the council tax scheme. This is received to and transferred from the one-off fund at Quarter 1.
- 3.6 Environmental Services – the anticipated shortfall in income £14,800 is in Waste and Street Scene where there is reduced income from Schedule 2 collections. This is a result of customers reducing bin sizes as a consequence of more recycling by the private sector which has reduced the amount of waste for the Council to collect.
- 3.7 Customer & Leisure Services - the over spend of £174,540 is mainly due to the forecast loss of income from the four Leisure Centres – Bedale, Hambleton, Stokesley and Thirsk – at £180,780. There has also been an increase in cost from Customer Services of £11,850 in relation to staff costs due to the high level of demand and in Stokesley Leisure Centre an increase of £9,000 due to sickness cover. These costs have been offset by increased income of £27,090 by lettings on a number of the workspaces.
- 3.8 The Leisure Centres have under achieved their challenging income targets against budget at Quarter 1 by £180,780.
- 3.9 A comprehensive action plan is being put into place to tackle this income challenge and address the income downfall. Further information will be available at Quarter 2.
- 3.10 The revised changes to the budget at quarter 1 listed above are detailed in the recommendations section of this report for approval by Cabinet and Council.

4.0 OTHER MATTERS - GRANTS

- 4.1 The following grants have been allocated to the Council and paid into the One-Off Fund Reserve since the budget was approved in February 2014:

Description	Amount £
Community Rights to Challenge - New Burdens Grant	8,547
Assets of Community Value - New Burdens Grant	7,855
Individual Electoral Registration S31 Grant	26,170
New Burdens Admin Funding (DWP)	11,518
Localising Council Tax New Burdens	64,699
Rural Services Support Grant Top Up	15,527
Total	134,316

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 movement on revenue reserve funding at Q1 has changed significantly due to the creation of the Economic Development Fund at £5,000,000 which has resulted in the transfer of funding from other reserves. This was included in the revised Financial Strategy 2014/15 to 2023/24 report that was presented to Cabinet in June 2014. Other funds have been allocated to or from the reserves in line with the 2014/15 budget and 2014/15 capital programme which have been approved by Council prior to the beginning of the financial year. There are movements in the One-Off fund reserve which require approval in this report and are detailed in paragraph 6.6.

6.2 The table below shows the position on the revenue reserve funds at quarter 1 if the recommendations are approved in this cabinet report. Further information is also described below.

Reserve Fund	Balance at 31 March 2014 £	Economic Development Fund Transfer £	Movement (from) / to Reserve Q1 £	Balance at 30 June 2014 £
General Fund	2,000,000	-	-	2,000,000
Council Taxpayers Reserve	3,773,475	(1,000,000)	-	2,773,475
Grants Fund	520,508	-	-	520,508
Economic Development Fund	0	5,000,000	-	5,000,000
One Off Fund	2,092,419	-	(1,604,737)	487,682
Computer Fund	3,698,000	(2,000,000)	-	1,698,000
Repairs & Renewal Fund	6,082,986	(2,000,000)	-	4,082,986
Community Safety Partnership	74,327	-	-	74,327
Strategic Forum Reserve	14,399	-	-	14,399
Arts Grants Reserve	5,949	-	-	5,949
Total	18,262,063	0	(1,604,737)	16,657,326

6.3 Council Taxpayers reserve - £1,000,000 has been transferred to support the economic development fund and new homes bonus grant received from the Government has been allocated to this reserve and along with other surplus income received during the year. New homes bonus grant is in relation to empty properties being brought back into use.

6.4 Grants Fund – It is schedule to issue £100,000 of revenue grants to the community during 2014/15, in line with the financial strategy that was approved in June 2014.

6.5 Economic Development Fund – at £5,000,000 this was approved at Cabinet in June 2014 as part of the Economic Development strategy

- 6.6 One Off Fund - In Quarter 1, the initial balance was £2,092,419 and income of £134,316 was received which can be seen in paragraph 4.1 above. Income that has been allocated from the one off fund in previous cabinet reports totals £1,436,924 and further expenditure to be allocated from the one off fund is detailed in the table below. The balance on the one-off fund at year end is estimated at Quarter 1 to be £487,682.

Expenditure in 2014/15 from the One-Off Fund	Amount
Planning Appeals - consultancy costs	47,780
Individual Electoral Registration – allocation of grant received at quarter 1	26,170
Central Northallerton Master Plan – allocation of income received in 2013/14	20,000
Town Team Partner Project – allocation of specific income raised	340
Community & Development Officer – Cabinet report 11 February 2011 allocated three year funding from reserves – this is year 3	48,500
Free 1 hour parking Applegarth short stay – Report on this 2 September 2014 Cabinet contains further detail	94,640
Localising Council Tax – allocation of grant received at quarter 1	64,699
Total expenditure recommended for approval at Q1	302,129

- 6.7 At Quarter 1, is it recommended to Cabinet and Council that the allocation from the One-Off fund at £302,129 is approved.
- 6.8 Computer Fund - £2,000,000 has been transferred to support the Economic Development fund in line with the 10 year financial strategy and £475,000 has been allocated to support ICT expenditure in the capital programme.
- 6.9 Repairs and Renewal Fund - £2,000,000 has been transferred to support the economic development fund in line with the 10 year financial strategy and £511,350 is allocated to support repairs and maintenance as well as a number of capital schemes.
- 6.10 Other Reserves - There has been no movement on the other reserves held by the Council at quarter 1 2014/15 – Community Safety Partnership, Strategic Forum and Arts Grant reserves - but it is expected that these revenue reserves will be utilised during 2014/15 as they are specific earmarked reserves.

7.0 LINK TO COUNCIL PRIORITIES

- 7.1 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.

8.0 RISK ASSESSMENT:

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

9.0 FINANCIAL IMPLICATIONS:

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

10.0 LEGAL IMPLICATIONS:

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

11.0 EQUALITY/DIVERSITY ISSUES:

11.1 There are no specific equality implications to this report.

12.0 RECOMMENDATIONS:

10.1 That Cabinet approves and recommends to Council:

- (1) the budget decrease at paragraph 3.2 by £227,821 to £7,241,329
- (2) the allocation from the one-off fund at paragraph 6.6 of £302,129

JUSTIN IVES

Background papers: Budget Monitoring Q1 working papers

Author ref: LBW

Contact: Louise Branford-White
Head of Resources
Direct Line No: 01609 767024

Budget 2014/15 Sensitivity Analysis – potential savings / costs

Portfolio Area	Area of Sensitivity	Commentary
Support Services	Housing Benefit - civil penalty income not achieved	£65,000 income is expected to be received from claimants who do not notify the Council of a change in their circumstances
	Housing benefit payments are greater than the budget	The position at quarter 2 will be clearer to estimate whether more people are claiming benefit that was estimated in the budget
Environmental Services	Fuel Prices increase	Any fluctuations in fuel prices will affect the budget in waste and Street Scene.
	Planning fee income not achieved	This is currently on budget for receipt of £700,000. At Q1 £185,400 (26.5%) had been received. This is a large income stream for the council, so it will continue to be closely monitored.
	Waste & Street Scene increase salary budget potential	Disciplinary and long term sickness issues may result in the requirement for increased budget due to agency staff cover. It will continue to be monitored.
Customer & Leisure Services	Workspace Management – unpaid rent on 2 units at Lumley close	The tenant is in the process of selling his business to pay off the arrears but if this is unsuccessful the debt will need to be written off at £16,320.
	Workspace Management – Units at Momentum Business Centre not rented	Increasing number of units at Momentum Business centre are not let. This will continue to be monitored closely.

