

# Public Document Pack

**HAMBLETON**  
DISTRICT COUNCIL

## AGENDA

Committee Administrator: Democratic Services Officer (01609 767015)

Monday, 24 August 2015

Dear Councillor

### NOTICE OF MEETING

Meeting           **CABINET**

Date               **Tuesday, 1 September 2015**

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 7 July 2015 (CA.7 - CA.18), previously circulated.

2. APOLOGIES FOR ABSENCE

Issues Arising from Scrutiny

3. ANNUAL REVIEW 2014/15 REPORT

1 - 20

This report seeks consideration of a recommendation from Scrutiny Committee in respect of the Annual Review Report for 2015.

In accepting the recommendation, Cabinet will consider the contents of the Annual Review Report 2014/15 prior to publication.

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

Resources Management

4. 2015/16 QUARTER 1 REVENUE MONITORING REPORT

21 - 28

This report provides an update on the revenue budget position of the Council and the reserve fundst at the end of June 2015.

In accepting the recommendations, Cabinet will approve and recommend to Council the budget increase at paragraph 3.2 of the report by £585,060 to £7,503,340; the budget movements at paragraph 3.10 of the report of £262,430 which overall have nil effect on the budget which are in accordance with the Council's financial regulations and the allocation from the one-off fund at paragraph 6.5 of the report of £44,269.

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

5. 2015/15 QUARTER 1 CAPITAL MONITORING AND TREASURY MANAGEMENT REPORT

29 - 50

This report provides the Quarter 1 update at 30 June 2015 on the progress of the Capital Programme 2015/16 and the Treasury Management position. A full schedule of the Capital Programme 2015/16 schemes is attached at Annex 'A' of the report, together with the relevant update on progress of each scheme.

In accepting the recommendations, Cabinet will approve and recommends to Council the net increase of £796,579 in the Capital Programme to £41,026,866 as detailed in Annex 'B' of the report and also in the Capital Programme attached at Annex 'A' of the report; the increase of capital expenditure is funded from earmarked reserves at £1,336,579, where £952,079 is funded from capital receipts, £374,500 from the Economic Development Fund and £10,000 from the Computer Fund; the increase of capital expenditure £385,000, funded from external contributions; the funding allocation to the Capital Programme as detailed in paragraph 3.1 of the report; that temporary short term borrowing can occur if the need arises, in relation to the investment in the loan to Broadacres in order to assist in the Treasury Management of the Council's cash flow as detailed in paragraph 5.4 of the report and the Treasury Management and Prudential Indicators at Annex 'E' of the report.

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

6. COUNCIL PLAN 2015-2019 51 - 70
- This report seeks approval to a new Council Plan.
- In accepting the recommendation, Cabinet will approve and recommend to Council the new Council Plan.
- Relevant Ward(s): All Wards**
7. NORTH NORTHALLERTON GROWTH DEAL 71 - 78
- This report provides information on the current position with the Local Growth Deal funding secured from the Local Enterprise Partnership (LEP); the current position of the North Northallerton development; the potential risks to delivery and seeks approval to sign the funding agreement with the LEP.
- In accepting the recommendations, Cabinet will agree to enter into the funding agreement with the LEP to secure the £6m Local Growth Deal monies for the NNDA Link Road and Bridge subject to a legal agreement with the Developer Consortium that acceptably mitigates the financial risk to the Council and the Chief Executive, in consultation with the Leader of the Council, being satisfied that the developers are able to deliver the project.
- Relevant Ward(s): All Wards**
8. COMMUNITY INFRASTRUCTURE LEVY - CONTRIBUTIONS TOWARD THE NORTH NORTHALLERTON INFRASTRUCTURE SCHEMES 79 - 86
- This report identifies and recommends the amount of CIL receipts to be dedicated towards the prioritised CIL funded infrastructure schemes for North Northallerton as set out in the Regulation 123 List (Annex 'A').
- In accepting the recommendations, Cabinet will approve that the CIL from the planning application for the North Northallerton Development be made "in kind" through the construction of the Link Road and Bridge up to the value of the shortfall in funding subject to the Council agreeing to accept "in-kind" contributions; any CIL remaining after the contribution to the Link Road and Bridge be paid as a financial contribution and put towards the primary school and sports village; a significant proportion of all available CIL receipts (excluding the current North Northallerton application) made to the Council in the period 7 April 2015 - to 31 March 2018 (to a maximum of £2 million) be allocated to the North Northallerton Primary School and Sports Village and there be an annual review (or as required) of these CIL funding arrangements to ensure that they remain appropriate.
- Relevant Ward(s): All Wards outside the North York Moors National Park**
- Policy Implementation
9. SIZE, TYPE, TENURE AND QUALITY OF NEW HOMES SUPPLEMENTARY PLANNING DOCUMENT ADOPTION 87 - 136
- This report concerns the adoption of the Size, Type and Tenure of New Homes Supplementary Planning Document (SPD). Annex 'A' of the report contains the amended version of the SPD following public consultation.
- In accepting the recommendation, Cabinet will approve and recommend to Council that the revised SPD be adopted and that the need to review the SPD is considered following completion of the Strategic Housing Market Assessment and the publication of any new government guidance regarding Starter Homes.
- Relevant Ward(s): All Wards**

10. BUSINESS IMPROVEMENT DISTRICT 137 - 144

This report seeks approval of the process for the establishment of a Business Improvement District and provides information of the roles and responsibilities as defined by The Business Improvement District (England) Regulations 2004.

In accepting the recommendation, Cabinet will approve and recommend to Council the process for establishing a Business Improvement District and the charging mechanism set out in paragraph 5.1 of the report.

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

11. DALTON BUSINESS IMPROVEMENT DISTRICT (BID) 145 - 148

At Cabinet on the 7 July 2015, the Authority agreed to offer a secured loan of up to £1.5m on commercial terms to the businesses at Dalton for the purpose of financing the Dalton Highway and Bridge Scheme and repaid for through business rates growth. This report seeks approval for the Dalton Industrial Estate Business Improvement District (BID), seeks agreement that the £1.5m loan is funded from the Economic Development Fund Reserve and seeks approval for expenditure from the Economic Development Fund to cover the cost of legal fees in setting up the loan agreement.

In accepting the recommendations, Cabinet will approve, subject to the Council adopting a policy in relation to BIDs, that the principle of establishing the Dalton Bridge Business Improvement District is approved; the Council waives the administration charges to collect the new BID levy; the BID ballot be run by Election Services; the loan of up to £1.5m is funded from the Economic Development Fund; and the legal costs associated with the loan agreement of approximately £20,000 are funded from the Economic Development Fund.

**Relevant Ward(s): Sowerby and Topcliffe**

12. EXCLUSION OF THE PUBLIC AND PRESS

To consider passing a resolution under Section 100A(4) of the Local Government Act 1972 excluding the press and public from the meeting during consideration of item 13 on the grounds that it involves the likely disclosure of exempt information as defined in paragraphs 1 and 3 of Part 1 of Schedule 12A to the Act.

13. LAND AT GALTRES CENTRE, EASINGWOLD 149 - 152

This report provides an update on the current position regarding land at the Galtres Centre, Easingwold.

**Relevant Ward(s): Easingwold**

## **HAMBLETON DISTRICT COUNCIL**

**Report To:** Cabinet  
1 September 2015

**Subject:** **ISSUES ARISING FROM SCRUTINY COMMITTEE**

All Wards  
Leader of Council: Councillor M S Robson

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

1.1 This report seeks consideration of a recommendation from the Scrutiny Committee in respect of the Annual Review Report for 2014/15.

### **2.0 PERFORMANCE MONITORING**

2.1 The Scrutiny Committee has received quarterly reports in relation to performance monitoring of the Council's Services.

2.2 At the Committee's meeting held on Thursday, 9 July 2015, the Committee considered a report in relation to the Annual Review 2014/15 – Hambleton Highlights, a copy of which is attached as an annex to this report.

2.3 The Committee endorsed the report and recommended that the report should also be submitted to Cabinet to give Cabinet an opportunity to consider the contents of the report prior to publication.

### **3.0 DECISIONS SOUGHT:**

3.1 Cabinet is asked to consider the comments and the recommendation of the Scrutiny Committee.

### **4.0 RECOMMENDATION:**

4.1 That Cabinet consider the contents of the Annual Review Report 2014/15 prior to publication.

JUSTIN IVES

**Background papers:** Scrutiny Committee report, 9 July 2015

**Author ref:** LAH

**Contact:** Louise Hancock  
Democratic Services Officer  
Direct Line: 767015

**HAMBLETON**

**DISTRICT COUNCIL**

**Hambleton**

**Highlights**

**ANNUAL REVIEW**

**2014-15**

## THE HAMBLETON YEAR IN REVIEW

The Annual Review gives an overview of how Hambleton District Council ('HDC', 'the Council') performed during the 2014/15 financial year, summarising our progress and highlighting significant local outcomes.

As we look back at how far we've come this year, it's also a good time to assess where we are now and what lies ahead for the coming year in Hambleton.

### Our Vision

Hambleton - a place to grow, be happy, be healthy, be prosperous

A quick look at some of the features of Hambleton life reminds us of the unique mix of characteristics we often take for granted, that make this region such a lovely place in which to live, work and holiday.

#### Lifestyle

- named after the Hambleton Hills, nestled in the heart of rural Yorkshire between the Moors and the Dales National Parks, a wonderful living, working and holiday environment
- covers 506 square miles, of which 485 square miles are green space
- a total population of 89,600, with a density of just 180 people per square mile - compare this with Scarborough with 340 or Greater London with 13,870 per square mile.
- above average health and life expectancy, below average deprivation

#### Business

- excellent rail and road transport links
- accommodation, food services manufacturing & distribution networks
- forestry & fishing opportunities
- established food & drink manufacturing

#### Economy

- booming rural economy of £1.54bn
- 54,800 working age population with low unemployment at 5%
- 3,650 enterprises in 31 different employment sectors
- some major employers and a strong self-employed and micro-business base

#### Meeting the Challenge

In common with other authorities HDC experienced a period of considerable change during 2014/15 as we addressed the complexity of the challenges brought about by a shift towards greater local authority responsibilities, within a difficult economic climate.

Irrespective of these considerations however, our citizens continue to need co-ordinated services which remains our focus. Our unique rural location and particular local advantages provide a more solid base on which to build and develop than many other regions.

Recognising that, to achieve continued growth we must do things differently, we looked beyond traditional boundaries for smarter, more efficient ways to deliver the services our community needs. We began with a wide-ranging operational restructure which reshaped the organisation, achieving significant savings.

<p><b>Restructure</b></p> <p>Reshaping the organisation has helped to deliver significant cost savings this year, and into the future.</p>	<ul style="list-style-type: none"> <li>▪ <b>Achieved cost savings £500,000</b></li> <li>▪ <b>Business Rates Pool £174,000</b></li> <li>▪ <b>Reduce Councillors from 44 to 28</b></li> </ul>
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Council also took the opportunity to refresh its Business Plan for the 2014/15 year, carefully balancing streamlined resources to focus on outcomes that meet the needs of the Hambleton community. As we redesigned our operations, so we reviewed the way we work, developing a strategy to deliver.

<p><b>Priorities</b></p> <p>Operational priorities were identified in order to achieve our vision.</p>	<ul style="list-style-type: none"> <li>▪ <b>Providing Customer Excellence</b></li> <li>▪ <b>Driving Economic Development</b></li> <li>▪ <b>Promoting Health and Wellbeing</b></li> <li>▪ <b>Improving Waste and Recycling</b></li> <li>▪ <b>Delivering Services for a Changing Population</b></li> </ul>
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A review of these priority areas below will illustrate what we've managed to achieve during the year.



## CUSTOMER EXCELLENCE

At Hambleton we put our customers first. The facilities we provide, the staff we employ, the programmes and initiatives we run are all designed with a single aim: to give our customers the best possible quality, value for money services.

The Customer Service Unit (CSU) based at Civic Centre also manages our satellite centres in Stokesley and at Easingwold, helping a considerable number of our residents every day.

Personal customers visiting us this year totalled **55,273** and our contact centre took **88,244** telephone calls. July saw a new peak with 9,547 telephone calls through our main contact centre in that single month.

Our Customer Service Strategy ensures we listen to our customers, whether individual residents or local businesses, always with fairness, equality and respect.

We do our absolute best to keep you waiting as little as possible, we wear name badges so you know who you've been speaking with, and we offer a wide range of written information in various formats. If we can't help you then we try to find someone who can.

All this is fundamental to the way we operate at Hambleton but we also ask for your feedback to help us know whether we're getting it right, or if we could do a little better.

### Satisfied Customers

All callers are offered the opportunity to leave feedback and Civic Centre visitors are encouraged to use the touch panel in the foyer. Your comments are forwarded to our service managers and often provide helpful suggestions for service improvements.

During 2014/15 a total of 15,851 customers provided feedback with **90% face to face** and **99% telephone** customers rating the service at the highest level, keeping customer satisfaction levels at HDC consistently high.

As well as this, the GovMetric system records feedback ratings from over 70 authorities and our customer services has appeared in the 'face to face' sector top five, 16 times since July 2013 and the top ten on 18 occasions for our telephone service.

### New website

The customer experience is at the heart of everything we do at HDC, and a major part of this involves providing information. Our website received some **871,426 page views** this year and, responding to rising customer expectations and technological advances, we are in the process of overhauling this valuable resource.

A new website is being designed to provide residents with instant access to the information and guidance they need in a clear, easy to navigate design.

The new site will be launched in July 2015 offering a range of eForms, increasing electronic payment options, embedded maps of such useful data as air quality monitoring, listed buildings, licensed boarding establishments and a host of other useful information.

## **ECONOMIC DEVELOPMENT**

The economic downturn was brought into sharp focus locally with the closure of some large employers such as HM Prison and the Rural Payments Agency as well as continuing job cuts at NYCC all of which directly affect Northallerton in particular, and the wider district generally.

To help redress these pressures one of the Council's key focus areas this year has been introducing a number of measures to give the authority a more 'business friendly' approach, determined to build strong relationships with our businesses and ensure our market towns and rural areas thrive.

### **BUILDING THE FUTURE**

HDC initiated and invested in some major projects during the year to support growth in the region through a programme of sustained development.

#### **Major Cash Injection**

Demonstrating its commitment to economic growth and regeneration, the Council has earmarked a massive **£10 million** to boost the future economy of Hambleton over the next 10 years. These funds will be invested into the district as part of plans to help existing businesses, bring in new organisations and reduce unemployment levels.

#### **Economic Strategy**

This investment will also support the delivery of the authority's new 'Hambleton – a place to grow' economic strategy, adopted in December 2014. The strategy is the result of a lengthy independent study commissioned to establish what is needed to sustain the area's economic future, combined with extensive consultation with local businesses, the York, North Yorkshire and East Riding Local Enterprise Partnership, the Federation of Small Businesses and local community groups.

Focusing on the next 10 years, the economic strategy targets current business activity to evolve the market towns, boost rural businesses and invest in the infrastructure needed to make this happen. Boosting businesses in this way will also generate more house building and leisure needs.

Projects will include a new railway bridge for Northallerton, new car park in Bedale and a road bridge for Dalton, as well as the redevelopment of central Northallerton and a local plan for each of our market towns.

The amount of money needed to undertake such major schemes is considerable and Council is also actively engaged in accessing the wide range of grants and external funding schemes to further ensure delivery of these and other projects.

#### **Community Infrastructure Levy (CIL) funding**

Hambleton is introducing the new government system for raising funds to create the required infrastructure that comes with new developments.