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HAMBLETON DISTRICT COUNCIL

Report To: Cabinet
2 September 2014

Subject: NORTHALLERTON PRISON

Northallerton Wards
Portfolio Holder for Economic Development and Finance: Councillor P Wilkinson

1.0 PURPOSE AND BACKGROUND:

- 1.1 Authority is sought to negotiate with the Ministry of Justice on the value and potential Council purchase of Northallerton Prison. This report also seeks agreement for how the potential purchase should be handled and what further reports are required.
- 1.2 The Council has approved a Design and Development Framework covering the prison, the former RPA site, the North Yorkshire Fire and Rescue site and the Council's Crosby Road car park. This provides informal planning guidance on the development of these sites including an indicative masterplan.
- 1.3 The purpose of the Development and Design Framework is to ensure that the re-use and redevelopment of the site takes place in a co-ordinated way and provides the maximum economic and community benefit to the town. The Masterplan was drawn up in consultation with stakeholders and the community and is believed to be realistic in terms of market demand and economic viability.
- 1.4 Ownership of the site would significantly strengthen the Council's position in delivering the Development and Design Framework and the economic and community benefits.

2.0 NEGOTIATION:

- 2.1 The Ministry of Justice has a Government imposed deadline for disposal of the site by the end of March 2015 and has instructed its agents to make preparations to market the site. However, it has agreed to hold off putting the site on the market in order to allow time for negotiations with the Council.
- 2.2 The Ministry of Justice has commissioned several studies to inform the net value, the most important are ground conditions and asbestos surveys and these should give an accurate quantification of any abnormal development costs. These are scheduled to report in October.
- 2.3 The Council will incur costs with negotiations, there will be a need for an independent valuer to assess the value of the site, provide a report and negotiate with the Ministry of Justice's agent. Because of the Ministry of Justice's timescale and to protect the Council's position this process has commenced.
- 2.4 Negotiation on value would be based on the approved Design and Development Framework.
- 2.5 If the negotiations are positive it is intended to bring two further reports to Cabinet as follows:

- A recommended gross value – this would be the maximum the Council would pay and assumes no abnormal development costs and is the starting point for agreeing a final value. This report is anticipated in October.
- A recommended net value – this is the sum the Council would actually pay and is the gross figure minus agreed abnormal costs (demolition, decontamination, dealing with unstable ground conditions, etc) and the cost of the planning requirements. This report is anticipated in November or December.

2.6 It is possible that negotiations could break-down because agreement cannot be reached on either of these values.

2.7 The process reflects the need to give the Ministry of Justice certainty about the Council's intentions and that the abnormal costs cannot be accurately costed until the survey work is completed in October.

3.0 **LINK TO COUNCIL PRIORITIES:**

3.1 Purchase of the site will help deliver the Council's objective of supporting local economic growth and help deliver the approved Development and Design Framework.

4.0 **RISK ASSESSMENT**

4.1 The significant risk in agreeing the recommendation is:

Risk	Implication	Prob*	Imp*	Total	Preventative action
The Council decides against purchase.	Public and Stakeholders expectations not met leading to criticism of the Council.	3	4	12	Clearly communicate the process and the potential for the purchase not to proceed.

4.2 The significant risk in not approving the recommendation.

Risk	Implication	Prob*	Imp*	Total	Preventative action
Opportunity to purchase is missed.	Reduced ability to deliver the Development and Design Framework and economic and community benefits for Northallerton.	5	4	20	Thoroughly investigate Council purchase.

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

5.0 **FINANCIAL IMPLICATIONS:**

5.1 As set out in paragraph 2.3 the Council will incur costs associated with the negotiations and these are estimated be about £25,000.

5.2 If negotiations are positive and the potential purchase moves forward there will be further costs for the Council, for example it would be required to contribute towards the surveys and reports of "abnormal costs". These costs will be subject of further reports should the project move forward.

6.0 LEGAL IMPLICATIONS:

- 6.1 The Council has the legal power to purchase the site under the 2011 Localism Act.
- 6.2 Legal advice will be sought as necessary throughout the negotiations and purchase.

7.0 RECOMMENDATIONS:

- 7.1 It is recommended that:-
 - (1) Authority be given to the Chief Executive to negotiate for the purchase of the Northallerton Prison site.
 - (2) A valuer be appointed to act as the Council's agent and £25,000 be budgeted for this from the Economic Development Fund.
 - (3) There be further reports to Cabinet for decisions on the gross value and net value of the site.

MANAGEMENT TEAM

Background papers: None.

Author ref: MAJ

Contact: Mick Jewitt
Director of Environmental and Planning Services
Direct Line No: 01609 767053

020914 Northallerton Prison

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HAMBLETON DISTRICT COUNCIL

Report To: Cabinet
2 September 2014

Subject: **FREE PARKING AT THE APPLGARATH SHORT STAY CAR PARK**

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

1.0 PURPOSE AND BACKGROUND:

- 1.1 This report provides information on the introduction of a revised pay and display tariff to apply in the Applegarth Short Stay Car Park in Northallerton.
- 1.2 The new tariff will operate on the same basis as the scheme that currently operates in Thirsk Market Place, where car park users can select one hour free parking or two hours paid parking for £0.60. A valid display ticket will be required for car park users to benefit from the free parking.
- 1.3 The new tariff will commence on 1 November 2014, to allow for a Notice of Variation to be published and for the introduction of software changes.
- 1.4 Introduction of the new tariff will require a Notice of Variation to the Hambleton District Council (Off-Street Parking Places) Consolidation Order 2013 to be placed in the Applegarth Short Stay Car Park, and a notice to be placed in a local newspaper at least 21 days in advance of the introduction of the new tariff.
- 1.5 The scheme will require software and tariff label changes to the four pay and display machines which issue short stay display tickets.

2.0 LINK TO COUNCIL PRIORITIES

- 2.1 The proposal links to the Council Priorities by supporting the following aims and objectives of the Council's Business Plan:
 - To put customers first and provide access to high quality, value for money services that meets the needs of our communities.
 - To support local economic growth.

3.0 RISK ASSESSMENT:

- 3.1 There are no risks directly associated in approving this report.

4.0 FINANCIAL IMPLICATIONS:

- 4.1 The projected loss of income to the Council of providing 1 hour free parking in the Applegarth short stay car park is £94,640. In 2014/15 this will be funded from the Economic Development Fund and in further years will be incorporated into the base budget.
- 4.2 The scheme will require software and tariff label changes to four pay and display machines, the cost of these changes, estimated at £300, will be found from existing revenue budgets.

5.0 LEGAL IMPLICATIONS:

5.1 The Council's Legal Team will prepare and issue the Notice of Variation to the Hambleton District Council (Off-Street Parking Places) Consolidation Order 2013.

6.0 EQUALITY/DIVERSITY ISSUES:

6.1 The Blue Badge scheme offers on-street parking concessions to disabled persons, either as a driver or passenger. In the District Council's off-street car parks, Blue Badge holders can park for free and for an unlimited period in designated disabled parking bays. In the Council's short stay car parks when they display their valid Blue Badge with their display ticket they benefit from an additional hour's parking over their paid parking duration. This tariff change will enable Blue Badge holders to park for free for up to two hours in the Applegarth short stay car park when they display their Blue Badge with a one hour free display ticket.

7.0 RECOMMENDATIONS:

7.1 It is recommended that Cabinet approve the 1 hour free parking at Applegarth short stay car park and that for 2014/15 the loss of income of £94,640 will be funded from the Economic Development Fund.

JUSTIN IVES

Background Papers: None
Author ref: CT
Contact: Clive Thornton
Senior Engineer
Direct Line No: 01609 767052

020914 Free Parking at Applegarth Short Stay Car Park

HAMBLETON DISTRICT COUNCIL

Report To: Cabinet
2 September 2014

Subject: COUNCIL PLAN UPDATE

All Wards
Portfolio Holder for Support Services: Councillor N A Knapton

1.0 PURPOSE AND BACKGROUND:

- 1.1 The purpose of this report is to update Members on the revised Council Plan for 2014/15.
- 1.2 The Council Plan was originally updated for 2014/15 where four portfolio Council priority themes existed:
- Customer Services & Asset Management
 - Housing, Planning & Waste Management
 - Leisure & Health
 - Support Services & Economic Development
- 1.3 The Council was restructured in April 2014 to consolidate the Directors to three and introduce six Heads of Service to provide operational support to the organisation. This resulted in three Service Departments for which there are three Portfolio Holders as detailed below:
- | | |
|-----------------------------------|--------------------------------|
| Customer & Leisure Services | Councillor Mrs Bridget Fortune |
| Environmental & Planning Services | Councillor Brian Philips |
| Support Services | Councillor Nigel Knapton |
- 1.4 The Deputy Leader of the Council also has responsibility for two specific areas - the Financial Strategy (which is located within Support Services) and Economic Development (located within Customer Services).

2.0 THE COUNCIL PLAN 2014/15

- 2.1 The Council Plan 2011 to 2015 set out the direction for the Council, showing the Council's goals and giving measurable outcomes. The Council's approach to performance management is designed to ensure that priorities are effectively implemented, monitored and managed to achieve real improvements in the quality of life in the local community.
- 2.2 The Council Plan has been updated during the first quarter of 2014/15 for approval at this 2 September 2014 Cabinet. This revised Council Plan will be used to monitor the Council's performance until the next election in May 2015 and update reports will be provided as follows:

Performance Monitoring Q2	2 December 2014
Performance Monitoring Q3	10 February 2014
Performance Monitoring Q4	9 June 2014

- 2.3 The revised Council Plan incorporates the Council's Vision for 2014/15: Hambleton – a place to grow, be happy, be healthy, be prosperous. It includes five priorities which each of the three Portfolio Holder Service Departments support. The five priorities are detailed as follows:
- i. Providing Customer Excellence
 - ii. Driving Economic Development
 - iii. Promoting Health & Wellbeing
 - iv. Improving Waste & Recycling
 - v. Delivering Services for a Changing Population

2.4 Attached at Annex A is the revised Council Plan 2014/15.

3.0 LINK TO COUNCIL PRIORITIES

3.1 The Council Plan provides the Council's five priorities, which reflect the needs of community. This enables measureable outcomes to be monitored against and reported on a quarterly basis to ensure the Council is performing as the community would desire.

4.0 RISK ASSESSMENT:

4.1 There are no risks directly associated in approving this report.

5.0 FINANCIAL IMPLICATIONS:

5.1 There are no direct financial effects from this report.

6.0 LEGAL IMPLICATIONS:

6.1 There are no direct legal implications arising from this report.

7.0 EQUALITY/DIVERSITY ISSUES:

7.1 There are no specific equality implications to this report.

8.0 RECOMMENDATIONS:

8.1 That Cabinet approves and recommends to Council the revised Council Plan 2014/15, which will be used to monitor the Council's performance from Q2 onwards.

JUSTIN IVES

Background papers: Council Plan working papers
Discussion papers from Officer / Member meetings in June 2014

Author ref: LBW

Contact: Louise Branford-White
Head of Resources
Direct Line No: 01609 767024

020914 Council Plan Update

Hambleton District Council

COUNCIL PLAN

2014/15

Introduction

We continue to work in challenging and changing times for local government. Our aim is to respond positively to the Government's agenda whilst finding ways to improve local services at a reduced cost during what are still difficult economic times for many.

Over the next year we will continue to focus on those issues which are most important to the people who live, work in and visit our district. These priorities are described within this Council Plan.

We will concentrate our attention, invest our resources and work together with our partners on a district, county and regional basis, whilst ensuring we work closely with our local communities in responding to local issues.

We are committed to delivering high quality services that our people want. It is our ambition to be one of the highest performing councils which provides services at the lowest cost possible.

The Council Plan sets out the direction for the Council for the next year and gives an overview of our priorities and key actions as we strive to meet the needs of our community.

Cllr Mark Robson, Leader of Hambleton District Council

The Council's Vision is:

Hambleton – a place to grow, be happy, be healthy, be prosperous.

Our Priorities

Our Priorities for 2014 to 2015 are:

- Providing Customer Excellence
- Driving Economic Development
- Promoting Health & Wellbeing
- Improving Waste & Recycling
- Delivering Services for a Changing Population

Our Foundations

Our Foundations are fundamental to the delivery of our Priorities and the pursuit of our Vision:

- Good Finances
- Good Communications
- Good People
- Good Governance

**Hambleton – a place to grow, be happy,
be healthy, be prosperous**

Providing Customer Excellence

Driving Economic Development

Promoting Health & Wellbeing

Improving Waste & Recycling

Delivering Services for a Changing Population

Good Finances

Good Communications

Good People

Good Governance

Our Priorities

Providing Customer Excellence

AIM <i>What we want to achieve</i>	ACTION <i>How we intend to achieve it</i>
To put our customers first & provide access to high quality, value for money services that meet the needs of our communities.	Deliver an easy to use, easy to access, responsive service by : <ul style="list-style-type: none"> • Monitoring and responding to customer feedback & satisfaction levels. • Providing a comprehensive, easy to access and up to date website.
Encourage our residents to become more involved in making decisions which impact on their local communities.	<ul style="list-style-type: none"> • Work with our communities & support Area Partnerships to refresh their Local Action Plans and better provide local facilities and services. • Provide funding through investment in the Communities Fund at a local level. • Support communities to bring forward neighbourhood plans and consider proposals for designation of community assets.
Improve the performance and productivity of our services.	Undertake a fundamental review of all the Council's Services by 31 March 2015. The aim is to reform Services in order to : <ul style="list-style-type: none"> ▪ Meet customer requirements. ▪ Improve efficiency, including utilising technology to make improvements.

Our Priorities

Driving Economic Development

AIM <i>What we want to achieve</i>	ACTION <i>How we intend to achieve it</i>
To support local economic growth.	<ul style="list-style-type: none"> • Develop & implement an Economic Strategy for the district with our partners. • Provide workspaces and improve the average occupancy levels. • Provide grants and opportunities to enable young people to get into work through apprenticeship and graduate schemes. • Encourage businesses to locate, stay and grow via local forums, networking & a range of communications & support. • Through local planning processes, approve 30 hectares of employment land by March 2015 mainly in the five market towns to facilitate opportunities for local economic growth.
To ensure that the Planning Service supports the sustainable economic growth and development of the District.	<ul style="list-style-type: none"> • Proactively facilitate and support the sustainable economic development of the area by working with developers to achieve planning permissions for new homes, businesses and industrial developments, infrastructure and other development that the area needs to thrive. • In 2014-15 we will review the Planning Policies that impact upon economic development and growth and will ensure that the infrastructure needed to support growth can be provided by implementing the Community Infrastructure Levy.
To provide an environment for business growth by developing the Business Rates scheme.	<ul style="list-style-type: none"> • Review the newly developed business rates scheme to gain best opportunity for new and developing business to grow. • Monitor the ratio between the total rateable value and the number of businesses in the area to ensure that any changes to this are reflected in the target set by Government for future years.