The Community Infrastructure Levy (CIL) charged on new buildings and extensions from 1 April 2015 will help pay for infrastructure improvements such as roads, parks and health provision necessary to support the new developments.

#### **Local Development Plan**

The Local Development Framework or LDF is the regional spatial planning strategy for which HDC is responsible. A selective review of the LDF was completed this year and we

developed revised supplementary planning documents on Affordable Housing, Housing and Sustainable Development and the Size, Type and Tenure for new properties.

The Council is proceeding with the full review and is evaluating the scope and resources needed to achieve this.

## Market Towns

Our market towns are a particular emphasis for us as they form the hub of their own part of Hambleton, and we're especially pleased to have been involved in some important developments this year:

- **Bedale** is celebrating the revamp of its leisure centre; improvements included refurbished changing rooms and a new pool filtration system.
- **Easingwold** now has free wi-fi available in the market place thanks to the involvement of local business, tourist information centre, the Town Council and an investment of £1,500 from HDC to install the equipment.
- **Northallerton** gained a new station platform thanks to the Wensleydale Railway Association and a £40,000 HDG grant. The railway takes commuters and visitors between the town and the Dales and links with main line services.
- **Stokesley** hosted the inaugural Business Network meeting covering free wi-fi for the town and closer working with Darlington college and Teesside University.
- **Thirsk** businesses on the Industrial Park have received a higher profile thanks to a new bespoke website

## BUSINESS ENGAGEMENT

Whilst driving growth through a strong programme of business engagement, HDC also helps local businesses thrive by funding apprenticeships and internships, running business networking and information workshops and improving employment opportunities.

### Business Centres

HDC manages three business centres to help local businesses get off the ground and thrive.

Evolution Business Centre in Northallerton offers a combination of modern flexible office spaces for new and young businesses, with state of the art conference and meeting rooms and access to a range of on-site support services. The centre can cater for groups of all sizes to meet the needs of a business at whatever stage – be it a new start-up or a growing business demanding larger premises. Facilities are available for hire to both tenants and non-tenants, and virtual office services are available for businesses not quite ready to move into permanent premises.

Springboard Business Centre in Stokesley also welcomes new and young businesses, primarily in the high tech, creative and knowledge based sectors offering fully serviced office space, virtual offices, meeting rooms and more.

Momentum is located adjacent to Springboard and offers high spec office accommodation for lease. Suites vary in size and each has its own toilet and kitchen facilities.

### Business Networks

The Council connects directly with people actively engaged in running local businesses through a dynamic programme of events throughout the year.

- **Lunch & Learn:** regular lunches with a speaker on topics offering practical advice in a relaxed networking environment. Some 115 people attended

sessions this year on such varied topics as HR, employment law and working with social media.

- **Strategic Business Forum Conference:** three keynote speakers addressed a diverse range of exhibitors including Jobcentre Plus, Swale Home Improvement Agency and the World of James Herriot.
- **First Monday Network Group:** an informal network of local businesses meets in Northallerton on the first Monday of every month. HDC supported the initiative by hosting the November event at Evolution Business Centre.

### Apprenticeships and Internships

To be successful, businesses need skilled staff which is another vital area that the Council supports financially through two initiatives:

- **Graduate funding programme:** HDC has committed £50k a year for three years in a scheme with Teesside University to support up to 15 graduates a year to find jobs. Businesses grants of up to **£5,000** are available for small to medium sized businesses to use independently, or alongside Teesside University's graduate programme which can provide an additional £3,999. Funds can be used to extend the period of support for graduates and essential equipment.

Since its launch the scheme has supported 17 businesses potentially leading to the appointment of 22 graduates. The first successful graduate was appointed in March 2015.

- **Apprenticeship funding:** our 'Changing Lives Building Business' initiative in conjunction with the Job Centre and National Apprentice Scheme, helps small local businesses take on apprentices. The **£2,000** grant is for 16- 24 year olds living in Hambleton, with supporting funds for essential tools or training.

This year, 30 apprentices were hired and 44 businesses approved for grant funding.

### Local Enterprise Partnership

The Local Enterprise Partnership's (LEP) offers grants up to £1m for businesses looking to grow and create jobs. Working with the partnership to identify suitable applicants, Hambleton benefitted from a grant of **£1,311,198**, the highest amount in the area, and also the most jobs created at 145.

### Business Awards

An innovative Business Awards scheme was launched this year to showcase and celebrate the range and diversity of businesses in the area. Residents were invited to nominate a business or individual worthy of recognition and awards were presented in nine categories: Apprenticeship Champion, Community Contribution, Local is Best, Innovation, Supporting Entrepreneurs, Engaging Young Minds, Hambleton Champion, Learning & Development and Best Dressed Windows.

### Business Roundup

Launched in February 2015 this new bi-monthly publication aimed exclusively at the Hambleton business community will keep local firms abreast of new opportunities and funding streams, as well as the authority's plans to support economic growth in the district. The newsletter will be published by email and on the Council's website for easy accessibility by the whole community. Residents are invited to contact the council to join the mailing list or submit articles for inclusion in future editions.

## HEALTH & WELLBEING

Council is committed to improving the health and wellbeing of people in our community with a broad range of initiatives and activities at our leisure centres, and through a dynamic platform of community programmes.

### LEISURE CENTRES

As well as being aimed at the general community, some programmes are tailored to particular groups such as younger people, 60+ age range, those with disabilities or specific health concerns, or who live in a specific area or neighbourhood.

#### Quest for Success

Hambleton's four leisure centres in Northallerton, Stokesley, Bedale and Thirsk received the seal of approval from Sport England's national quality scheme – Quest. This is the UK quality scheme for sport and leisure that defines industry standards and a great way to demonstrate the quality of our leisure centres.

Assessed against the 'Quest Plus' upgrade criteria, Bedale, Hambleton and Stokesley leisure centres were all rated as 'good'.

Thirsk & Sowerby leisure centre joined an elite group of just 10% of centres nationwide rated 'excellent', a fantastic achievement.

#### Take That Step

Launched in June, this new lifestyle service offers district residents age 18+ and referred by a health professional, access to a tailor-made programme of exercise & lifestyle workshops.

The programme is free to individuals who commit to the 12-week programme and attend follow-up 6 and 12 month assessments. Since its launch, the scheme has proved extraordinarily successful with over 300 residents being referred and will continue into next year.

#### Learn2

Our leisure centres have introduced the 'Learn2' course management system enabling swim teachers to record student progress poolside. As the scheme is rolled out parents will also be able to instantly access the information online to help them see how their children are progressing.

#### Bike Ability

Hambleton Leisure Centre hosted this hugely successful event on the astro turf pitch to encourage involvement in physical activity for those with disabilities, 55 people aged from 6 to 70 came along, some with their own bikes, others taking advantage of the variety of adapted bikes provided including recumbent, hand cranks, tricycles & wheelchair transporters. The BBQ afterwards supplied by Breathing Space and Mencap was a great chance to socialise and relax after a hard day's cycling.

#### Multi Sports Club

A new course of sports sessions aimed at encouraging disabled people to become more physically active, meets every week offering a variety of sports for all ages and abilities. Activities include kwik cricket, boccia, dodge ball and as special multi-sport challenge! All sessions are wheelchair friendly and parents, carers and guardians are welcome to attend.

## COMMUNITY COHESION

A crucial part of our role in providing essential services is to promote and support cohesive community activities. We do this by initiating and funding a broad range of activities, programmes and events.

### Grants & Funding

Community and voluntary groups across Hambleton have been encouraged to take advantage of the Council's Investing in Community grant scheme, and the Community Grants programme.

'Investing in Community' offers two distinct capital funding strands: 'Supporting Area Action' offering up to £3,000 towards local projects and the 'Asset Transfer' fund assists community organisations to manage non-operational assets such as play areas and historic monuments.

The Community Grants programme offers up to £5k for projects that help the Council meet its priorities.

Some of the community projects we've helped this year include:

- Kildale – refurbished memorial shelter
- Husthwaite – village hall black-out blinds
- Stroke Forward – Northallerton based volunteer support group
- Wheels 2 Work – helps young people access work and learning opportunities
- Hambleton Strollers – 'walking to health' initiative
- Community Car Schemes in Bedale, Easingwold, Northallerton, Stokesley & Thirsk
- Community Care Associations in Easingwold, Stokesley and Thirsk
- Hutton Rudby Playgroup – wooden fort and slide

### Community Awards

The second HDC Community Awards celebrated local unsung heroes at a ceremony in March hosted by Star Radio's Antony Collins. Awards were made in ten categories including: Services to Young People, Older People and those with Disability, Arts & Culture, Green and Environmental, Community Project, Community Group, Young Citizen, Citizen of the year.

Tom Maddison was voted the Peter Davison Community Champion of the Year, still running errands and helping friends and neighbours in Great Ayton at 82 years of age.

### Tour de Yorkshire

In July 2014, Hambleton leapt to the forefront of global affairs as the world's biggest sporting event came to Yorkshire. The 101<sup>st</sup> Tour de France ran two stages of its Grand Depart over 5<sup>th</sup> and 6<sup>th</sup> July, the first covering 190km of countryside and passing through the tiny Hambleton village of West Tanfield.

In the preceding months the whole district was immersed in preparations to mark the largest single event ever to visit the region. HDC ran a series of 'Countdown' cycling related challenges, hosted five 'Sky Rides' along the routes, and worked closely with the West Tanfield Fund setup to organise the community for the big day.

The famous 'caravan' of around 250 promoters' vehicles complete with their own radio technicians, breakdown and medical crew and six elite gendarmerie motorcyclists rode through the tiny village first, followed by 198 riders from 22 cycling teams travelling at incredible speeds.

Blessed with glorious sunshine around 3.5 million people lined the route across the two days. West Tanfield, population 532, welcomed 12,000 people to a massive party with acres of bunting, hot air balloons, funfair, big screens and events.

Acting as event co-ordinator our team of 27 staff and volunteers managed emergency planning, security, first aid and we even provided vehicles with street cleaners to sweep the race road in the early morning and clean up afterwards, making sure the day passed without incident.

Making the day even more special the astonished crowds were treated to a surprise Royal visit as the Duke and Duchess of Cambridge and Prince Harry dropped in to the village, spending an hour talking to people, meeting local children and astonished visitors.

Acting as 'event co-ordinator', our team of 27 staff and volunteers managed emergency planning, security, first aid and we even provided vehicles with street cleaners to sweep the race road in the early morning and clean up afterwards, making sure the day passed without incident.

A uniquely memorable occasion for everyone involved, and a priceless snapshot of our beautiful home for the 3.5 billion viewers watching around the world.

## WASTE, RECYCLING & ENVIRONMENTAL HEALTH

Our Waste and Street Scene service encompasses all aspect of household waste collection, recycling, street cleansing and environmental health services.

### WASTE SERVICES

A less glamorous but equally essential part of our service to the community is providing an efficient waste collection service which meets residents' needs and encourages recycling.

The existing recycling contract ends in January 2016 and we have taken this opportunity for a major review of how we carry out household waste and recycling. A new strategy is in development encompassing:

- consultation to ensure we have a service that improves the service to our customers
- a review of waste collection rounds and the kerbside recycling service
- procurement of improved waste vehicles

### Kerbside Collections

To ensure the service will be fit for the future, our review will not only look at the existing collection rounds but will also take into account the planned development of new homes in the district. The scale of the operation is illustrated by the number of bins collected which this year rose to **57,700 each week** and will inevitably keep rising.

### Recycling

HDC actively promotes recycling with over **6,000 tonnes** of recycled household waste collected this year. The waste services review includes a close look at the materials we collect, the vehicles used to collect it, the containers we provide and ways to make it easier to recycle.

Residents are encouraged to recycle at every opportunity – even whilst visiting the gym! New recycling bins for cans and plastic bottles were placed outside the leisure centres in Northallerton, Bedale, Thirsk and Stokesley.

### Home Composting

HDC is part of the North Yorkshire Waste Partnership and offers subsidised low cost bins, in two sizes, to encourage home composting. 90 Hambleton residents took advantage of this offer during the year.

We also ran a competition to win one of four 'green johanna' garden composters – with a difference. Worth over £100 the device not only accepts traditional garden waste but also cooked and uncooked food including dairy produce, vegetable peelings, bread, meat and even bones.

In total we composted over **10,000 tonnes** of waste during the year.

### Fly-tipping

Ever wondered what our crews get up to during the winter months when green waste collections are suspended? Well this year they tackled a growing amount of waste littering roadsides across the district. The verges and laybys were cleared of an astonishing **900 sacks** of rubbish, not to mention mattresses, TV sets, settees, vehicle parts and tyres.

Known as fly-tipping, this type of littering not only pollutes the countryside but costs a considerable amount to clear away. HDC is determined to crack down on fly-tipping and asks residents to help by calling us with information on incidents they come across.



There is never any need to dump unwanted items on the roadside as we offer special collections for large items and there are 20 recycling centres located throughout the district.

### **Dog Warden**

The Council employs a dog warden who deals with lost and found dogs, noisy dogs and dog fouling.

The warden responds to reports of stray dogs during working hours, and aims to reunite it with its owner. Dangerous dogs must be reported to the Police.

The dedicated warden also patrols the district working with local communities as part of a **£40,000** purge on dog fouling hotspots. Incidents of dog fouling are one of the top complaints we receive from members of the public. The service had been outsourced but bringing it back in house we hope to see an increase in fines imposed and consequent decrease in complaints.

Dog waste bins are provided throughout the district and owners failing to clean up after their pet are guilty of an offence which attracts a fixed penalty of £50.

### **ENVIRONMENTAL HEALTH**

This part of our work aims to maximise the protection of people's health and the prevention of ill effects of the environment. We involve our customers in order to understand their needs, listening to and incorporating their views on a vast range of issues from reviewing planning applications, animal welfare licensing, private water supplies, traveller caravans, taxi and late night alcohol licensing, to pest control, food hygiene inspections, local air quality control, and cosmetic piercing hygiene.

Our team of officers also provide guidance and information for residents on issues such as smoke and alcohol consumption, and indoor air pollution. Some developments during the year include:

- Northallerton late-night takeaway owner fined £2,000 for running his business without a license
- Private Water Supplies open day for residents and businesses addressed over 150 people at Thirsk Auction Mart with presentations by Public Health England, Drink Water Inspectorate and HDC.
- Gained grants to help fund specific services such as coaching to help businesses improve their higher food hygiene rating
- Advised farmers on open storage of animal fertiliser to reduce fly infestations in rural areas
- Energy Performance Certificate (EPC) advice to help tenants make informed decisions before choosing a property to rent.

## **SERVICES FOR A CHANGING POPULATION**

Working closely with our citizens, particularly during times of austerity, allows the Council to fine-tune and prioritise services based on actual needs.

In this way, emerging trends such as the ageing population and increased life expectancy lead to recognition of the role of older people and their important, yet often invisible, contributions to society – from caring for grandchildren to mentoring future business leaders.

Demographic projections also show an increasingly diverse constituency, especially among the younger generation. Council is ready and able to include these new citizens and voices in the fabric of our society.

### **Communication**

Not only must our services be targeted to community needs, but the community must be able to access those services. We constantly review the range of access opportunities we provide to ensure choice, speed, ease and convenience through clear, easy to understand information on a large range of issues, made available in a variety of formats including other languages, large print, braille and audio tape.

We have invested in a new website, due to launch in July 2015, with a revitalised appearance and refreshed content including a suite of eForms and electronic payment options. Work is ongoing as part of our continuous improvement programme for customer excellence and we hope residents will find the website an increasingly valuable interactive tool.

### **Fraud Campaign**

The Council's stance on fraud is simple: we will not tolerate people who take money away from those who really need it. No matter what the circumstances, we will not tolerate fraud.

The Council is required by law to protect the public funds it administers and may share information with other bodies responsible for auditing or administering public funds, in order to prevent and detect fraud. Through a data matching exercise in conjunction with the Audit Commission, comparing computer records allows potentially fraudulent claims and payments to be identified. The use of data by the Audit Commission in this way is carried out with statutory authority and so does not require the consent of the individuals concerned.

HDC also strongly encourages members of the community to report fraudulent benefit claimants, which can be done anonymously.

We had some major victories in this year's anti-fraud campaign, three of particular note:

- A Northallerton woman received **£18,121.69** in Housing and Council Tax benefits from HDC and Job Seekers Allowance and Income Support from the department for Work and Pensions (DWP) after dishonestly failing to notify that her husband had move back in with her. Pleading guilty, the offender was ordered to complete 150 hours of unpaid work and to pay £85 costs and £60 victim surcharge.
- The Crown Court granted a Proceeds of Crime "hidden assets" Order against an individual we convicted of housing and council tax benefit fraud totalling **£4,802.35**. During the period of the claim the Bedale resident received £209,000 in an undeclared bank account, which he withdrew in cash lump sums and then claimed he could not repay the benefit when his fraud was being investigated. At the hearing, the Crown Court found the customer has hidden assets and must repay the overpayment to HDC. Failure to do so in the set time period will result in an automatic custodial sentence.

- A Brompton man was imprisoned for 18 months after pleaded guilty to obtaining **£49,905.85** in benefits he was not entitled to. The criminal investigation into his affairs uncovered considerable realisable assets which were confiscated under the Proceeds of Crime Act 2002. The Court ordered that from a total of £88,733.91, after repayment of benefits to HDC, the remainder will be divided between the Council, Home Office, and Courts Service to fund further prevention, detection and investigation of crime in the local community.

### **Affordable Homes**

A record number of affordable homes have been created in Hambleton over the past 12 months with the North Yorkshire Rural Housing Enabler Network and its partners delivering **27 new units** in two district communities.

At Lindon-on-Ouse, many years work has resulted in the Harrison View scheme of 20 two- and three-bedroom homes. Another seven two-bedroom homes have been built at Willow Bridge Lane in Dalton.

The rural housing programme has seen **430 new rural affordable homes** developed over the past four years.

The York, North Yorkshire & East Riding Housing Board have also approved a new Rural Housing Enabler programme to run 2015-18, funded by local authorities, North Yorkshire County Council and 14 Housing Association partners.

### **Warm, Healthy Homes**

This initiative was launched to help residents with pre-existing medical conditions living in cold damp homes that put them at risk. The scheme helps to ensure they are able to heat their home to the recommended temperatures, affordably.

The scheme offers a home check to identify problems and suggest ways improvements can be made and paid for. Recommendations can also be made for exercise, quit smoking and healthy eating programmes to improve social interaction.

This winter we received **61 referrals** and helped some 20 homes.

### **Free Parking**

The Council listened to concerns expressed by market traders, local business and visitors about the cost of parking in Northallerton. As a result, free parking was introduced in October when the one-hour fees at the 148 bay short-stay Applegarth carpark were abolished. The Council agreed to remove charges for the first hour, the second hour costing just 60p.

A total of **£51,000** was met from the Council's Economic Development Fund to cover the cost of providing free parking for the 6 months to the end of the financial year.

### **Free Electric Charging Points**

HDC teamed up with Yorkshire Energy Partnership to offer free electric vehicle charging points for all residents with off-street parking.

The Government funded 'Electric Hambleton' scheme was available on a first-come first-served basis until 30 July 2014 and residents were encouraged to apply - even if they don't currently own an electric powered vehicle!

The charging point is the size of a shoe-box and can be fixed to an outside wall or garage, and would usually cost **£1,800** per point to install.

## Working for the Community

Striving for excellence in the way we deliver services to our community remains at the heart of everything we do.

### Our Staff

A skilled, enthusiastic workforce underlies and drives successful delivery of our services to the community. The Council values its staff highly and appreciates the importance of providing a supportive working environment in which to nurture and retain talented people.

The Council had 660 employees at the end of March 2015, comprising:

- 56.8% female employees, 43.2% male
- 34% or 224 full time staff
- 66% or 436 staff work flexible arrangements such as part time
- 2 apprentices
- an average age of 38 years
- 2.42% employees identify themselves as disabled

We operate equality in recruitment so every applicant who meets the essential post criteria is considered; ensuring candidates are engaged purely on their ability.

To further improve the workplace to attract and retain good people, the mandatory retirement age has been removed, many full time positions are also available on a part-time basis, parental leave and flexible working arrangements are offered, staff are protected from unlawful harassment, discrimination or victimisation and training, and professional development is strongly supported.

### Fundraising

As well as working for the community in their usual jobs many of our staff are also very involved in charity fundraising through the year.

The last Friday of every month at Civic Centre is 'Wear Jeans to Work' day when staff bake and sell cakes, and pay a gold coin to dress casually. All the money raised is donated to a nominated charity which this year included Children in Need, Alzheimer's Society, the Royal British Legion, and British Heart Foundation, as well as some lesser known local groups such as Friends of Chernobyl's Children, Myaware and Brompton Juniors football club.

Our choir, Hambleton in Harmony, helped raise £340 for the Hambleton Foodshare project at Sainsbury's in Northallerton during December 2014. And officers took part in the Hambleton 'Bake Off' raising £180 for James Cook University Hospital oncology ward.

Some individual staff went even further – one Customer Services officer did 'Go Sober for October' in aid of Macmillan Cancer, and a Welfare officer ran the Great North Run for the charity Sense.

### Dementia Awareness

Some of our staff became 'Dementia Friends' by attending one of a series of workshops run at Civic Centre by the local Dementia Friendly Communities leader, to raise awareness and understanding of this condition. Crucially, staff learned that dementia is particularly difficult to recognise, especially in its early stages, and the sufferer may be unaware themselves.

Whilst of particular importance for staff in public facing services, the authority also recognises the importance of taking such issues into consideration when designing and delivering services to residents who may be afflicted in this way.

A Working Group has been established and the Council has since signed up to the Dementia Action Alliance, to further our commitment to making a positive impact on our services.

## The Hambleton Year Ahead

Some projects developed this year that we will begin or deliver during 2015/16 include:

- **Northallerton Prison Development** one of the largest and most exciting new developments to get under way next year will transform the former HM Prison site in central Northallerton. The ambitious plan incorporates the prison's five listed buildings and 3.5 acre site into a town centre development that will include a retail area, new homes, leisure facilities and a town square. The project will also bring opportunities for jobs in the construction industry to develop the site, and in the newly created businesses. Council have agreed to buy the redundant site paving the way for this important development project to get under way in the coming year.
- **Making a Difference Fund £125,000** has been reserved to support projects that will make a real difference to the lives of those living in the district, with £25,000 ring-fenced for each market town. Their elected councillors will recommend projects that show community involvement and a demonstrable need; a minimum of £2,500 is available per scheme which must be supported by a ward member and meet one of the Council's key priorities.
- **Bedale Hall Lift £3,000** from the HDC Investing in Communities Fund towards lift installation costs in Bedale's Grade 1 listed Town Hall will create accessibility for all to currently under-utilised conference facilities and office space on the upper floor.
- **Dalton Bridge £165,000** has been allocated to investigate proposals to replace Dalton Bridge, gateway to the Dalton Industrial Park near Thirsk. Flooding closes the narrow hump backed bridge for days at a time causing a major business interruption. Funding will cover detailed investigations and designs for a replacement bridge that will ensure access 365 days a year to help this important business park realise its full potential.
- **North Northallerton** the largest development in the Hambleton Local Development Framework (LDF) is set to deliver **1,000 homes** to the north of Northallerton alongside land for employment and recreation, with new primary school and extra care facilities. A key feature will be the creation of a new radial road and bridge across the railway line. £6 million funding has already been secured towards a likely total cost of £12 million.
- **Sowerby Sports Village** HDC leads on a **£4 million** sports and recreation village development on the outskirts of Thirsk. Planning permission has been granted for the two pieces of land to be transferred to the Council and bids for external funding are under way. Plans include facilities for junior football, rugby, hockey, cycling, a BMX park, grass running track and other much needed amenities for the 900 new homes to be built in coming years.
- **Bedale carpark** a total of **£612,000** has been allocated to protect the long term economic viability of Bedale, potentially threatened by a new relief road resulting from the A1 motorway extension. Public consultation revealed divided opinion on whether the project, aimed at removing heavy traffic from the town centre, should involve the sale of one of the existing carparks. The Council has stepped in with additional funding to ensure the development of this 'gateway' to the Dales, including a new 300 space car park should that be needed.
- **Rural Housing Enabler £19,500** has been allocated over 3 years to a scheme bringing authorities and housing providers across the county together to build local homes for local people, a key HDC priority. The programme focusses on small

settlements of under 3,000 people where delivering affordable housing is more difficult. The past four years has delivered 85 affordable rural homes and HDC is committed to continuing this vital work that sustains the vibrancy of rural villages.

- **Waste Management Strategy** development work will continue through the year for delivery early in 2016.
- **Homelessness 5-year Strategy** building on county wide initiatives to reduce the number of homelessness, HDC is developing its first Homelessness Strategy. Already signed up to the North Yorkshire and York Housing and Homelessness Strategy, Council believes that adopting our own policy will enable us to prioritise limited resources and deliver innovative services aimed at preventing homelessness through to 2021.

### Recovering Economy

Analysts predict that the significant fall in oil prices since mid-2014 should increase overall UK economic activity as the cost of production decreases for businesses, especially those heavily dependent on oil inputs such as agriculture and some service sectors. In a rural area such as Hambleton, this will help to boost both investment and employment.

Real household incomes also rise as oil prices fall boosting consumer spending; as retail prices fall cost savings are passed on to households, and real wages increase with the rising demand for labour.

### Regeneration

People engage with what they feel part of, and value what they help to build making consultation with our citizens, businesses and local communities indispensable when it comes to developing a sense of ownership in local decision-making and service delivery.

An example of this featured in plans to develop the former HM Prison site in Northallerton, when over 500 people attended a consultation event presenting options for the site and highlighting the potential long-term impact on the town's economy. With funding from the Council's £10m Economic Development Fund, the Council and its partners including landowners, education bodies, potential developers, occupiers and other local groups welcomed the project as a major redevelopment opportunity. Any money made from the scheme will be returned to the Fund.

Importantly, the development will also complement and enhance existing businesses, increasing their footfall by attracting new customers.

### Looking Forward

Although the economic outlook remains challenging, the Council has set economic growth as one of its key priorities. To ensure Hambleton thrives we must be open to new ideas, business and industry opportunities, so we will be taking on board your comments and ideas wherever possible.

The Council will work to support the growth of existing businesses, establish and attract new businesses and evolve the market towns to meet the challenges of changing shopping and leisure habits by investing in the infrastructure needed to make this happen.

Our ambition is to build on our existing strong position to grow local businesses and employment, to equip our workforce for future challenges and exploit emerging sectors. Whilst new ways of working bring new risks and require new skills and collaborative relationships, as we look to 2015 and beyond the challenge is to turn new strategies into opportunities for staff, the public and partners that make a real impact on outcomes.

This is an exciting period for Hambleton; we hope you will embrace it with us and look forward to seeing exciting improvements developing over the coming months and years.

## Performance Statistics

For those who love numbers, a snapshot of some figures to highlight our

2012-13	2013-14	Our Service to Our Customers	2014-15
193,678	260,000	Visits to our website <a href="http://www.hambleton.gov.uk">www.hambleton.gov.uk</a> .	230,775
762,726	1,006,220 / 3.87	Web pages viewed / average pages per session	871,426 / 3.78
145,900	157,127	Customer Enquiries to our Customer Services Team	157,899
51,503	53,994	Total footfall	55,028 <i>(Insight April 15 55,273)</i>
80,975	89,373	Total contact centre calls	87,077 <i>(Insight April 15 88,244)</i>
32	31	Projects in Hambleton receiving grant funding	39
76,638	71,274*	Council tax bills issued	79,435
2,897 <sup>#</sup>	17,441 <sup>^</sup>	New and existing benefit claims processed	33,921 <sup>A</sup>
2m	2.8m	Waste and recycling bins collected <i>(57,700 every week)</i>	3.05m
9,893 tonnes	12,001 tonnes	Tonnes of compostable green waste collected	10,333 tonnes
1060	1,203 <sup>~</sup>	Planning permission applications considered	1,131
1133	1,616	Licences issued for taxis, alcohol, events and entertainment, gambling, and street collections	1,136
290	512	Families we helped prevent becoming homeless	461
57	60	New affordable homes for local residents	117
718	756	Food hygiene interventions	915
25	24	Contaminated land assessments	12
235	226	Investigated requests for service about noise	205

\* figure appears reduced by 5k because March 2014 Council Tax bills were issued in April 2014 to avoid confusion with Annual Statements

<sup>#</sup> new claims only

<sup>^</sup> includes change of circumstances and other existing claim processes

<sup>A</sup> includes Housing Benefit and Council Tax Reduction figures

<sup>~</sup> includes applications subsequently withdrawn

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## HAMBLETON DISTRICT COUNCIL

**Report To:** Cabinet  
1 September 2015

**Subject:** 2015/16 QUARTER 1 REVENUE MONITORING REPORT

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

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

- 1.1 The purpose of this report is to update Members on the revenue budget position of the Council and the reserve funds at the end of June 2015.
- 1.2 The quarter 1 monitoring for the capital programme and treasury management position is contained in a separate report on this cabinet agenda.
- 1.3 This report focuses on three key areas:-
- (a) Changes to the revenue budget
  - (b) Additional Grant income received
  - (c) Reserve Funds

### **2.0 REVENUE BUDGET**

- 2.1 The Council set its budget on 10 February 2015 for 2015/16 at £6,918,280 in line with the approved Financial Strategy 2015/16 to 2024/25.
- 2.2 The breakdown of the budget in accordance with the Council themes when the budget was approved was as follows:

	£
Customer & Leisure Services	1,618,760
Environmental Services	4,301,520
Support Services	888,170
Drainage Board levies	109,830
<b>Net Revenue Expenditure</b>	<b><u>6,918,280</u></b>

### **3.0 BUDGET POSITION TO JUNE 2015:**

- 3.1 Since the budget for 2015/16 was set in February 2015, adjustments to the budget outlook have occurred. The table below details the changes that have been identified during quarter 1 and are recommended to cabinet for approval:

	2015/16 £	2016/17 £	2017/18 £	2018/19 £
Budget Outlook approved 10 February 2015	6,918,280	7,503,340	6,953,287	7,100,649
<b>Changes to budget outlook:</b>				
Salary increase 1%	-	194,243	196,186	198,147
Contracts increased by inflation	-	39,340	40,126	40,929
National Insurance Opt Out	-	150,000	-	-
Parking Enforcements costs	-	28,000	-	-
Insurance cost increase	-	22,585	24,844	-
Fees & Charges 2% increase	-	(111,563)	(113,794)	(116,070)
Interest from Broadacres and surplus funds	550,180	(904,830)	-	-
Restructure costs increase	119,430	(130,160)	-	-
Summons court costs reduction in income	84,080	-	-	-
CCTV cost increase	16,370	-	-	-
Planning income increase	(160,000)	160,000	-	-
Savings exercise - £180,000	(25,000)	2,332	-	-
<b>Budget Outlook Q1</b>	7,503,340	6,953,287	7,100,649	7,223,655
<b>Financial Strategy 10 Feb 2015</b>	6,918,280	7,056,646	7,197,779	7,041,734
<b>Budget Outlook Q1 Surplus / (Shortfall)</b>	(585,060)	103,359	97,130	(181,921)

3.2 In 2015/16 the budget started at £6,918,280 and at the end of quarter 1 has increased by £585,060, to £7,503,340. The future three years show increases due to salary rises at 1%, increases in contracts, insurance premium rises stated in the chancellors budget in July 2015 and employer rises in national insurance as detailed in the chancellors budget in March 2014. An explanation of the movement in the 2015/16 budget, to be approved in this cabinet report, are detailed below.