Our Priorities

Promoting Health & Wellbeing

AIM <i>What we want to achieve</i>	ACTION <i>How we intend to achieve it</i>
Improve the health and wellbeing of people through participation in sport, physical activity and the arts.	<ul style="list-style-type: none"> • Provide a range of initiatives, programmes and activities within community settings and leisure centres. Ensure that in addition to being aimed at the general community that these initiatives are also targeted at specific groups including: <ul style="list-style-type: none"> ○ Young people ○ 60+ ○ Disabled ○ Those with specific health conditions ○ People with a sedentary lifestyle • Provide four directly managed, high quality leisure centres across the district. • Provide guidance, assistance and support, financial and otherwise, to help 3rd parties improve the health and wellbeing of the community.
Encourage and facilitate greater community cohesion.	<ul style="list-style-type: none"> • Provision of a targeted programme of community events, initiatives, programmes and activities. • Assist community clubs and organisations. • Provide and distribute financial grants and allocations aimed at achieving community good. • Co-ordinate and facilitate volunteer programmes.
Improve the personal safety of individuals.	<ul style="list-style-type: none"> • Provide a learn to swim programme and school swimming opportunities. • Provide a safeguarding service. • Support and facilitate coach education and club assurance schemes. • Promote food safety in businesses and homes.
Support healthy communities and businesses by providing an outreaching Environmental Health Service.	<ul style="list-style-type: none"> • Support and deliver action plans on alcohol and tobacco health issues. • To support businesses to develop and maintain healthy staff. • Promote home health through actions on controlling indoor air pollution and preventing excess cold.

Our Priorities

Improving Waste & Recycling

AIM <i>What we want to achieve</i>	ACTION <i>How we intend to achieve it</i>
Minimise the impact of waste on the environment by increasing the amount of household waste that is recycled.	<ul style="list-style-type: none"> • Work with the community and stakeholders to deliver a high quality, customer focussed and cost effective waste management service. In 2014-15 we will produce a new Waste Management Strategy.
Provide an efficient, customer focussed, waste and recycling collection service.	<ul style="list-style-type: none"> • Improve recycling tonnages, environmental outcomes and income. • To achieve cost efficiencies through having a strategic approach for the delivery of waste management services. • To consult and then carry out modelling of materials that could be collected, to reduce waste to landfill and meet customer expectations. • To improve customer satisfaction, through process improvement, staff engagement and empowerment. • To ensure that Health and Safety is a core consideration in any future proposed service operation for both residents and the Council's operatives. To form effective partnerships to deliver efficiencies through vehicle and recycling procurements.

Our Priorities

Delivering Services for a Changing Population

AIM <i>What we want to achieve</i>	ACTION <i>How we intend to achieve it</i>
Provision of an adequate amount and range of housing, including affordable housing, to meet the housing needs of all sections of the local community.	<ul style="list-style-type: none"> • Through the Council's Planning and Strategic Housing functions ensure that there are sufficient deliverable housing sites to meet the needs of the area for market and affordable housing and to support economic growth. • In 2014/15 our focus will be on working with developers to achieve and implement planning permissions on allocated sites and on windfall sites where compatible with policy. • We will be robust in our negotiations to achieve the Council's targets for affordable housing and appropriate housing mix in new developments, particularly to ensure that a significant proportion of new housing is designed to meet the needs of older people. • We will continue to support the work of the Rural Housing Enabler to deliver small affordable housing schemes in rural areas.
Provision of direct support to District residents in need to prevent homelessness.	<ul style="list-style-type: none"> • Maintain our performance on homelessness preventions to ensure the number of residents who suffer the distress and disruption of being made homeless is minimised.
Improve the health and wellbeing of a changing population.	<ul style="list-style-type: none"> • Provide a range of initiatives, programmes and activities for targeted community groups.
Help people to continue to lead more independent lives.	<ul style="list-style-type: none"> • Provision of a targeted programme of initiatives, programmes and activities aimed at those whose independence is most at risk, eg. elderly and people with a disability. • Develop further the Disabled Facilities Grant scheme providing adaptations to private residences

Our Foundations

These are the foundations that support all of the Council's key priorities and are fundamental to their delivery.

Good Finances:

- Provide financial sustainability by implementing arrangements throughout the period of the current spending review and beyond
- Generate additional income and utilise alternative types of funding to ensure on-going affordability of Council services
- Manage the implementation for the Council and community of the changes to Welfare Reform

Good Communications:

- Deliver a cohesive approach throughout the Council to engaging and communicating with our communities and stakeholders, including:
 - proactive information flows that keep stakeholders up to date with council developments
 - improved use of social media channels
 - creating opportunities for business-friendly dialogue
 - maintaining and developing strong links with local media
- Support and improve internal communications to inform and empower the organisation to:
 - understand what is important to our communities, stakeholders and customers
 - understand and promote the Council and its services
 - capture and trial ideas for improvement
 - be responsible and accountable for the service they provide

Good People:

- Empower the workforce to achieve the best solution for their customers
- Develop skills and abilities of all throughout the organisation and provide excellent training opportunities
- Value all employees and support their ideas to improve the organisation
- Create a healthy, safe, well being environment in which employees want to work and are able to maintain a good work life balance

Good Governance:

- Clarity of purpose, aims and responsibilities
- Strong leadership
- Transparent decision making
- Accountability to its stakeholders

Our Values

This Council's key values are:

Openness:

- Open, honest and transparent in the provision of our services to the community

Responsibility:

- Accountable and responsible for our actions as individuals and as an organisation

Customer focus:

- Committed to providing, and improving upon, a high quality, customer-focussed service

Fairness:

- Fair to all on an equal basis

Respectful:

- Value our work colleagues and stakeholders

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Business Groups

To show how our business units contribute to the above portfolios we have clustered them as follows:

Customer & Leisure Services

- Business Engagement
- CCTV
- Communications
- Community Leisure
- Community Safety
- Customer Services
- Business & Community (part)
- Workspace Management
- Car parking
- Economic Development
- Leisure Centres
- Safeguarding children & vulnerable adults

Environmental & Planning Services

- Building Control
- Conservation
- Decent Homes
- Development Management
- Emergency Planning
- Environmental Health
- Fuel Poverty
- GIS
- Household Waste
- Housing Options & Advice
- Land Charges
- Licensing
- Pest Control
- Planning Policy
- Recycling
- Street Scene
- Street Naming & Numbering

Support Services

- Business Support
- Corporate Finance
- Council Tax
- Democratic Services
- Design & Maintenance
- Elections
- Housing Benefits
- ICT
- Legal Services
- HR
- Payroll
- Performance & Risk
- Procurement
- Reprographics
- Revenues and Benefits

Further Information

Our Corporate Business Plan has been kept deliberately short, in order to maintain our focus on the key issues. If you would like to know more about any of these issues including background information about the Council and the project plans which support each of the priorities please visit our website at : www.hambleton.gov.uk

You can also email us at info@hambleton.gov.uk to request further information.

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Prepared by Hambleton District Council July 2014



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HAMBLETON DISTRICT COUNCIL

Report To: Cabinet
2 September 2014

Subject: LOCAL PLAN REVIEW

**All Wards (outside the North York Moors National Park)
Portfolio Holder for Environmental and Planning Services: Councillor B Phillips**

1.0 PURPOSE AND BACKGROUND:

- 1.1 On 8 October 2013 Cabinet approved (CA47) a programme of work on the Local Development Framework (LDF) Partial Plan Review, with an agreed scope and programme. The scope was limited to a handful of priority issues and policies which were being viewed as out-of-step with needs of the District or inconsistent with national Planning policies, namely:
- development restraint in the villages and rural areas;
 - affordable housing (targets and thresholds);
 - housing mix and tenure;
 - town centre uses and economic development;
 - renewable energy.
- 1.2 Various essential background evidence gathering has been commissioned in the context of this partial review, including: Older Peoples' Housing, Affordable Housing Viability and Economic Development (Employment Land Review and Retail and Town Centre Uses).
- 1.3 Also in the context of Plan review and in response to new pressures for major housing development, a report on 5 year housing supply was considered at Cabinet on 5 November 2013 (and Council on 10 December 2013), when it was decided to remove the phasing policy for the LDF's allocated housing sites so as to help provide a 5 year supply of deliverable housing sites, as required by the National Planning Policy Framework (NPPF).
- 1.4 Whilst the removal of phasing addressed the site supply position, it was also necessary to review and objectively assess the up-to-date housing needs, as the LDF's requirements are derived from the now revoked Regional Spatial Strategy and the NPPF requires the Council to have a clear understanding of housing needs in their area. In particular paragraph 50 of NPPF requires us to plan for a mix of housing based on current and future demographic trends, market trends and needs of different groups in the community.
- 1.5 Demographic Analysis and Forecasts were therefore commissioned in January 2014 from consultants Edge Analytics. Their report (June 2014) provides a range of revised household projections up to the end of the current Plan period in 2026 with dwellings and jobs-led scenarios.
- 1.6 These figures are presented in Annex B and some scenarios point towards a potential significant increase in the District's housing requirement, which would have major implications for Plan review as the impact on the policies and proposals would be much more extensive, encompassing housing and employment allocations and infrastructure.
- 1.7 This new evidence and recent Plan making experience elsewhere indicates a need for a more wide ranging review of the LDF. The report therefore considers whether the current review goes far enough.

2.0 PLAN REVIEW PROGRESS:

- 2.1 Study findings and policy options have been discussed with Members at a series of workshops and there has been specific consultation with Parish Councils on the settlement hierarchy and development in villages. Members have provided an informal steer on the way they would like to see policies developed and applied with an indication that further supplementary policy guidance is needed in certain areas (e.g. Supplementary Planning Documents to cover Housing type and tenure including older people's housing).
- 2.2 Details of the progress on each issue are set out in the schedule at Annex A, together with a suggested potential way forward if a full Plan review was pursued. Clearly some issues are more important and immediate than others for Members (e.g. the Settlement Hierarchy and Older Peoples' Housing policies) and require early attention, whilst others could be 'parked' on the basis of what the evidence shows and await a full Plan review (e.g. affordable housing targets and thresholds).
- 2.3 Key Council priority issues could therefore continue to be progressed with full consultation so as to provide new planning policy guidance to be formally agreed by Council for Development Management purposes. More weight could be given to this new guidance than current LDF policies where it is more consistent with NPPF and NPPG. New evidence from the studies could also be used to inform decision taking on planning applications. This policy guidance could be incorporated in the new Local Plan when it catches up so as to provide statutory policy.
- 2.4 The Economic Development Study recommendations relate to a large number of economic development and retail/town centres policies which require updating, but are difficult to take forward in isolation in a partial Plan review and would be better addressed collectively in the context of a full Plan review to be dealt with alongside housing policies. The recommendations also raise broader strategic issues and matters likely to prove highly controversial.

3.0 FULL PLAN REVIEW:

- 3.1 Government advice is now to prepare a single Local Plan rather than an LDF, and although partial Plan review is still possible many Local Planning Authorities are now pursuing Local Plan preparation and have dropped the suite of LDF documents approach, including their review. A Plan should also cover a period of 15 years from adoption date and be reviewed to provide for longer term development needs. The Hambleton LDF covers the period up to 2026 and will therefore need rolling forward in the next few years through a new Local Plan.
- 3.2 The findings of the Edge Analytics study are clearly of great significance and should be properly addressed through plan making, otherwise we run the risk of fighting Section 78 appeals on 5 year land supply on an ongoing basis with further speculative planning applications for housing on unallocated sites. Reviewing the housing requirement through plan making essentially allows for a planned approach to the levels of housing growth, its broad distribution across the District and further site allocations. It also allows for comprehensive planning with proper consideration of linkages to employment and other related necessary developments, such as infrastructure projects, including the implications for the forthcoming introduction of the Community Infrastructure Levy (CIL). Producing a new Plan would also provide the opportunity to roll forward the Plan period to cater for longer term planning needs.
- 3.3 The updated evidence on housing needs and the emerging Economic Development Strategy shows that the partial Plan review does not address the key planning issues facing the Council. Critically a partial Plan review could also run the risk of being found unsound if it does not review housing needs and supply issues as Inspectors are requiring such evidence in all Examinations and house builders are challenging new plans on this basis.

- 3.4 Full Plan review would allow for public consultation and the required engagement with neighbouring Councils and bodies under the Duty to Co-operate on the options for housing growth levels and locations and allow the Council to decide on the appropriate response, rather than risking ad hoc determination by appeal inspectors on an ongoing case by case basis.
- 3.5 A full Plan review would take several years to prepare and adopt and have greater resource implications. However most of the necessary evidence gathering has now been completed, therefore the additional costs of studies should be limited. Costs would also be much less than for the original LDF as it would be producing one Plan with fewer resultant stages of consultation and engagement and critically, only one examination, which is a major cost.
- 3.6 A broader review involving site allocations would involve considerable time in terms of assessing site development options and consultation on site specific issues. Specialist support in producing the new Plan, along the lines employed with the LDF, may be required to speed up the production progress.

4.0 LINK TO CORPORATE PRIORITIES:

- 4.1 A review of the Local Development Framework has links to corporate priorities, for example it would help to meet the needs of communities, help protect and provide local services and facilities, support sustainable economic growth and development and help to meet housing needs, including affordable housing. It would also support the delivery of the Council's Economic Development Strategy and the emerging Investment Plan.

5.0 RISK ASSESSMENT:

- 5.1 Risk in approving the recommendations as shown below:

Risk	Implication	Prob*	Imp*	Total	Preventative action
New Local Plan preparation costs are significant and increase.	Additional funding would have to be identified (potentially impacting on other Council work) or progress to adoption could take longer.	3	4	12	Manage project to ensure properly programmed and resourced.
Review of key priority policies for Members is delayed.	Planning decisions continue to be made in accordance with existing policies and the Council cannot deliver on local development priorities as quickly as they would wish (eg development in smaller villages).	3	4	12	Progress existing partial review to provide guidance for decision making. Give weight based on consistency with NPPF/NPPG and use study evidence.

5.2 The key risk is in not approving the recommendations as shown below:

Risk	Implication	Prob*	Imp*	Total	Preventative action
Plan becomes out-of-date and increasingly challenged by development proposals especially for housing in terms of 5 year supply.	Loss of planning appeals and award of costs. Time and cost of defending appeals. Plan does not provide for the needs of the District.	5	4	20	Proceed with Plan review.
Local development needs for housing and business are not provided for.	Households and businesses cannot achieve their needs.	4	4	16	Proceed with Plan review.
Inspector finds partial Plan review is unsound or does not meet legal/procedural requirements or Plan is subject to legal challenge on adoption as it does not provide for the development needs of the District.	Need to go back to earlier stage and be without an up-to-date Plan.	5	5	25	Proceed with full Plan review and take appropriate advice.