3.3 During quarter 1, a savings exercise has been initiated to reduce budgets or generate income to the amount of £180,000. This is as a result of the increase to the overall Council budget and is based on the savings that resulted in 2014/15 outturn. At quarter 1, £25,000 savings had been identified which are detailed below and the savings exercise will be further reported at quarter 2.

3.4 There are three main areas of change to the 2015/16 budget:

- (a) Corporate movement, a cost of £669,610
- (b) Department movements, a saving of £84,550
- (c) Department movements which have nil affect on the budget but exceed £20,000 and therefore require cabinet approval as stated in the council's financial regulations.

3.5 There are two corporate movements in the budget:

- (i) A decrease in interest income to be received of £550,180. There has been a delay in the Council's surplus funds being loaned to Broadacres housing association and interest rates are lower than estimated, therefore there is a reduction in the income to be received. Although this will impact upon the in-year financial position the overall interest generated from the Broadacres loan agreement will remain the same. Therefore there is no impact on the Council's overall financial position.
- (ii) The costs relating to the restructuring exercise amount to £119,430.

- 3.6 The changes at quarter 1 in relation to the service areas show an overall decrease in the budget of £84,550. This is represented by an increase in Support Services budget of £59,080, a decrease in Environmental Services budget of £160,000 and an increase to Customer & Leisure Services budget of £16,370.
- 3.7 Support Services – the over spend on the budget is a reduction of income of £84,080 on Court costs for summons and liability orders. A court case in May 2015 resulted in all Council's reviewing their court costs and substantiating them in detail to the court. Hambleton District Council's court costs have been revised down and are in line with other North Yorkshire Councils. There was a saving of £25,000 underspend on the budget as part of the savings exercise described above. £15,000 is one-off savings in 2015/16 from a restructure in Corporate Finance and £10,000 is from the reduction in the number of Members.
- 3.8 Environmental Services – the increase in income is from increased planning applications. Additional costs of £90,000 have reduced the increase in income of £250,000. This is to support £15,000 appeals cost, £50,000 for a dedicated North Northallerton resource and £25,000 to support planning applications.
- 3.9 Customer & Leisure Services - the over spend is increased cost of £16,370 for CCTV where revenue savings were not generated due to the capital project being expanded and now to be completed during 2015/16.
- 3.10 Department budget movements that have nil affect on the overall budget but exceed £20,000, as detailed in the Council's financial regulations, require Cabinet approval at £262,430. There are five budget areas that require approval:
- (a) In the four leisure centres budget movements amount to £51,930 to enable budget monitoring to be more affective and increase control.
  - (b) In the area of community leisure, grants that had been earmarked in reserves at year end 2014/15 have been utilised in 2015/16 at £65,700.
  - (c) Street Cleansing has a budget movement of £45,960 where the one-off fund reserve was used to support the purchase of vehicles in 2014/15 and these costs will be paid back to the reserve over five years.
  - (d) An additional post in Design & Maintenance section at £27,840 has been funded from increased car parking income not original estimated in the budget
  - (e) Community Infrastructure Levy income at £20,000 will be generated in 2015/16 and in future years. To support this there are increased ICT costs and resource costs of £10,000 each.
  - (f) Applegarth car park income of £51,000 is adjusted to take into account the free 1 hour parking allowance.
- 3.11 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 and contributions have been allocated to the Council and paid into the One-Off Fund Reserve since the budget was approved in February 2015:

<b>Description</b>	<b>Amount £</b>
Transfer from Council Tax payers Reserve to One-Off Fund	1,000,000
Second year payment from Street Scene budget for Street Scene Vehicles	45,050
Individual Electoral Registration	20,396
New Burdens Admin Funding (Department for Work and Pensions)	12,677
Right to Move (Department for Communities and Local Government)	3,044
Northgate – Local Authority Data Share Programme	225
<b>Total</b>	<b>1,081,392</b>

## **5.0 SENSITIVITY ANALYSIS**

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

## **6.0 RESERVE FUNDING**

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

<b>Reserve Fund</b>	<b>Balance at 31 March 2015 £</b>	<b>Movement (from) / to Reserve Q1 £</b>	<b>Balance at 30 June 2015 £</b>
<b>General Fund</b>	2,000,000	-	2,000,000
<b>Council Taxpayers Reserve</b>	3,842,928	307,861	4,150,789
<b>Grants Fund</b>	448,762	(65,700)	383,062
<b>Economic Development Fund</b>	4,924,780	(2,289,171)	2,635,609
<b>One Off Fund</b>	1,156,161	325,893	1,482,054
<b>Computer Fund</b>	1,436,103	-	1,436,103
<b>Repairs &amp; Renewal Fund</b>	3,563,295	-	3,563,295
<b>Community Safety Partnership</b>	69,568	-	69,568
<b>Strategic Forum Reserve</b>	10,046	-	10,046
<b>Arts Grants Reserve</b>	5,187	-	5,187
<b>Make a Difference Fund</b>	125,000	-	125,000
<b>Take That Step</b>	21,139	-	21,139
<b>Winter Weather Campaign</b>	3,330	-	3,330
<b>Total</b>	<b>17,606,299</b>	<b>(1,721,117)</b>	<b>15,885,182</b>

- 6.2 Council Taxpayers reserve - £1,000,000 has been transferred to support the one-off fund and £1,307,861 new homes bonus grant received from the Government will be allocated to this reserve New homes bonus grant is in relation to empty properties being brought back into use and newly built homes.
- 6.3 Economic Development Fund – In quarter 1, the opening balance was £4,924,780 with budget allocations of £2,289,171 split between capital and revenue. The balance of the Economic Development Fund at year end is estimated at quarter 1 to be £2,635,609.
- 6.4 One Off Fund - In quarter 1, the initial balance was £1,156,161 and income of £1,081,392 was received which can be seen in paragraph 4.1 above. Expenditure that has been allocated from the one off fund in previous cabinet reports totals £711,230 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 £1,482,054.

<b>Expenditure in 2015/16 from the One-Off Fund</b>	<b>Amount</b>
Northgate - Autumn Statement 2014 Licence for upgrade for Legislative Changes	650
Supporting Housing Delivery - Walker Morris (Work Loan Facility)	12,499
Allocation of Individual Electoral Registration Grant back out to Elections	20,396
Licensing Appeal	2,750
Allocation of Right to Move Grant back out to Homelessness	3,044
Members Regalia	4,930
<b>Total expenditure recommended for approval at Q1</b>	<b>44,269</b>

- 6.5 At quarter 1, is it recommended to Cabinet and Council that the allocation from the one-off fund at £44,269 is approved.
- 6.6 Other Reserves  
There has been no movement on the other reserves held by the Council at quarter 1 2015/16 however, these revenue reserves will be monitored on an ongoing basis and any changes will be reported at the next available opportunity – quarter 2.

## **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:**

12.1 That Cabinet approves and recommends to Council:

- (1) the budget increase at paragraph 3.2 by £585,060 to £7,503,340;
- (2) the budget movements at paragraph 3.10 of £262,430 which overall have nil affect on the budget which are in accordance with the Council's financial regulations; and
- (3) the allocation from the one-off fund at paragraph 6.5 of £44,269.

JUSTIN IVES

**Author ref:** LBW  
**Contact:** Louise Branford-White  
Head of Resources  
Direct Line No: 01609 767024

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

010915 Q1 Revenue Monitoring

**BUDGET 2015/16 SENSITIVITY ANALYSIS – POTENTIAL SAVINGS / COSTS**

<b>Portfolio Area</b>	<b>Area of Sensitivity</b>	<b>Commentary</b>
Support Services	Housing Benefit - civil penalty income not achieved	£40,000 income is expected to be received from claimants who do not notify the Council of a change in their circumstances. This income is being closely monitored.
	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.
	Revenues & Benefits salaries	Fraud Investigation Team was transferred to DWP, therefore restructure in this area and replacement of fraud investigation service may lead to possible savings – to be reported at Quarter 2.
	Insurance Premium Tax increase by 3.5% to 9.5%	All insurance premiums across the Council will increase by 3.5% from 01/11/2015 as detailed in the Chancellor's Budget on 08/07/2105. Further information will be reported at Quarter 2.
	Reprographics	The reprographics Service Level Agreement with Richmondshire District Council will end on 30/09/2015, the budget will be monitored to recognise additional savings and cost pressures that may result.
	Market Income	Market income is down weekly at Thirsk and Northallerton. Promotion work will be revisited during Quarter 2 to generate further income.
Environmental Services	Pest Control Income	There is a potential fall in Pest Control income due to staff sickness. This are will be monitored and further information reported in due course.

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## HAMBLETON DISTRICT COUNCIL

**Report To:** Cabinet  
1 September 2015

**Subject:** 2015/16 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 2015 on the progress of the Capital Programme 2015/16 and the Treasury Management position. A full schedule of the Capital Programme 2015/16 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 has no borrowing for a capital purpose at Quarter 1; instead capital expenditure to date 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 2015/16 Capital Programme was approved by Cabinet on 10 March 2015 at £37,854,300. At 2014/15 outturn, £2,375,987 capital expenditure was slipped forward in to the new financial year revising the Capital Programme 2015/16 to £40,230,287.
- 2.2 A breakdown of the movement in the revised Capital Programme at 2015/16 is as follows:

<b>Portfolio</b>	<b>Original 2015/16 £</b>	<b>2014/15 brought forward £</b>	<b>Revised 2015/16 £</b>
Environmental & Planning Services	366,000	2,288	368,288
Customer & Leisure Services	973,400	178,570	1,151,970
Support Services	1,014,900	586,001	1,600,901
Economic Development Fund	500,000	1,609,128	2,109,128
Loan to Broadacres	35,000,000	0	35,000,000
<b>Total</b>	<b>37,854,300</b>	<b>2,375,987</b>	<b>40,230,287</b>

Table 1: Capital Programme 2015/16

- 2.3 At this Quarter 1 monitor, a net increase to the Capital Programme of £796,579 results in a total revised capital programme of £41,026,866.
- 2.4 The net increase of £796,579, to be approved in this report is detailed in Annex 'B' and is made up of:-
- (a) increase in expenditure of £1,336,579 supported from Council reserves;
  - (b) transfer of funds between schemes, with overall effect being zero;

- (c) increase in expenditure of £385,000 supported from external funding
- (d) reduction in scheme expenditure of £925,000

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

Portfolio	Current Approved Expenditure £	Revised Expenditure Q1 £	Variance Increase/ (decrease) £	Request for additional funding £	Funding no longer required £	External Funding £
Environmental & Planning Services	368,288	368,288	0	0	0	0
Customer & Leisure	1,151,970	1,154,229	2,259	2,259	0	0
Support Services	1,600,901	2,470,721	869,820	959,820	(425,000)	335,000
Economic Development Fund	2,109,128	2,033,628	(75,500)	374,500	(500,000)	50,000
Loan to Broadacres	35,000,000	35,000,000	0	0	0	0
<b>Total</b>	<b>40,230,287</b>	<b>41,026,866</b>	<b>796,579</b>	<b>1,336,579</b>	<b>(925,000)</b>	<b>385,000</b>

Table 2: Capital Programme Q1 2015/16

2.6 To 30 June 2014 capital expenditure of £1,648,405 had been incurred or committed representing 27% of the revised Q1 Capital Programme position of £6,026,886; excluding the £35,000,000 loan to Broadacres capital expenditure. 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.

2.7 The proposed changes to the Capital Programme, which require approval by this Cabinet, are detailed for each of the 3 Portfolio areas, Economic Development fund and Loan to Broadacres at Annex 'B'.

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

3.1 For 2015/16, at Quarter 1, the Capital Programme of £41,026,866 is being funded from £269,821 external grants/contributions and £335,000 Section 106 funding. £35,000,000 external borrowing is to fund the Broadacres Loan, there is £200,000 revenue contribution, £1,983,628 Economic Development Funding, £485,013 from the Computer Fund and £2,753,404 from capital receipts or capital reserves.

3.2 The external grant funding is higher than originally estimated by £385,000. This is as a result of £335,000 Section 106 funding for the Bedale Cycle project and £50,000 to support the Economic Development Fund projects.

3.3 The capital receipts estimated to be received during 2015/16 is £403,000.

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 capital reserves. At Quarter 1 it is estimated that £4,819,045 of reserve funding will be used.

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, when the Financial Strategy is updated.

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 2015/16:**

4.1 The Treasury Management review at Quarter 1 2015/16 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 £28,470,000, with an average interest rate return of 0.62%. For surplus funds invested for 3 months or more, a return of 0.95% was achieved which was 0.51% greater than the 3 month benchmark at 0.44%.

4.3 The Council undertook no borrowing at Quarter 1 2015/16 and remained debt free. At Cabinet in 10 February 2015 approval was given to undertake borrowing to invest in the loan for Broadacres, along with the permission to use Council's surplus funds. In this report approval is requested for temporary short term borrowing if the need arises in order to assist in the Treasury Management of the Council's cash flow.

4.4 The Council has three investment priorities to ensure the safety of the Council's funds – security, liquidity and yield. In order to ensure that the Council's funds remain secure and that there is sufficient liquidity to be able to use the Council's surplus funds to loan to Broadacres, it may be necessary to undertake short term borrowing for a cash flow purpose. It is recommended in this report that temporary short term borrowing is approved for the management of the Council's cash flow.

4.5 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.

6.2 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 2015/16 is the Disabled Facilities Grant scheme.

## **10.0 RECOMMENDATIONS:**

10.1 That Cabinet approves and recommends to Council:-

- (1) the net increase of £796,579 in the Capital Programme to £41,026,866 as detailed in Annex 'B' and also in the Capital Programme attached at Annex 'A';
- (2) the increase of capital expenditure is funded from earmarked reserves at £1,336,579, where £952,079 is funded from capital receipts, £374,500 from the Economic Development Fund and £10,000 from the Computer Fund;
- (3) the increase of capital expenditure £385,000, funded from external contributions;
- (4) the funding allocation to the Capital Programme as detailed in paragraph 3.1;
- (5) that temporary short term borrowing can occur if the need arises, in relation to the investment in the loan to Broadacres in order to assist in the Treasury Management of the Council's cash flow as detailed in paragraph 5.4
- (6) 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

010915 Q1 CapitalMonitoring+TreasuryMgmt

Councillor / Officer	Capital Scheme	Budget 2015/16	2014/15 B/F-wd	2015/16	Qtr 1	Qtr 1 + 2015/16	Third Party Contn	Cost to the Council £	Expenditure at 30/06/15	Anticipated Expenditure Year End	Variance	(Returned) Capital Reserve / (Change in Funding Taken)	Estimated complete date	Explanation
<b>Cllr Phillips</b>	<b>Environmental &amp; Planning Services</b>													
MJ	Purchase of bins and boxes for refuse and recycling	36,000		36,000	36,000	36,000		36,000	12,005	36,000	0	£	Ongoing	This scheme is on target Grant allocation on going - budget will be spent by end of March 16
MJ	Disabled Facilities Grant	270,000	1,101	271,101	271,101	219,821	51,280	18,444		271,101	0	£	Mar-16	Linked to Waste & Recycling review, complete by Jan 2015.
MJ	Waste and Street Scene - Telematics	30,000		30,000	30,000		30,000			30,000	0	£	Jan-15	Converting pest control store into training room, awaiting quotes
MJ	Waste and Street Scene - Training Room	8,000		8,000	8,000		8,000			8,000	0	£	Dec-15	Order been placed, waiting delivery
MJ	Waste and Street Scene, Central Depot - Dog, Litter Bins	14,000		14,000	14,000		14,000			14,000	0	£	Nov-15	Scheme design in progress
MJ	Central Depot - Additional Parking	8,000		8,000	8,000		8,000			8,000	0	£	Oct-15	Work almost complete. Further analysis of final works underway.
MJ	Central Depot - Security Fencing		1,187	1,187	1,187		1,187			1,187	0	£	Aug-15	Works completed.
	<b>Total Scheme Value Environmental &amp; Planning Services</b>	<b>366,000</b>	<b>2,288</b>	<b>368,288</b>	<b>0</b>	<b>219,821</b>	<b>148,467</b>	<b>30,449</b>	<b>0</b>	<b>368,288</b>	<b>0</b>	<b>£</b>		
<b>Cllr Mrs Fortun</b>	<b>Customer &amp; Leisure Services</b>													
DG	Gym equipment refresh	24,000		24,000	24,000		24,000		23,302	24,000	0	£	Jun-15	Project is being reviewed for viability and further information will be reported at quarter 2.
DG	Leisure Equipment Lease Buy	200,000		200,000	200,000	200,000	0	0	8,510	200,000	0	£	Mar-16	The website went live in July
DG	Web / Intranet Development	17,100	15,990	33,090	33,090		33,090			33,090	0	£	Jul-15	Schemes to be developed during 2015/16
DG	Hambleton Leisure Centre - Fire Alarm System	25,000		25,000	25,000		25,000			25,000	0	£	Dec-15	Schemes to be developed during 2015/16
DG	Hambleton Leisure Centre - External Rendel	8,000		8,000	8,000		8,000			8,000	0	£	Sep-15	Schemes to be developed during 2015/16
DG	Hambleton Leisure Centre - Pool Balustrades	15,000		15,000	15,000		15,000			15,000	0	£	Dec-15	Scope being identified for inclusion with potential gym extension
DG	Hambleton Leisure Centre- Pool Changing Village	85,000		85,000	85,000		85,000			85,000	0	£	Mar-16	Out to tender - works due to start in August to complete in September.
DG	Hambleton All Weather Pitch Refurbishment	131,000		131,000	131,000		131,000			131,000	0	£	Sep-15	Scope being identified for inclusion with potential gym extension
DG	Hambleton Leisure Centre Improvement Scheme	275,000		275,000	275,000		275,000	2,700		275,000	0	£	Mar-16	Schemes to be developed during 2015/16
DG	Bedale Leisure Centre - Boiler and Air Handling Unit	17,000		17,000	17,000		17,000			17,000	0	£	Dec-15	Works complete - preparing final payment certificates
DG	Bedale Leisure centre improvement scheme	11,000	12,208	12,208	12,208		12,208	5,019		12,208	0	£	Sep-15	Schemes to be developed during 2015/16
DG	Thirk & Sowerby Leisure Centre - Roof & Ceiling Repairs	11,000		11,000	11,000		11,000			11,000	0	£	Mar-15	Remedial works currently being programmed
DG	Thirk and Sowerby leisure centre improvement scheme	25,969	25,969	25,969	25,969		25,969	5,000		25,969	0	£	Sep-15	Remedial works currently being programmed
DG	Thirk & Sowerby Sports Village	8,000		8,000	8,000		8,000	457		8,000	0	£	Sep-15	Quotation documents being prepared
DG	Stokesley Depot - Security Fencing	8,000		8,000	8,000		8,000			8,000	0	£	Dec-15	Remedial works currently being programmed
DG	Stokesley Leisure Centre improvement scheme	9,925	9,925	9,925	9,925		9,925	9,117		9,925	0	£	Oct-15	Works complete, waiting final invoice
DG	Stokesley All Weather Pitch Refurbishment	41,300		41,300	41,300		41,300			41,300	0	£	Dec-15	Feasibility work in progress
DG	Forum - Capital Repairs											£		
<b>Cllr Wilkinson</b>	<b>OCTV Camera Replacement Programme / wireless network &amp; up</b>	<b>93,000</b>	<b>71,000</b>	<b>164,000</b>	<b>164,000</b>	<b>164,000</b>	<b>164,000</b>	<b>164,000</b>		<b>164,000</b>	<b>0</b>	<b>£</b>	<b>Dec-15</b>	<b>Project ongoing</b>
DG	Workspaces - Decoration and Furniture	17,000		17,000	17,000		17,000			17,000	0	£	Jan-16	Condition surveys to start and areas assessed with quotes going out Jan-16
DG	Workspaces Air Con Refurbishments	6,000		6,000	6,000		6,000			6,000	0	£	Ongoing	Budgeted for periodically in 10yr capital programme for regulation changes
DG	Car Park Creation Leeming Bar LBFEC		36,141	36,141	42,400		42,400			42,400	6,259	£	Oct-15	Out to quotation, due to start in August. Estimate final costs of £42,398, £4,000 from underspend in bird netting at 17 Market Place with a further £2,259 requested from the capital receipts fund. Approval at Q1.
DG	17 Market Place Bird Netting		6,000	6,000	2,000		2,000			2,000	(4,000)	£	Dec-15	Quotes been received and alternative solutions found for work to be carried out by Dec 15, £4,000 underspend to cover overspend on Leeming Bar Car park. Approval at Q1.

Councillor / Officer	Capital Scheme	Budget 2015/16	2014/15 B/F-wd	2015/16	Qtr 1	Qtr 1 + 2015/16	Third Party Contn	Cost to the Council £	Expenditure at 30/06/15	Anticipated Expenditure Year End	Variance	Change in Funding Taken / (Returned) Capital Reserve	Estimated complete date	Explanation
DG	Thirsk New TIC		1,337	1,337	1,337	1,337		1,337		1,337	0			Retention money
	<b>Total Scheme Value Customer &amp; Leisure Services</b>	<b>973,400</b>	<b>1,337</b>	<b>1,151,970</b>	<b>2,259</b>	<b>1,154,229</b>	<b>200,000</b>	<b>954,229</b>	<b>54,104</b>	<b>1,154,229</b>	<b>2,259</b>	<b>2,259</b>		
Cllr Knapton	<b>Support Services</b>													
Jl	Public lighting replacement	51,000	47,714	98,714		98,714		98,714	12,158	98,714	0		Mar-16	Project scheduled to be completed in 2015/16
Jl	Public lighting energy reductions		11,060	11,060		11,060		11,060		11,060	0		Mar-16	Project on going
Jl	Air Conditioning - Legislation requirement Corporate	15,000	20,791	35,791		35,791		35,791		35,791	0		Mar-16	Scheme to be reviewed during Quarter 3
Jl	Civic Centre - Window Replacements		4,495	4,495		4,495		4,495		4,495	0		Dec-15	Project almost complete.
Jl	Civic Centre - Toilet Refurbishment			0	50,000	50,000		50,000		50,000	50,000	50,000	Oct-15	Out to quotation due to start August and complete during October 2015. Approval at Q1.
Jl	Civic Centre - back up generator			0		0		0	284	0	0			Complete. Retention costs incurred - awaiting final position. Approval required at Q2.
Jl	Civic Centre - Disabled Access Doors and Ramp			0	35,000	35,000		35,000		35,000	35,000	35,000	Mar-16	Order to be raised and scheme estimated to be complete by Q4. Approval at Q1.
DG	Solar Panels - Civic Centre	87,000		87,000		87,000		87,000		87,000	0		Mar-16	Project to be researched and reviewed
Jl	ICT Improvements	259,900	76,047	335,947	(26,395)	309,552		309,552	23,846	309,552	(26,395)		Mar-16	ICT projects on target
Jl	ICT Server Room Civic Centre & Springboard			0	75,820	75,820		75,820		75,820	75,820	55,820	Mar-16	ICT server room at the Civic Centre and Springboard Business Centre need to ensure future viability. £11,220 is required at Springboard and £64,600 is required at Civic Centre. £20,000 is transferred from other ICT schemes and £35,820 is to be approved at Q1.
Jl	All Leisure Centres - Digital Transaction Software		5,901	5,901		5,901		5,901		5,901	0		Mar-16	ICT projects on target
Jl	ICT Leisure Improvements		69,560	69,560		69,560		69,560	705	69,560	0		Mar-16	ICT projects on target
Jl	ICT Information Security/Compliance		12,865	12,865	(12,865)	0		0		0	(12,865)		Mar-16	ICT projects on target
Jl	ICT Customer Excellence		50,740	50,740	19,260	70,000		70,000		70,000	19,260		Mar-16	ICT projects on target
Jl	CIVICA Icon upgrade			0	10,000	10,000		10,000		10,000	10,000	10,000	Dec-15	Cash receipting software to be upgraded.
Jl	Car Park Resatements	27,000	44,934	71,934		71,934		71,934	45,984	71,934	0		Dec-15	Approval at Q1.
Jl	Adoptions - Electric Bollards - Thirsk & Northallerton		40,000	40,000		40,000		40,000		40,000	0		Nov-15	Works for Thirsk Market Place being agreed. Scheme preparation in progress
Jl	Bedale Cycle Scheme			0	398,000	398,000		398,000		398,000	398,000	63,000	Mar-16	Scheme funded from S106 £316,000. £19,000 from Aiskew PC, plus £63,000 received previously from NYCC (taken from capital receipts). A further £173,000 is in the pipeline from S106. Approval at Q1.
Jl	Adoption of Roads - Leeming Bar	150,000	2,726	150,000		150,000		150,000		150,000	0		Mar-16	Start of work to be agreed with NYCC and be developed during Q2.
Jl	Car Parks - Thirsk Cobbles			2,726		2,726		2,726		2,726	0		Dec-15	Final inspection to be undertaken
Jl	Bedale Gateway Car Park			0	612,000	612,000		612,000		612,000	612,000	612,000	Mar-16	In process of appointing consultants for design work. Scheme is likely to span more than one year. More information available during the year. Approval at Q1.
Jl	Adoptions - Thirsk Phases 2 & 3		199,168	199,168		333,168		333,168		333,168	134,000	134,000	Oct-15	Works to complete in July. Road to be adopted by NYCC and therefore Budget increase of £134,000 is outside HDC control. Budget increase to be approved at Q1.
Jl	Repairs & Renewals - Revenue	425,000		425,000		425,000		425,000		0	(425,000)	(425,000)	Mar-16	Funding moved to Revenue as no capital works
	<b>Total Scheme Value Support Services</b>	<b>1,014,900</b>	<b>586,001</b>	<b>1,600,901</b>	<b>869,820</b>	<b>2,470,721</b>	<b>335,000</b>	<b>2,135,721</b>	<b>82,976</b>	<b>2,470,721</b>	<b>869,820</b>	<b>534,820</b>		Approval at Q1.
Cllr Wilkinsol	<b>Economic Development Fund</b>													
DG	Economic Development Capital Expenditure	500,000		500,000	(500,000)	0		0		0	(500,000)	(500,000)	Ongoing	Funding to be reprofiled, returned to the reserve. Approval at Q1

Councillor / Officer	Capital Scheme	Budget 2015/16	2014/15 B/F-wd	2015/16	Qtr 1	Qtr 1 + 2015/16	Third Party Contn	Cost to the Council £	Expenditure at 30/06/15	Anticipated Expenditure Year End	Variance	(Returned) Capital Reserve / Change in Funding Taken	Estimated complete date	Explanation
		£	£	£	£	£	£	£	£	£	£	£		
DG	Market Towns Investment Plans - Bedale			0	15,000	15,000		15,000		15,000	15,000	15,000	Ongoing	Work to be commenced
DG	Market Towns Investment Plans - Easingwold			0	15,000	15,000		15,000		15,000	15,000	15,000	Ongoing	Work to be commenced
DG	Market Towns Investment Plans - Northallerton			0	15,000	15,000		15,000		15,000	15,000	15,000	Ongoing	Work to be commenced
DG	Market Towns Investment Plans - Stokesley			0	15,000	15,000		15,000		15,000	15,000	15,000	Ongoing	Work to be commenced
DG	Market Towns Investment Plans - Thirsk			0	15,000	15,000		15,000		15,000	15,000	15,000	Ongoing	Work to be commenced
DG	Industrial Park Review - Leeming			0	40,000	40,000		40,000		40,000	40,000	40,000	Ongoing	Work to be commenced
DG	Industrial Park Review - Dalton			0	40,000	40,000		40,000		40,000	40,000	40,000	Ongoing	Work to be commenced
DG	Industrial Park Review - Stokesley			0	40,000	40,000		40,000		40,000	40,000	40,000	Ongoing	Work to be commenced
DG	Industrial Park Review - Thirsk			0	40,000	40,000		40,000		40,000	40,000	40,000	Ongoing	Work to be commenced
DG	Industrial Park Review - Northallerton			0	40,000	40,000		40,000		40,000	40,000	40,000	Ongoing	Work to be commenced
DG	Industrial Estates/Employment land		4,115	0	75,000	75,000	25,000	50,000		75,000	75,000	50,000	Ongoing	(£50,000 in total) to be transferred to Industrial Estate/ Employment Land. The additional £25k to be funded by the LDF
DG	WiFi Market Towns			4,115	5,000	9,115		9,115		9,115	5,000	5,000	Ongoing	Work underway
DG	ED Improve Infrastructure North Northallerton			0	25,000	25,000	25,000	0	10,185	25,000	25,000	0	Ongoing	Work underway and full budget estimated to be spent
DG	North Northallerton Recreation Element			0	0	0	25,000	0		0	0	0	Ongoing	Prison purchased and full budget estimated to be spent.
DG	ED Improvement Infrastructure Central Northallerton		1,440,160	1,440,160	44,500	1,484,660		1,484,660	1,459,437	1,484,660	44,500	44,500	Ongoing	Project is underway
DG	ED Improvement Infrastructure Dalton Bridge		164,853	164,853	164,853	164,853		164,853	11,255	164,853	0	0	Ongoing	
	<b>Total Scheme Value EDF</b>	<b>500,000</b>	<b>1,609,128</b>	<b>2,109,128</b>	<b>(75,500)</b>	<b>2,033,628</b>	<b>50,000</b>	<b>1,983,628</b>	<b>1,480,877</b>	<b>2,033,628</b>	<b>(75,500)</b>	<b>(125,500)</b>		
Cllr Knapp	Support Services													
JL	Loan to Broadacres	35,000,000		35,000,000		35,000,000		35,000,000		35,000,000	0	0	Mar-16	Funds to be invested during 2015/16
	<b>Total Scheme Value Loan to Broadacres</b>	<b>35,000,000</b>	<b>0</b>	<b>35,000,000</b>	<b>0</b>	<b>35,000,000</b>	<b>0</b>	<b>35,000,000</b>	<b>0</b>	<b>35,000,000</b>	<b>0</b>	<b>0</b>		
	<b>Total Capital Programme 2015/16</b>	<b>37,854,300</b>	<b>2,375,987</b>	<b>40,230,287</b>	<b>796,579</b>	<b>41,026,866</b>	<b>804,821</b>	<b>40,222,045</b>	<b>1,648,405</b>	<b>41,026,866</b>	<b>796,579</b>	<b>411,579</b>		