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

5.3 Overall the risks of agreeing with the recommendations outweigh the risks of not agreeing them and are considered acceptable.

6.0 LEGAL IMPLICATIONS:

6.1 Legal requirements for Plan making set out in the Acts and Regulations will need to be followed to achieve a sound, legally compliant Plan.

7.0 FINANCIAL IMPLICATIONS:

7.1 The Partial Plan review is already largely budgeted for, with the allocation of £87,000 from the One-Off Fund. This covered a temporary staffing increase and various expert studies, but excluded any examination costs. This budget is now largely spent or committed.

7.2 Additional funding would be needed for the full Plan review and production of a new Local Plan. These costs would be significant, but not in the same order as for the original LDF. Sustainability appraisal, site assessment studies and the longer examination are currently unknown quantities but could be in the order of £250,000, with about half of that being taken by the examination costs of the Planning Inspectorate.

8.0 EQUALITY AND DIVERSITY ISSUES:

8.1 There are no Equality and Diversity issues associated with this report.

9.0 RECOMMENDATIONS:

9.1 It is recommended that Cabinet approves and recommends to Council that:

- (1) the Partial Plan Review be progressed as set out in Annex A to provide informal planning policy guidance with updated evidence, to be used in Development Management decision taking;
- (2) a new Local Plan be produced to fully replace the LDF;
- (3) a report be brought back to Cabinet and Council to agree a revised Local Development Scheme setting out the work programme, resources and timetable for a full scale plan review.

MICK JEWITT

Background papers:

- National Planning Policy Framework, CLG March 2012
- National Planning Practice Guidance, CLG March 2014
- Planning Policy for Affordable Housing including Viability Studies, Aspinall Verdi, May 2014
- Economic Study, GVA, June 2014
- Employment Land Review, GVA, February 2014
- Retail & Town Centre Uses Study, GVA, January 2014
- Demographic Analysis & Forecasts, Edge Analytics, June 2014

Author ref: GB

Contact: Graham Banks
Planning Policy Manager
Direct Line No – 01609 767097

020914 Local Plan Review

Local Development Framework Partial Plan Review

– agreed issues and policies and potential way forward

Agreed Review Policy /Issue	Progress and Next Steps
<p>1. Rural Settlement Hierarchy (Policy CP4, CP6 & DP8)/Sustainable Development (Policy CP1 and CP2)</p>	<p>Consulted PCs on audit and broad policy options to 31 August 2014. Depending on PC’s responses could attach less weight to LDF policy and take forward a more flexible approach as a policy guidance note to be approved by Council for Development Management purposes, pending full Plan review. <u>Dates:</u> Members’ workshop (with PC feedback) 18 September 2014. Wider consultation Autumn 2014. Council adoption April 2015.</p>
<p>2. Targets and thresholds for affordable housing and flexibility on rural exception sites tenure mix (Policy CP9 & 9a & Affordable Housing Supplementary Planning Document- SPD)</p>	<p>Study commissioned with Aspinall Verdi. Recommended no changes to targets and thresholds except for brownfield sites (with 20-25% target). No change to policy therefore justified and could carry on with negotiation around current targets with expected relaxation for brownfield sites. Outcome of CLG review of national 10 dwelling threshold is awaited. Affordable Housing SPD is being updated/ reviewed as interim measure. <u>Dates:</u> Cabinet approval for formal consultation October 2014. Council adoption January 2015.</p>
<p>3. Housing mix to meet the changing needs of the local community (Policy DP13 & Supplementary Planning Document - SPD)</p>	<p>No urgent need for change to policy as latest evidence can be used to argue for more older peoples’ and other priority needs housing with current policies. SPD on Housing Size, Type, Tenure and Quality including older peoples’ housing to be prepared. <u>Dates:</u> Cabinet approval for formal consultation December 2014. Council adoption April 2015.</p>

<p>4. Flexibility on rural economic development (Policy DP25)</p> <p>And other economic policy changes arising from the recommendations and findings of the Hambleton Economic Study and Employment Land Review (ie Policies CP11 & 15, DP16-19)</p>	<p>Economic Study with Employment Land Review and Retail and Town Centre Uses study commissioned in September 2013 with GVA.</p> <p>Based on the studies' evidence we could attach less weight to LDF policies and adhere more to NPPF, acknowledging recent changes to General Permitted Development Order, to provide for more flexibility.</p> <p>Interim policy guidance note could be approved by Council for Development Management purposes. However they would be best taken forward comprehensively with closely related Housing policy changes in a full Plan review.</p>
<p>5. Flexibility with Town Centre uses (Policy DP21)</p> <p>And other retail/town centre policy changes arising from the recommendations and findings of the Retail and Town Centre Uses Study (ie Policies DP19-20 & DP22-24 & Proposals Map)</p>	<p>Policy review not necessary now due to national policy changes/Building Regs. Sustainable Development SPD being reviewed to provide guidance on energy technologies.</p> <p><u>Dates:</u> Cabinet approval for formal consultation December 2014. Council adoption April 2015.</p>
<p>6. Policy guidance on renewable energy developments (New Policy/Amend Policy DP34 & Supplementary Planning Document -SPD)</p>	<p>Policy review not necessary now due to national policy changes/Building Regs. Sustainable Development SPD being reviewed to provide guidance on energy technologies.</p> <p><u>Dates:</u> Cabinet approval for formal consultation December 2014. Council adoption April 2015.</p>

Scenarios of Dwelling Growth Summary to 2026

Scenario	Estimated Dwellings per year		
	2012 – 26		
	Option 'A' – CLG 2011	Option 'B' – CLG 2008	Average
Jobs-led (REM)	348	387	368
Migration-led (10 yrs)	301	337	319
Migration-led (5 yrs)	272	307	289
Dwelling-led (RSS)	280	280	280
SNPP-2010	247	282	265
Migration-led (10 yrs-X)	227	258	242
Migration-led (5 yrs-X)	202	233	217
SNPP-2012	196	228	212
Net Nil	130	151	140
Natural Change	62	101	81

Notes:

CLG: Department for Communities and Local Government (Household Projections)

Option 'A' – CLG 2011 based headship rates, with the 2011-26 trend continued after 2021

Option 'B' – CLG 2008 based headship rates, scaled to be consistent with the 2011 Census, but following the original trend thereafter

REM: Regional Econometric Model (for York, North Yorkshire and East Riding – Local Enterprise Partnership)

RSS: Regional Spatial Strategy for Yorkshire & the Humber (May 2008)

5 yrs: based on 2007/08-2011/12

10 yrs: based on 2002/03-2011/12

X: excludes 'unattributable population change'

SNPP: Sub-National Population Projections – produced by the Office of National Statistics (ONS)

Net Nil: migration is maintained but net migration balance is set at zero

HAMBLETON DISTRICT COUNCIL

Report To: Cabinet
2 September 2014

Subject: PUBLIC OPEN SPACE, SPORT AND RECREATION ACTION PLANS

**Bedale, Stokesley, White Horse, Rudby and Tanfield Wards
Portfolio Holder for Customer and Leisure Services: Councillor B S Fortune**

1.0 PURPOSE AND BACKGROUND:

1.1 The Council's policy is to endorse Public Open Space, Sport and Recreation Sub Area Action Plans to provide a more strategic and efficient process for allocating future Section 106 monies (see Annex A) either from Local Development Framework allocations or windfall sites.