**PROPOSED CHANGES TO THE CAPITAL PROGRAMME:**

- 1.1 The proposed changes to the Capital Programme, detailed for each of the Portfolio areas are listed below:
- 1.2 Environmental & planning Services – no new schemes changes have been included at Quarter 1.
- 1.3 Customer & Leisure Services– 2 schemes affect the Capital Programme at Quarter 1:-
  - (a) Car Park Creation Leeming Bar Food Enterprise Centre – 27 bays were originally approved but a further option was developed to introduce 21 additional parking bays and the most cost effective option is to provide the additional parking bays at £42,398. This is an increase of £6,398. £2,398 additional funding is required as £4,000 is proposed to be transferred from the 17 Market Place Bird Netting scheme.
  - (b) 17 Market Place Bird Netting – This scheme is has £4,000 additional funding that is not required and can be transferred to the Car Park Leeming Bar Food Enterprise Centre.
- 1.4 Support Services – 8 schemes affect the Capital Programme at Quarter 1:
  - (a) Civic Centre – Toilet refurbishment – the toilets located near the Council Chamber are being refurbished and requires funding of £50,000.
  - (b) Civic Centre – Disabled Access Door & Ramps – The Civic Centre disabled access to the Council Chamber is to be improved for ease of access at a cost of £35,000.
  - (c) Civica Icon Upgrade – the cash receipting software needs to be upgraded as the current software will no longer be supported in the future. This will cost £10,000.
  - (d) Bedale Cycling Scheme – this scheme is being financed from external Section 106 funding and will see improved cycle pathways and the introduction of a cycle bridge. It is likely that this scheme will span more than one year but at Quarter 1, the total scheme is being introduced into the Capital Programme.
  - (e) Bedale Car Park – this scheme has been revised and the current car parks will remain open in Bedale with the new car park being constructed near the new Bedale Bypass road. This scheme is likely to span more than one year but at Quarter 1, the total scheme is being introduced to the Capital Programme.
  - (f) Adoptions – Thirsk Phase 2 & 3: NYCC Road Adoptions – this scheme requires additional funding of £134,000 due to the costs anticipated by North Yorkshire County Council increasing. These costs are outside the Council's control.
  - (g) Repairs & Renewals – This scheme at £425,000 is being removed from the Capital Programme, because the nature of the works are revenue related. It was originally included as the Repairs & Renewals fund can also be used to support capital schemes.
  - (h) There are 4 ICT schemes – ICT Improvements, ICT Server Room, ICT Information Security/compliance and ICT Customer excellence – where the funding between these projects is being reprofiled. This is to ensure that the funding is used to the best affect.



The ICT Server room scheme also requires an additional £44,600, as the ICT server room is to move to a more appropriate location in the Civic Centre. In addition at Springboard Business Centre, £11,220 is required in order to enable the server room there to continue to be viable. The total cost to ensure the future of the ICT server rooms is £75,820.

- 1.5 Economic Development Fund – initially £500,000 new schemes were profiled to be introduced in 2015/15, this has now been adjusted to £424,500. Two schemes have attracted external funding totalling £50,000, so £125,000 has been returned to the Economic Development Fund. The detailed of the schemes is seen in Annex 'A'.
- 1.6 Loan to Broadacres – at Quarter 1 the funds to support Broadacres had not as yet been invested. It is anticipated at this time that the funding will be utilised.
- 1.7 Capital schemes are monitored on a monthly basis and reported to Cabinet quarterly, ensuring that the majority of schemes are held within budget or reported to Council at the earliest opportunity.
- 1.6 New Schemes added to the Capital Programme all have supporting Project Initiation Documentation to ensure projects are affordable, sustainable and prudent.

**TREASURY MANAGEMENT POSITION 2015/16 – 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 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 2015:

	<b>30 Jun 15</b>	<b>Rate</b>
	<b>£m</b>	<b>%</b>
<b>Capital Financing Requirement</b>	0	
<b>Borrowing</b>	0	
<b>Investments</b>	28.47	0.62

Table 1: Borrowing and Investment position at 30 June 2015

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

- 2.1 After strong UK Gross Domestic Product (GDP) growth in 2013 at an annual rate of 2.7% and 3.0% in 2014, quarter 1 of 2015 was disappointing at only 0.4%, though subsequent data indicates that this could well be revised up further down the line and also indicates a return to stronger growth in quarter 2. In its May quarterly Inflation Report, the Bank of England reduced its Gross Domestic Product (GDP) forecast for 2015 from 2.9% to 2.5% and from 2.9% to 2.7% in 2016, while increasing its forecast for 2017 from 2.4% to 2.7%.
- 2.2 Uncertainty around the likely result of the UK general election in May has obviously now evaporated although this has been replaced by some uncertainty around the potential impact on the UK economy of the European Union (EU) referendum promised by, or in, 2017. In addition, the firm commitment of the Conservative Government to eliminating the deficit within the term of this Parliament will have an impact on GDP growth rates. However, the Monetary Policy Committee (MPC) is fully alert to this and will take that into account, and also the potential spill over effects from the Greek crisis, in making its decisions on the timing of raising Bank Rate.
- 2.3 As for the American economy, confidence has improved markedly in this quarter that the US will start increasing the Federal fund's rate by the end of 2015 due to a return to strong economic Gross Domestic Product (GDP) growth after a disappointing start to the year in quarter 1, (a contraction of 0.2%), after achieving 2.4% growth in 2014.
- 2.4 In the Eurozone, the European Central Bank (ECB) in January 2015 in unleashing a massive €1.1 trillion programme of quantitative easing to buy up high credit quality government and other debt of selected Eurozone (EZ) countries. This programme of €60bn

of monthly purchases started in March 2015 and it is intended to run initially to September 2016. This already appears to have had a positive effect in helping a recovery in consumer and business confidence and a start to a significant improvement in economic growth, though it remains to be seen whether this will have an enduring effect as strong as the recovery in the US and UK.

- 2.5 The Council's treasury advisor, Capita Asset Services, has provided the following interest rate forecast:

	Sep-15	Dec-15	Mar-16	Jun-16	Sep-16	Dec-16	Mar-17	Jun-17	Sep-17	Dec-17	Mar-18
Bank rate	0.50%	0.50%	0.50%	0.75%	0.75%	1.00%	1.00%	1.25%	1.50%	1.50%	1.75%
5yr PWLB rate	2.30%	2.40%	2.50%	2.60%	2.80%	2.90%	3.00%	3.10%	3.20%	3.30%	3.40%
10yr PWLB rate	2.90%	3.00%	3.20%	3.30%	3.40%	3.50%	3.70%	3.80%	3.90%	4.00%	4.10%
25yr PWLB rate	3.60%	3.70%	3.80%	4.00%	4.10%	4.20%	4.30%	4.40%	4.40%	4.50%	4.60%
50yr PWLB rate	3.60%	3.70%	3.80%	4.00%	4.10%	4.20%	4.30%	4.40%	4.40%	4.50%	4.60%

Table 3: Investment rate forecast at quarter 1 – 30 June 2015

- 2.6 Capita Asset Services undertook a review of its interest rate forecasts after the May Bank of England Inflation Report. The European Central Bank's (ECB's) quantitative easing programme to buy up Eurozone (EZ) debt caused an initial widespread rise in bond prices and, correspondingly, a fall in bond yields to phenomenally low levels, including the debt of some European countries plunging into negative yields. Since then, fears about recession in the Eurozone (EZ), and around the risks of deflation, have abated and so there has been an unwinding of this initial phase with bond yields rising back to more normal, though still historically low yields.

- 2.7 This latest forecast includes a move in the timing of the first increase in Bank Rate from quarter 1 of 2016 to quarter 2 of 2016 as a result primarily of poor growth in quarter 1, weak wage inflation and the recent sharp fall in inflation due to the fall in the price of oil and the impact of that on core inflation. The UK fell marginally into deflation in April (-0.1%) and figures near zero will prevail for about the next six months until the major fall in oil prices in the latter part of 2014 falls out of the twelve month calculation of Consumer Price Index (CPI) inflation. The Governor of the Bank of England, Mark Carney, has repeatedly stated that increases in Bank Rate will be slow and gradual. The Monetary Policy Committee (MPC) is concerned about the impact of increases on many heavily indebted consumers, especially when average disposable income is only just starting a significant recovery as a result of recent increases in the rate of wage inflation, though some consumers will not have seen that benefit come through for them.

### 3.0 **ANNUAL INVESTMENT STRATEGY 2015/16 – 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 2015/16, and includes the Annual Investment Strategy approved by Cabinet on 10 February 2015. 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 periods up to 12 months with highly credit rated financial institutions, using Capita Asset services suggested creditworthiness approach, including a minimum sovereign credit rating, and Credit Default Swap (CDS) overlay information.

3.4 Officers can confirm that the approved limits within the Annual Investment Strategy were not breached during the quarter ended 30th June 2015.

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 £31,154,615. 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 £12,400,000 at 30 June 2015 - core cash balances for investment purposes (i.e. funds available for more than 1 month) and £16,070,000 cash flow movement balances. Total investment balance at 30 June 2104 was £28,470,000, overall return was 0.62%. Compared to 2014/15 there has been a switch between levels in the Core Cash balances and the Cashflow balances, this is as a result of making funds available for the loan to Braodacres as previously reported to Cabinet on 10 February 2015.

Benchmark	Benchmark Return	Council Performance	Investment Interest Earned
7 day	0.36%	0.40%	£18,889
3 month	0.44%	0.95%	£29,477

Table 3: Investment performance for quarter 1 – 30 June 2015

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 0.51% and outperformed the 7 day benchmark by 0.04%. 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 2015/16 is £300,000. Performance for investments interest earned for the quarter is £48,365. This return for the first 3 months of 2014/15 is below the budget. Due to lower interest rates on Call Accounts and Fixed Term Deposits available to the Council and an estimated reduction in funds available when the loan to Broadacres is made it is expected that the budget will not be achieved. At quarter 1 a reduction of £50,180 has been made to the budget which has been reported in the Quarter 1 Revenue Monitoring Report, also presented at cabinet 2 September 2015.

### 3.9 4.0 **BORROWING 2015/16 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 rose slightly from 3.40% to 3.50% after the May Bank of England Inflation report.

4.2 The table below shows the Public Works Loans Board interest rates which were available for loans during the first quarter of 2015/16. 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.

	<b>1 Year</b>	<b>5 Year</b>	<b>10 Year</b>	<b>25 Year</b>	<b>50 Year</b>
Low	1.11%	1.82%	2.40%	3.06%	3.01%
Date	02/04/2015	02/04/2015	02/04/2015	02/04/2015	02/04/2015
High	1.33%	2.32%	3.04%	3.65%	3.55%
Date	25/06/2015	25/06/2015	10/06/2015	24/06/2015	04/06/2015
Average	1.23%	2.09%	2.785%	3.37%	3.29%

Table 4: PWLB certainty rates, quarter ended 30 June 2015

4.3 **Treasury Borrowing** – the Council undertook no external borrowing in the first quarter of 2015/16. Cabinet approved on 10 February 2015 that borrowing may be undertaken to support the investment in the loan to Broadacres, but to date no borrowing has occurred and the council remains debt free.

4.4 In addition to the borrowing for the investment in the Loan to Broadacres in order to manage the Council’s surplus funds and cash flow position in this report approval is requested for temporary short term borrowing if the need arises.

4.5 The council has three investment priorities to ensure the safety of the council’s funds – Security, liquidity and yield. In order to that the Council’s funds remain secure and that there is sufficient liquidity to be able to use the Council’s surplus funds to loan to Broad acres, it may be necessary to undertake short term borrowing for a cash flow purpose. This will ensure that funds are available to invest in the loan to Broadacres and long term borrowing will not have to occur if long term interest rates are not favourable.

4.6 **Rescheduling of Borrowing** – the Council has no debt and therefore undertook no rescheduling of debt during the first quarter of 2015/16.

4.7 **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 10 February 2015.
- 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 30<sup>th</sup> June 2015:
- a. The economic recovery slowed in the first quarter;
  - b. Survey measures pointed to renewed vigour in Q2;
  - c. Wage growth picked up as the labour market tightens;
  - d. Deflation lasted only one month, but the outlook remain subdued;
  - e. Another split vote on the Monetary Policy Committee (MPC) drew nearer, but a rate hike this year remained unlikely;
  - f. The general election confirmed that the fiscal squeeze will re-intensify next year; and
  - g. The possibility of a “Grexit<sup>1</sup>” became greater.
- 1.2 The latest economic data showed that the recovery slowed in the first quarter. However, the latest National Accounts painted the recovery in a better light than previously thought. Indeed, Q1’s quarterly Gross Domestic Product (GDP) growth estimate was nudged up from 0.3% to 0.4% on the back of some stronger construction data. What’s more, given the strength of the business surveys, we wouldn’t be surprised if Q1’s growth figure was revised even higher in time.
- 1.3 In any case, the surveys suggest that the recovery got swiftly back on track in Q2. On the basis of past form, the average level of the Markit/CIPS composite Purchasing Managers’ indices (PMI) is consistent with quarterly Gross Domestic Product (GDP) growth of around 0.8%. And the Bank of England’s Agents’ scores point to a similarly-strong pick-up. Granted, only limited official data has been published so far for Q2, but April’s industrial production and trade figures paint an encouraging picture for the economic recovery at the start of the quarter.
- 1.4 Early indicators suggest that the recovery in household spending has maintained plenty of momentum in Q2. Although retail sales volumes rose by just 0.2% on the previous month in May, this followed a 0.9% rise in April. Accordingly, even if sales volumes were unchanged in June, they would still have risen by 0.9% over Q2 as a whole, matching Q1’s rise. What’s more, spending off the high street looks to have remained robust as well. The Bank of England’s Agents’ Score of turnover in the services sector points to a further acceleration in nominal spending on services in the near term. In addition, the latest consumer confidence figures suggest that households still think now is a good time to undertake major purchases.
- 1.5 Household spending should continue to be supported by developments in the labour market. The International Labour Organization (ILO) unemployment rate has now fallen to 5.5%, not far above pre-crisis levels. And the employment rate is the highest since records

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<sup>1</sup> The possibility of Greece leaving the Eurozone.

began. The significant tightening in the labour market over the past eighteen months or so has begun to feed through into pay, with annual growth in headline average weekly earnings (excluding bonuses) picking up to 2.7% in April, its strongest since February 2009. We expect nominal wage growth to strengthen a bit further over the coming months as the unemployment rate continues to nudge down. The subdued outlook for inflation should underpin real wage growth.