1.2 The purpose of this report is to endorse the refreshed Public Open Space, Sport and Recreation Action Plan for Rudby.

1.3 The Council's policy states that each Action Plan must comply with the following:

- Ascertain what is already provided
- Consider public open space, sport and recreation projects that are included in the local Community or Parish Plan to identify existing need
- Includes consultation with community groups that manage public open space, sport or recreation facilities to identify future need
- Includes consultation with the District Council Elected Member(s) and the local Area Partnership
- Meet the obligations of Public Open Space, Sport and Recreation Supplementary Planning Document
- Is signed off by a Council Director

The Action Plan detailed in 1.2 meet this criterion.

1.4 Copies of the Action Plans detailed in 1.2 are available at Annex B.

2.0 LINK TO COUNCIL PRIORITIES:

2.1 This links primarily to the Health priority of the Council.

3.0 RISK ASSESSMENT

3.1 Risk has been considered as part of this report and there are no risks identified as a result.

4.0 FINANCIAL IMPLICATIONS:

4.1 The main method of delivery of Section 106 allocations is to passport external funding from developers to community groups. Funds will not be committed or released to organisations until the Council has received the monies from the developer.

4.2 Action Plans will be subject to 12 monthly reviews to determine progress to ensure that the projects are still relevant and viable.

5.0 LEGAL IMPLICATIONS:

5.1 There is a legal responsibility upon the Council to ensure this funding is used in a way consistent with the individual Section 106 Agreements.

6.0 SECTION 17 CRIME AND DISORDER ACT 1998:

6.1 Some of these projects have the potential to reduce crime and disorder through providing diversionary activity for young people.

7.0 EQUALITY/DIVERSITY ISSUES:

7.1 All projects in receipt of this funding should have equal access and be available for the general public to use.

8.0 RECOMMENDATION:

8.1 It is recommended that the Public Open Space, Sport and Recreation Action Plans in Annex B be endorsed.

DAVE GOODWIN

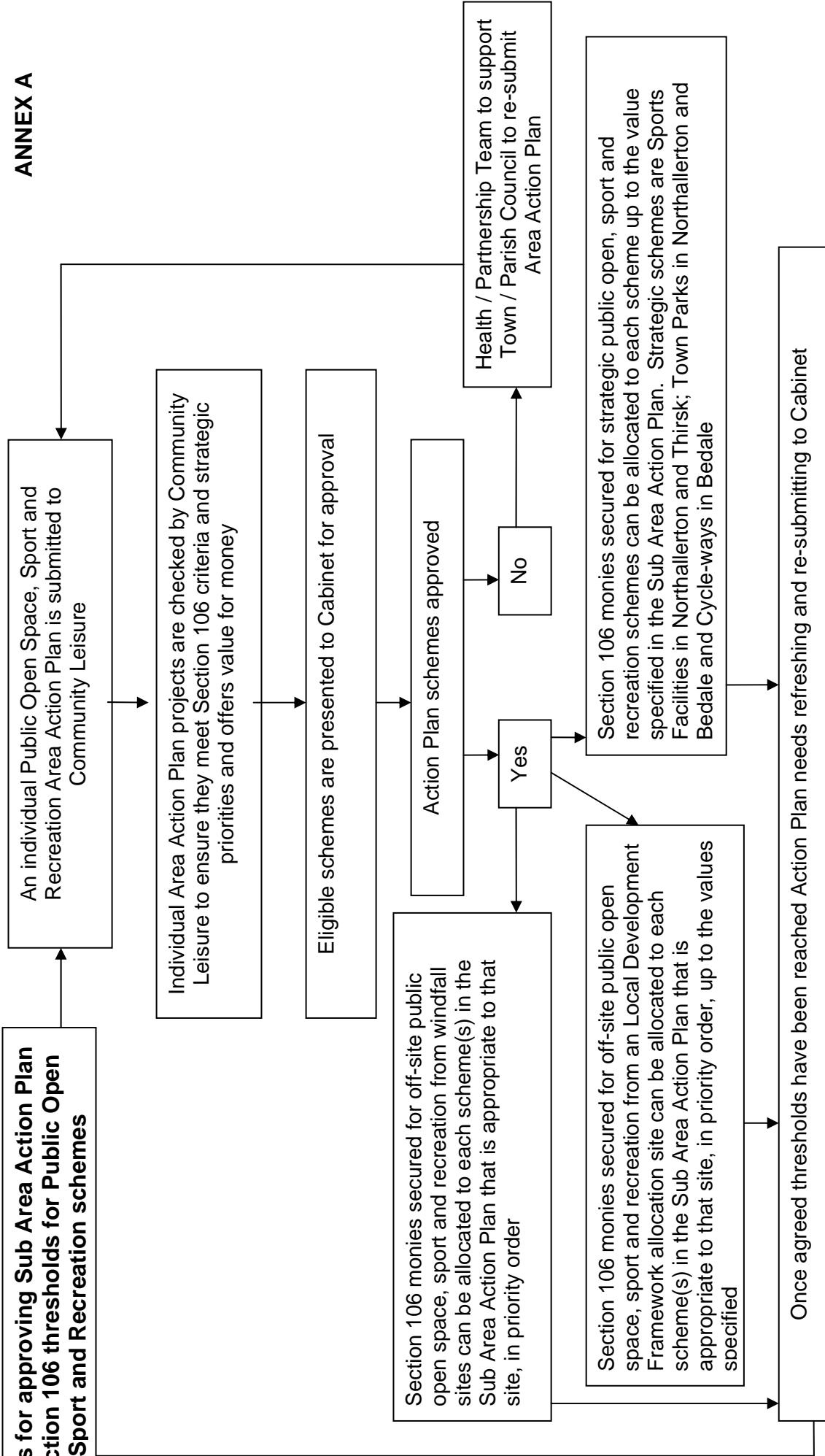
Background papers: Hambleton Local Development Framework – Open Space, Sport and Recreation Supplementary Planning Document

Author ref: DRG

Contact: Dave Goodwin
Director – Customer and Leisure Services
01609 767147

Process for approving Sub Area Action Plan and Section 106 thresholds for Public Open Space, Sport and Recreation schemes

ANNEX A



PUBLIC OPEN SPACE, SPORT AND RECREATION ACTION PLAN - RUDBY

What POS / Sport / Recreation facilities do you have already?	Managing organisation and contact details	Future actions	How do you know there is a need for this project?	Estimated cost (£)	Community Priority (1 = highest priority)
Public outdoor sport and recreation area	Rudby Parish Council	Provision of outdoor adult gym	Survey undertaken in summer 2013. It will promote health and outdoor activity	£10,000.00	1
Bowls Club	Hutton Rudby Bowls Club	Technet Acuspray-Pro Sprayer	Application from Bowls Club members	£700.00	2
Tennis Club	Hutton Rudby Tennis Club	Renew existing posts and nets	Condition of existing equipment deteriorating	£1,500.00	3
Cricket Club	Hutton Rudby Cricket Club	Fixed practice area netting	To enable more practice sessions to be held	£5,000.00	4
Fishing	Hutton Rudby Fishing Club	Improvements to river to improve conditions	Club members have identified the issues through their use of the river	£2,000.00	5
BMX Track	Rudby Parish Council	Renewal of surface	Refurbishment required due to extensive use by young people	£5,000.00	6