- 1.6 The latest consumer prices figures showed that deflation lasted just one month. Consumer price index (CPI) inflation rose from -0.1% in April to +0.1% in May, reflecting the slower pace of falls in food prices and a rebound in petrol prices. We had stressed for a long while that deflation was likely to be fleeting, as it primarily reflected temporary external factors such as the fall in energy prices and food prices, as well as an appreciation in sterling, rather than weakness in domestic demand. Meanwhile, there have not been any signs that very low inflation has had any adverse second round effects on inflation expectations or spending decisions. Nonetheless, inflation looks set to hover just above zero for the next six months, and it wouldn't take much during that period, perhaps a renewed 10% fall in the oil price, for the UK to be tipped back into deflation.
- 1.7 Unsurprisingly, then, the Monetary Policy Committee (MPC) do not appear to be in any rush to raise interest rates. Granted, the minutes of June's Monetary Policy Committee meeting showed that for two members, the decision to leave rates on hold was "finely balanced". And a recent interview with the Financial Times, resident Monetary Policy Committee (MPC) hawk Martin Weale suggested that he is not too far off restoring his vote to raise rates again. But with inflation close to zero, the first budget of the next parliament due to be published in July, and the situation in Greece becoming increasingly troubling, it looks that they will wait at least another few months before turning against the grain again. And with the rest of the committee likely to stand pat for even longer, it looks unlikely that there will be an increase in interest rates this year. Indeed, we still think that the first hike in Bank Rate will occur in Q2 next year, broadly in line with market expectations.
- 1.8 Meanwhile, with the Conservatives winning an outright majority in May's general election, the fiscal squeeze is set to re-intensify next year. We will know more detail about the Chancellor's plans at the Budget on the 8th July, but we already know that in order to meet their manifesto pledge, the Conservatives will have to implement a fiscal consolidation worth around 5% of GDP over the next four years. And given that they have pledged to not increase VAT, income tax or national insurance in the next parliament, more of the planned squeeze will have to come through cuts to spending than in the last parliament. Admittedly, these plans may be watered down, but it is clear that fiscal policy will be a hindrance, not a help, to the economic recovery over the next few years, and underlines that monetary policy will have to remain extremely accommodative. Meanwhile, the general election brought with it another cloud to the economic recovery – namely a referendum on the UK's membership of the European Union which could happen during 2016, though a May date now appears unlikely.
- 1.9 Internationally, the major development over the past quarter has been the deterioration of the situation in Greece. At the time of writing, the country is still a member of the euro-zone, but its future as part of the single currency has become increasingly uncertain. Greece urgently needs financial assistance in order to meet its debt repayments, but is unwilling to accept the reforms which creditors demand in exchange for funds. The situation is so severe that emergency capital controls have been imposed in order to stop the Greek



banking system from collapsing. It is still possible that Greece and its creditors are able to strike a last-minute deal, but it is clear that this is likely to only offer a short-term solution, and Greece will need to undertake substantial debt restructuring or outright default if it is to return its public finances to a sustainable position in the long run. Whilst the UK's direct economic and financial exposures to Greece are small, there could be an adverse impact on the UK's economy from a wider fallout and period of general financial market instability that would be likely to prevail if a "Grexit" were to occur.

- 1.10 Finally, UK equity prices have significantly underperformed their United States counterparts since the beginning of Q2, with the FTSE 100 falling by 2.3%, whilst the Standard&Poor 500 has fallen by only 0.5%. That said, UK equity prices have performed better than those in Europe, which have been hit by renewed fears of a Grexit. Meanwhile, sterling has remained strong against the euro, due to these fears as well as the European Central Bank (ECB)'s ongoing programme of Quantitative Easing. UK 10-year government bond yields have also increased by about 50 basis points since the beginning of Q2. This probably reflects a confluence of factors, such as easing fears of a prolonged bout of deflation, and growing concerns about the impact of a deterioration in the situation in the euro-zone. In any case, gilt yields had looked too low early this year given the fundamental strength of the economic recovery.

## **2.0 INTEREST RATE FORECAST**

### **Change in market sentiment and outlook**

- 2.1 There has been very little change in our forecasts since our previous forecast in February. We have moved back the start of the increases in Bank Rate by one quarter, to quarter 2 of 2016, to reflect a lowering of forecasts for growth, and in line with comments from the Bank of England.
- 2.2 In its May Inflation Report, the Bank of England reduced its forecasts for annual growth from 2.9% to 2.5% in 2015 and 2.7% in 2016. 2017 growth was forecast at 2.4% from 2.7%. There were a number of contributing factors to these downward revisions.
- 2.3 UK quarterly growth in quarter 1 2015 was disappointing and slowed to 0.4% (2.9% year-on-year), from 0.8% (3.4% year-on-year), in the previous quarter.
- 2.4 The Bank also took a more pessimistic view on the rate of, and timing of, the keenly hoped for recovery of growth in labour productivity and of increases in wages; it cut its forecast for wages growth in 2015 from 3.5% to 2.5%. This is despite strong growth in employment and continuing reductions in the rate of unemployment; employment increased by 202,000 in the three months January to March and by 1.25m over the last two years. Unemployment has dropped by 386,000 over the last year and the unemployment rate has fallen to 5.5%. On the other hand, job vacancies stood at 736,000 in the last quarter, close to their highest level since records began in 2001. Despite all this positive news, annual wage increases (excluding bonuses) in the last three months were only 1.9%. For this recovery to become sustainable over the longer term, there must be a recovery in the growth of productivity and real wages in excess of the rate of inflation.

- 2.5 The election of a majority Conservative Government which is going to implement significant cuts in government expenditure, in order to reduce the size of the annual budget deficit, will slow Gross Domestic Product (GDP) growth marginally.
- 2.6 Consumer price index (CPI) inflation dipped into deflation territory, falling to -0.1%. This dip into deflation will only last for a short period until the fall in the prices of oil and food drop out of the twelve month calculation of Consumer price index (CPI), especially during Q4 2015, when inflation is expected to tick up markedly. The latest Inflation Report clearly shows an anticipated rise in inflation to being slightly above the 2% target in the two to three year time horizon.
- 2.7 Greece: the Greek government led by the anti European Union (EU) and anti-austerity party Syriza, is making a strong push to renegotiate the austerity programme and debt repayments. This has been met with a robust rejection by the European Central Bank (ECB), European Union (EU) and International Monetary Fund (IMF). There is, therefore, a risk that this could end with Greece leaving the Euro. However, the Eurozone has put in place sufficient firewalls that a Greek exit would have little direct impact on the rest of the Eurozone and the Euro. The Spanish local elections this quarter surprised analysts due to a strong showing by the anti-austerity party. However, there is considerable debate as to whether this level of support will transfer from a protest vote at local level into the general election at a national level which is coming up soon.
- 2.8 We remain concerned at the level of potential risk surrounding the government and corporate debt of several of the major emerging economies, from the perspective of both the potential for default in some countries and also a sharp swing in investor sentiment: investors have previously sought out higher yields in these economies during an extended period when yields in western countries have been heavily suppressed.
- 2.9 Clients should expect a high level of volatility in Public Works Loan Board (PWLB) rates over 2015, depending on how long it takes to decide what will happen in Greece and as other factors impinge on market and investor sentiment. We would not be surprised to see Public Works Loan Board (PWLB) rates swinging by 50 base points in a quarter, which makes any forecasts in the shorter term subject to a much higher level of volatility than has been usual.

### **3.0 THE GLOBAL ECONOMY**

- 3.1 The American economy experienced disappointing growth in quarter 1 2015, contracting by 0.2% on an annualised basis, due to bad weather hitting construction and consumer spending, a ports strike and the near 20% appreciation in the value of the dollar. However, it is expected to recover strongly in quarter 2 and resume its trend of making a full recovery from the financial crash. Gross Domestic Product (GDP) growth for 2014 as a whole of 2.4% holds great promise for strong growth going forward and for further falls in unemployment. It is therefore expected that the Fed will start on the first increase in the Fed rate during 2015 and is likely to be ahead of the UK in being the first major western country to raise rates.

3.2 As for the Eurozone, the ECB fired its big bazooka in announcing a massive €1.1 trillion programme of Quantitative Easing in January 2015 to buy up high credit quality government debt of selected EZ countries. This programme started in March and will run to September 2016. This seems to have already had a beneficial impact in improving confidence and sentiment. There has also been a continuing trend of marginal increases in the GDP growth rate which hit 0.4% in quarter 1 2015 (1.0% y/y). Deflation has also ended with a return into positive territory with an increase from 0.0% in April to +0.3% in May. In May, ten year bond yields shot up by around 50 bps after having dipped to near zero for a brief period.

#### **4.0 CAPITA ASSET SERVICES' FORWARD VIEW**

4.1 Economic forecasting remains difficult with so many external influences weighing on the UK. Our Bank Rate forecasts, (and also Monetary Policy Committee decisions), will be liable to further amendment depending on how economic data transpires over 2015. Forecasts for average earnings beyond the three year time horizon will be heavily dependent on economic and political developments. Major volatility in bond yields is likely to endure as investor fears and confidence ebb and flow between favouring more risky assets i.e. equities, or the safe haven of bonds.

4.2 The overall longer run trend is for gilt yields and Public Works Loan Board (PWLB) rates to rise, due to the high volume of gilt issuance in the UK, and of bond issuance in other major western countries. Increasing investor confidence in eventual world economic recovery is also likely to compound this effect as recovery will encourage investors to switch from bonds to equities.

4.3 The overall balance of risks to economic recovery in the UK is currently evenly balanced. Only time will tell just how long this current period of strong economic growth will last; it also remains exposed to vulnerabilities in a number of key areas.

4.4 We would, however, remind clients of the view that we have expressed in our previous interest rate revision newsflashes of just how unpredictable Public Works Loan Board (PWLB) rates and bond yields are at present. We are experiencing exceptional levels of volatility which are highly correlated to geo-political and sovereign debt crisis developments. Our revised forecasts are based on the Certainty Rate (minus 20 bps) which has been accessible to most authorities since 1st November 2012:-

Downside risks to current forecasts for UK gilt yields and Public Works Loan Board (PWLB) rates include:

- Geopolitical risks in Eastern Europe, the Middle East and Asia, increasing safe haven flows;
- UK strong economic growth being weaker than we currently anticipate;
- Weak growth or recession in the UK's main trading partners - the EU, US and China;
- A resurgence of the Eurozone sovereign debt crisis;

- Recapitalisation of European banks requiring more government financial support;
- Monetary policy action failing to stimulate sustainable growth and to combat the threat of deflation in western economies, especially the Eurozone and Japan.

The potential for upside risks to current forecasts for UK gilt yields and Public Works Loan Board (PWLB) rates, especially for longer term Public Works Loan Board (PWLB) rates include:

- Uncertainty around the risk of a UK exit from the EU;
- The European Central Bank severely disappointing financial markets with a programme of asset purchases which proves insufficient to significantly stimulate growth in the Eurozone;
- The commencement by the US Federal Reserve of increases in the Fed. funds rate in 2015, causing a fundamental reassessment by investors of the relative risks of holding bonds as opposed to equities and leading to a major flight from bonds to equities;
- UK inflation returning to significantly higher levels than in the wider EU and US, causing an increase in the inflation premium inherent to gilt yields.

**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 10 February 2015

The main purpose of the indicators is to control how much a Council needs to borrow. In 2015/16, the Council will invest in a loan to Broadacres of £35,000,000. Therefore the indicators are calculated on the Council borrowing £35,000,000 from the Public Works Loan Board (PWLB).

<b>1. PRUDENTIAL INDICATORS</b>	<b>2015/16</b>	<b>2015/16</b>
<b>Extract from budget and rent setting report</b>	<b>Original Budget</b>	<b>Actual Q1</b>
	<b>£'000</b>	<b>£'000</b>
<b>Capital Expenditure</b>	37,937	41,027
<b>Ratio of financing costs to net revenue stream</b>	Nil	Nil
<b>Net borrowing requirement General Fund</b>		
brought forward 1 April	Nil	Nil
carried forward 31 March	Nil	Nil
in year borrowing requirement	35,000	35,000
<b>Capital Financing Requirement 31 March 2015</b>	35,000	35,000
<b>Incremental impact of capital investment decisions</b>	£	£
Increase in Council Tax (band D) per annum	£0.00	£0.00

<b>2. TREASURY MANAGEMENT INDICATORS</b>	<b>2014/15</b>	<b>2014/15</b>
	<b>original</b>	<b>actual</b>
	<b>£'000</b>	<b>£'000</b>
<b>Authorised Limit for external debt -</b>		
borrowing	£40,000	£40,000
other long term liabilities	£1,000	£1,000
TOTAL	£41,000	£41,000
<b>Operational Boundary for external debt -</b>		
borrowing	£39,000	£39,000
other long term liabilities	£600	£600
TOTAL	£39,600	£39,600
<b>Actual external debt</b>	£0	£0
<b>Upper Limit on fixed interest rates based on net debt</b>	108%	108%
<b>Upper Limit on variable interest rates based on net debt</b>	-8%	-8%
<b>Upper limit for total principal sums invested for over 364 days (per maturity date)</b>	£9,000	£9,000

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

## **HAMBLETON DISTRICT COUNCIL**

**Report To:** Cabinet  
1 September 2015

**Subject:** COUNCIL PLAN 2015 TO 2019

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

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

- 1.1 This report seeks Member approval to a new Council Plan.
- 1.2 Council in March 2015 voted to extend the 2011 to 2015 Council Plan until November 2015 when it was envisaged a new Plan would be approved.
- 1.3 This report presents the new Council Plan for agreement. The full Plan at Annex 'A' and the Summary Plan at Annex 'B'.

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

- 2.1 The Council is statutorily obliged to have an active Council Plan.

### **3.0 RISK ASSESSMENT:**

- 3.1 There are no risks associated with this report.

### **4.0 FINANCIAL IMPLICATIONS:**

- 4.1 None directly for this report.

### **5.0 LEGAL IMPLICATIONS:**

- 5.1 None.

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

- 6.1 There are no specific equality implications to this report.

### **7.0 RECOMMENDATION:**

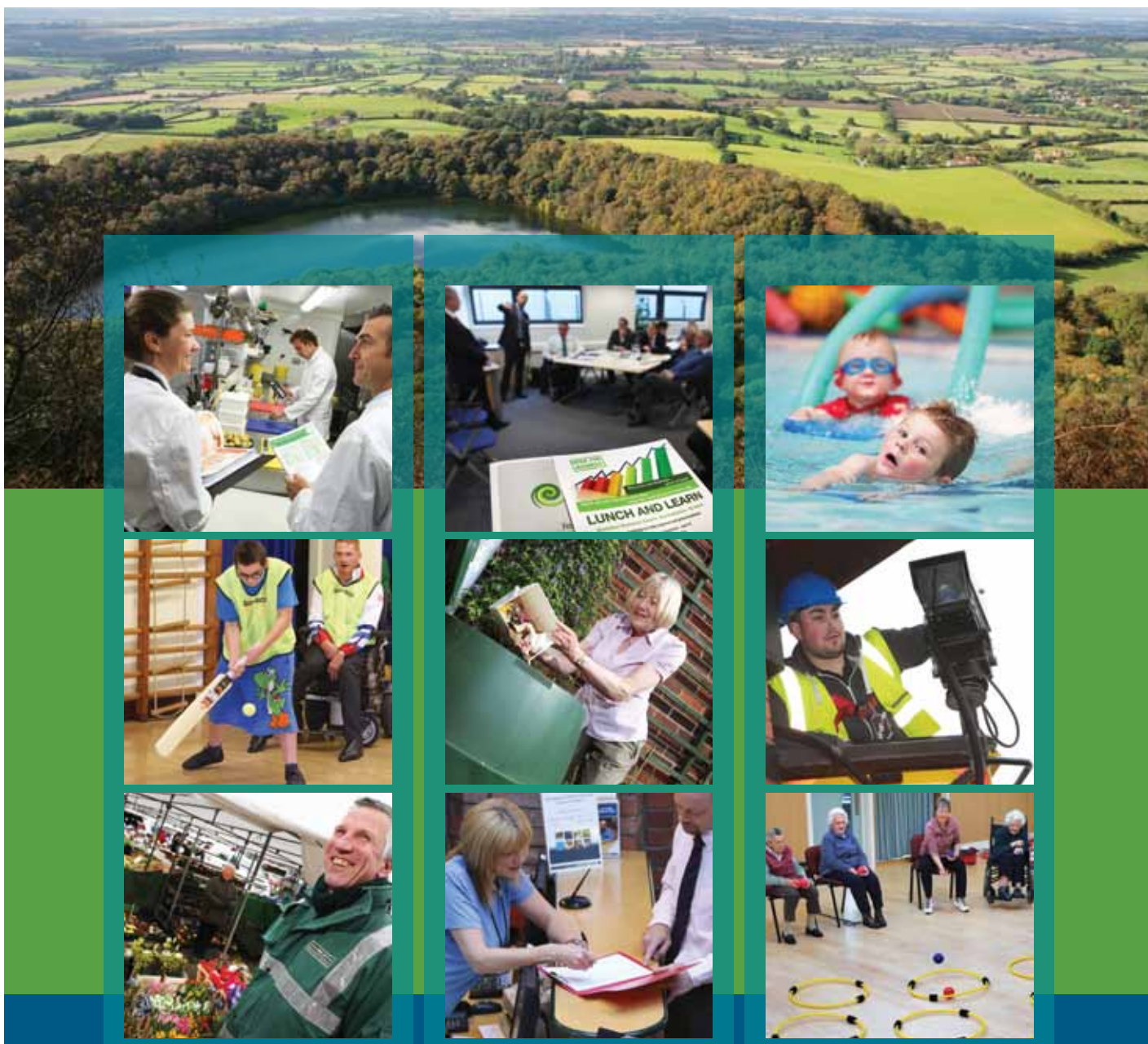
- 7.1 Cabinet is asked to recommend the new Council Plan to Council.