PUBLIC OPEN SPACE, SPORT AND RECREATION ACTION PLAN - WELL

What POS / Sport / Recreation facilities do you have already?	Managing organisation and contact details	Future actions	How do you know there is a need for this project?	Estimated cost (£)	Community Priority (1 = highest priority)
None					
	Well Parish Council	Develop infrastructure (access, fencing and seeding) to make a piece of land fit for purpose for a play area. And installation of play equipment	Feedback from parishioners during Parish Plan consultation	£30,000	1

PUBLIC OPEN SPACE, SPORT AND RECREATION ACTION PLAN – BAGBY AND BALK

What POS / Sport / Recreation facilities do you have already?	Managing organisation and contact details	Future actions	How do you know there is a need for this project?	Estimated cost (£)	Community Priority (1 = highest priority)
Two sports field	Bagby and Balk Village Society	Construction of an all-weather access road to sports field and footpaths	Multi-users of existing access	£9,6200	1
Play park	Bagby and Balk Village Society	Installation of drainage to enable all weather use	During wet periods children are unable to use the park as the ground becomes too soft	£2,000	2
Church Hall	Bagby and Balk Village Society / Parish Council / Bagby Play School	Re-develop and create a new Village Hall and Community Centre	Current hall very small but dilapidated used about 60% of sociable hours by play school, meetings, keep fit	£200,000	3
Football Club	Bagby and Balk Village Society / Parish Council / Bagby Football Team	Develop a sports field changing facility	Club unable to progress in the league as their facilities do not meet FA standards	£150,000	4

PUBLIC OPEN SPACE, SPORT AND RECREATION ACTION PLAN - HUSTHWAITE

What POS / Sport / Recreation facilities do you have already?	Managing organisation and contact details	Future actions	How do you know there is a need for this	Estimated cost (£)	Community Priority (1 = highest priority)
Village Greens	Broadacres Housing and Husthwaite Parish Council	None required			
Recreation Area – MUGA; children's play area; adventure area; fitness trail; pavilion	Husthwaite Parish Council and Recreation Committee	None required			
Husthwaite Village Hall	Husthwaite Village Hall Committee	Landscaping around the new village hall to include installation of raised beds, creation of paths and supporting handrails	Community surveys	£6,200	1

PUBLIC OPEN SPACE, SPORT AND RECREATION ACTION PLAN – BEDALE (REFRESH)

What POS / Sport / Recreation facilities do you have already?	Managing organisation and contact details	Future actions	How do you know there is a need for this project?	Estimated cost (£)	Community Priority (1 = highest priority)
Multi-sports Club; Football Club; Leisure Centre; Floodlit pitch; public open space; play areas; allotments					
Bedale Football Club	Bedale Junior Football Club	21' x 7' Goal Posts	FA development has demonstrated that upper teenage football, whilst 11v11 like adults, benefits from a smaller goal size and these are required for our club.	£2,600	1
Football Club	Bedale Junior Football Club	Purchase additional land to create more pitches - Securing a further 5 acres would secure us for future growth and one off opportunity is available until Feb 2015.	The club has grown (now has 14 teams). Fixture congestion is occurring and reliance on Bedale High School who do not operate football pitches throughout the season.	£75,000	2
Multi-Sports Club	BASA	Car park improvements	Currently not fit for purpose with increasing new members	£20,000	3

What POS / Sport / Recreation facilities do you have already?	Managing organisation and contact details	Future actions	How do you know there is a need for this project?	Estimated cost (£)	Community Priority (1 = highest priority)
Multi-Sports Club	BASA	Clubhouse improvement programme	Clubhouse conditions do not meet NGB standards	£58,000	4
Football Club	Bedale Junior Football Club	Extend clubhouse and car parking provision	Longer term provision to meet the growth of the club. Additional changing rooms to accommodate girls, extended car park. The current clubhouse is modular so can be added to as needed and planning is already in place.	£90,000	5
Football Club	Bedale Junior Football Club	Fencing scheme to wire fence the perimeter and fencing across land to separate pitches from the clubhouse.	To improve ball retrieval and to create a clear distinction of where a ball can and cannot be kicked meaning less damage and giving coaches/parents a clear instruction to the children.	£10,000	6
Football Club	Bedale Junior Football Club	Shelter areas	To encourage parents to watch the game during inclement weather to help retain community involvement and volunteering	£3,000	7
Football Club	Bedale Junior Football Club	Landscaping equipment	Strimming equipment and recycling bins to improve the environment of the site	£420	8
Football Club	Bedale Junior Football Club	Install floodlighting to maximise use of land	To address capacity issues in training at Leisure Centre over the winter. Purchasing portable floodlighting is a lower cost, simpler and flexible option.	£3,400	9

What POS / Sport / Recreation facilities do you have already?	Managing organisation and contact details	Future actions	How do you know there is a need for this project?	Estimated cost (£)	Community Priority (1 = highest priority)
Other public space	Sustran's	To contribute to the provision of a cycle route between Leeming Bar and Bedale.	Identified by the Bedale and Villages Community Forum as one of the key targets for the continuing development of the town and has been supported by the Town Council.	£166,000 (£86,162.72 S106 allocated to date)	10
Other public space	North Yorkshire County Council	To provide a town centre feature area to the front of the post office, Market Place	Identified by the Bedale and Villages Community Forum as one of the key targets for the continuing development of the town and has been supported by the Town Council.	£150,000	11

PUBLIC OPEN SPACE, SPORT AND RECREATION ACTION PLAN – STOKESLEY (REFRESH)

What POS / Sport / Recreation facilities do you have already?	Managing organisation and contact details	Future actions	How do you know there is a need for this project?	Cost (£)	Community Priority (1 = highest priority)
Football Club	Stokesley Junior Football Club	Upgrading of portacabins – including toilets and connection to the power mains	Feedback from parents and young people	£3,000	1
Cricket Club	Stokesley Cricket Club	Grounds machinery (mower, water remover and aerator)	Feedback from users	£9,800	2
Football Club	Stokesley Junior Football Club	Grass cutting machinery	Feedback from users and grounds people	£15,000	3
Cricket Club	Stokesley Cricket Club	Cricket practice nets	Feedback from users	£3,000	4
River Leven public open space	River Leven Group	To improve river area	Consultation has taken place	£20,000	5
Under 5 play areas – Tameside Estate Northfield Drive	Stokesley PC	Upgrade play area	Consultations with local residents	£20,000	6
Cycleways – current provision minimal	Stokesley and Villages Community Regeneration Group	To develop a cycle link between Stokesley and Great Ayton, incorporating the Industrial Estate	Public consultation and discussions with Sustrans	£500,000	7
Leisure Centre and floodlit pitch	Hambleton District Council	To extend current car parking provision	Comments from customers – existing parking provision inadequate	£150,000	8
Under 5 play area – Tameside Estate Fairfield Road	Stokesley PC	Upgrade play area	Consultations with local residents	£20,000	9

What POS / Sport / Recreation facilities do you have already?	Managing organisation and contact details	Future actions	How do you know there is a need for this project?	Cost (£)	Community Priority (1 = highest priority)
Football Club	Stokesley Junior Football Club	Changing facility	Future aspiration to meet future demands based on housing developments	£40,000	10
Under 5 play area – Tameside The Paddocks	Stokesley PC	Upgrade play area	Consultations with local residents	£20,000	11
Leisure Centre and floodlit pitch	Hambleton District Council	To update and increase playing surface to meet national governing body standards	Feedback from users and national governing bodies	£400,000	12