JUSTIN IVES

**Background papers:** None  
**Author ref:** JI/LBW  
**Contact:** Louise Branford-White  
Head of Resources  
Direct Line: 767024

# COUNCIL PLAN

2015 - 2019



**Hambleton...**  
**a place to grow, be healthy, be prosperous**



# Hambleton...



a place to grow,  
be healthy,  
be prosperous



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 four years 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, regional and national 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 residents 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 Council's direction for the next four years and gives an overview of our priorities and key actions as we strive to meet the needs of our community.

**Councillor Mark Robson  
Leader of Hambleton District Council**



This Council Plan sets out how Hambleton District Council will deliver the services that you - our customers - need and want.

The plan sets out a vision that we can all recognise and support. Hambleton is a place with a healthy and prosperous future that everyone can share.

The Council has committed time and resources to ensure that its core foundations are solid to enable the plan to focus on delivering services to all those that live, work and visit the area.

The Council values its customers and by

- driving economic development in the district
- enhancing health and wellbeing
- effectively managing the environment
- meeting housing needs

it highlights its commitment - through partnership working, showing leadership and using influence - to achieving the priorities set out in this plan.

**Phillip Morton  
Chief Executive  
Hambleton District Council**



## Introduction

**Hambleton District Council occupies the broad Vale of York between the Yorkshire Dales and the North York Moors. It is a predominantly rural district with a number of areas of historic interest and hosts the Army and RAF at Alanbrooke Barracks, RAF Leeming and Linton on Ouse.**

The district is the second largest in North Yorkshire by area, 506 square miles, with a population of around 89,600. Northallerton is the largest settlement with 18% of the district's population. The majority of the population live in outlying villages with 5% residing in each of the main market towns of Bedale, Easingwold, Stokesley and Thirsk.

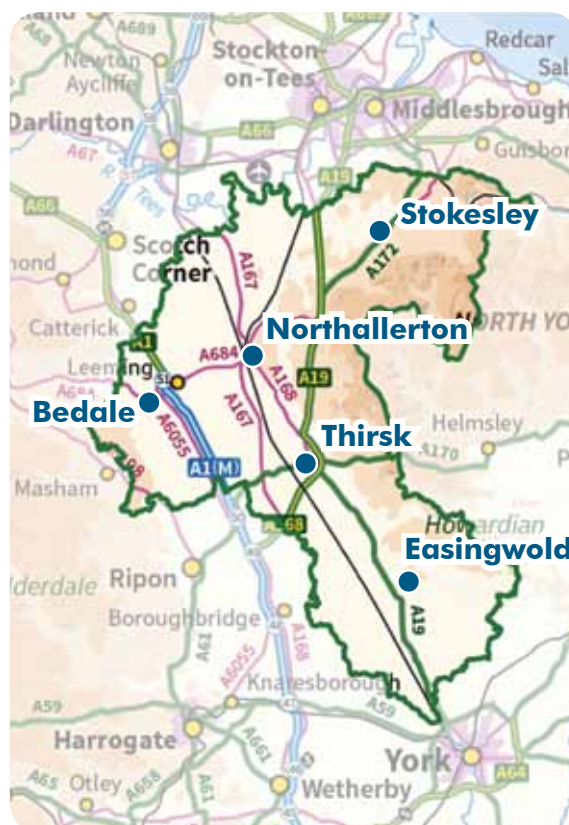
Hambleton covers an area of 1,311.17 km<sup>2</sup> most of which, 1,254.90 km<sup>2</sup>, is green space. It is named after the Hambleton Hills, part of the North York Moors National Park, that lie on the eastern edge of the district. The area is recognised nationally for its landscape, the Howardian Hills are a designated Area of Outstanding Natural Beauty, and also for the value of amenities in the five vibrant market towns.

Hambleton District Council has a Cabinet structure with 28 councillors representing its 17 wards (currently 27 Conservative, 1 UKIP). They are elected every four years - the last election was on 7 May 2015.

Population levels are rising with an increase of 6.5% over the past ten years and people are healthier and live longer than the national average.

Living in Hambleton, women at age 65 can expect to live on average a further 20.5 years - 2.5 years longer than the national average; men reaching 65 years can expect to live on average a further 16 years - 1.5 years longer than the national average.

Crime and anti-social behaviour rates are below national averages. Generally there are low levels of deprivation across the area. Although primarily a rural area, it is very much a service based community.



Contains Ordnance Survey data © Crown copyright and database right 2015



## Our Vision

The Council's vision is for Hambleton to be a place to grow, be healthy, be prosperous. It has four **PRIORITIES** to achieve this:

- **Driving Economic Vitality**
- **Enhancing Health and Wellbeing**
- **Caring for the Environment**
- **Providing a Special Place to Live**

This Council Plan also highlights **KEY PROJECTS** the Council will deliver within the four priorities.



## Our Values

The delivery of this Council Plan is influenced by our five **KEY VALUES**.

- **Open ...** honest and transparent in the provision of our services to the community
- **Responsible ...** accountable and responsible for our actions as individuals and as an organisation
- **Customer focused ...** committed to providing, and improving upon, a high quality, customer-focused service
- **Fair ...** to all on an equal basis
- **Respectful ...** value our work colleagues and stakeholders



# Our Foundations

The Council's core **FOUNDATIONS** to support the priorities and delivery of key projects are:

## ■ Communication:

- Develop a cohesive approach throughout the Council to engage with our communities and stakeholders through:
  - a proactive information flow that keeps stakeholders up to date with Council developments
  - improving use of social media
  - 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
  - test innovative ideas for improvement

## ■ Finance:

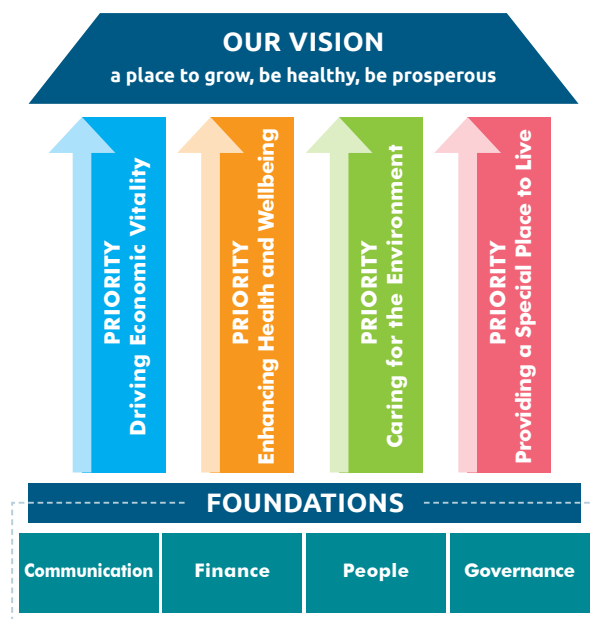
- Provide financial sustainability by implementing arrangements throughout the period of the current spending review and beyond
- Generate additional income and utilise alternative types of funding to ensure on-going affordability of Council services

## ■ People:

- Empower the workforce to achieve the best solution for our customers
- Develop skills and abilities of officers throughout the organisation and provide excellent training opportunities
- Value our employees and support their ideas for improvement
- Create a healthy, safe environment in which employees want to work and encourage a good work-life balance

## ■ Governance:

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





# Our Purpose

... to provide high quality, cost effective services which are valued by, and help the lives of, residents, communities and businesses.

## Customer and Leisure Services:

- Business and Community
- Business Engagement
- CCTV
- Communications
- Community Development
- Community Safety
- Customer Services
- Economic Development and Business
- Emergency Planning
- Engagement
- Leisure Centres
- Public Health
- Safeguarding Children and Vulnerable Adults
- Sports and Art Development
- Workspace Management

## Environmental and Planning Services:

- Building Control
- Conservation
- Decent Homes
- Development Management - planning applications/advice/appeals
- Environmental Health
- Fuel Poverty
- GIS (Geographic Information Systems) and Addressing
- Household Waste
- Housing Options and Advice
- Land Charges
- Licensing
- Pest Control
- Planning Enforcement
- Planning Policy
- Recycling
- Street Naming and Numbering
- Street Scene

## Support Services:

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



# Our Challenges

## Driving Economic Vitality

- Decreasing Government funding/tightening of the Council budget
- Economic challenges
- Impact of recession on the local economy
- Increased pressure on Council services
- Connectivity - road systems and broadband
- Closure of major employers in Northallerton
- Changing technology
- Low numbers of young people returning to the district after university
- Maintaining vibrant and active market towns and community facilities



## Enhancing Health and Wellbeing

- An ageing population
- Supporting and safeguarding the vulnerable
- Physical inactivity
- Obesity
- Affordable warmth



## Caring for the Environment

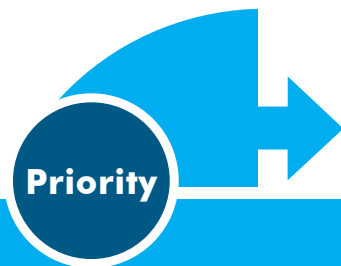
- Increasing Recycling
- Energy efficiency and sustainability
- Improving the environmental footprint



## Providing a Special Place to Live

- Protect the countryside and open spaces to enjoy and cherish
- Maintaining sustainable communities
- Welfare Reform
- Providing good quality housing
- Lack of affordable housing
- Homelessness





## Driving Economic Vitality

### Purpose:

- Promote growth of local economy
- Support economic growth through planning
- Enable businesses to set up and grow
- Provide business friendly services
- Establish links with education
- Maximise private sector investment in the district
- Improve market town vitality and viability

### Performance indicators to monitor service delivery:

- Facilitate 25 young people to work in local small businesses by April 2016 through apprenticeships
- Facilitate 15 graduates into Hambleton businesses by April 2016 through the graduate scheme
- 100% of projects implemented this year in the Economic Strategy compared to target
- 100% of milestones met in key infrastructure projects (Dalton Bridge)
- Work with the business community to agree and develop support mechanisms for business networks in five market towns by March 2016
- To achieve a level of business rate and council tax collection of 98%
- To ensure the actual amount of Business Rates collected against the budget is £26.2m in 2015/16
- To increase the number of major planning applications determined within 13 weeks, or as agreed with the applicant, to 70%
- To increase the number of minor planning applications determined within eight weeks, or as agreed with the applicant, to 85%

### Key projects to deliver the service:

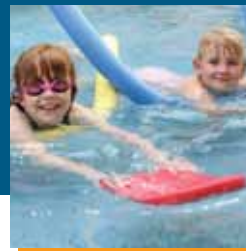
- North Northallerton - bridge and road
- Central Northallerton redevelopment
- Dalton Bridge
- Sowerby Gateway - A168 junction
- Bedale Gateway car park



## Outcomes - Measures of Success

- New business and commercial openings made available
- Increased grant availability and opportunities for young people
- Businesses stay, grow and relocate to the area
- Support developers achieve planning permission for new homes, businesses, industrial developments and infrastructure
- Community Infrastructure Levy is implemented to assist economic development
- Land is allocated to meet employment needs until 2035 through the new Local Plan





## Enhancing Health and Wellbeing

### Purpose:

- **Improve the health and wellbeing of people by providing and supporting community inclusive facilities, activities, events and interventions**

### Performance indicators to monitor service delivery:

Generate 2,450 leisure centre health and fitness memberships

Achieve £2.69m in leisure centre income (fees and charges)

Achieve 2,540 learn to swim children memberships

Enable 300 targeted people to participate in new activities or initiatives offered from community venues

556 referrals signed up to the Take that Step programme

Allocated £0.125m to sustainable initiatives

Ensure that 85% of Section 106 Agreement funds are allocated at any given time

Determine the planning application relating to the North Northallerton Sports Village by October 2015

### Key projects to deliver the service:

- North Northallerton - Sports Village
- Sowerby Gateway - Sports Village

## Outcomes - Measures of Success

- Increased physical activity participation rates and therefore improve health
- Reduction in health threatening conditions
- Improved health and wellbeing through community events, initiatives, programmes and activities
- Increased child safety through learning to swim
- Improved community cohesion and quality of life





## Caring for the Environment

### Purpose:

- Improve efficiency of waste collections and recycling
- Improve customer satisfaction
- Reduce CO<sub>2</sub> and improve energy efficiency

### Performance indicators to monitor service delivery:

Maintain a customer satisfaction rating of 95% for the Council's waste collection services

Reduce kerbside collected residual waste to 400 kg/head/year by 2017

Increase the recycling rate to 53% by 2017

Ensure all existing households (100%) receive a waste collection service by the end of 2016

Reduce the council's carbon footprint year on year

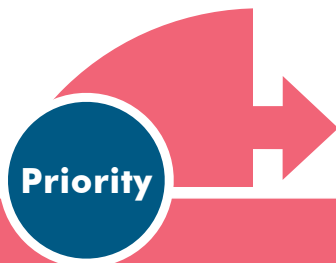
### Key projects to deliver the service:

- New recycling service

## Outcomes - Measures of Success

- Efficient collection rounds with fit for purpose fleet
- Decreased landfill waste
- Improve service to customers
- Environmental sustainability





## Providing a Special Place to Live

### Purpose:

- Provide an adequate amount of housing to meet the housing needs of all
- Provide support to residents to prevent homelessness
- Support people to lead independent lives

### Performance indicators to monitor service delivery:

Maintain, each year, a minimum five year supply of deliverable housing sites

Deliver 170 affordable homes, including 12 in rural locations

Complete consultation on issues and options for the new Local Plan by March 2016

Achieve 480 homelessness preventions

Achieve 100% spend on disabled facility grant applications

For housing benefit and council tax claims, process new claims in 20 days and changes in circumstances in seven days

Detect and prevent the amount of housing benefit and council tax fraud and error against a target of £0.050m

### Key projects to deliver the service:

- Hambleton Local Plan

## Outcomes - Measures of Success

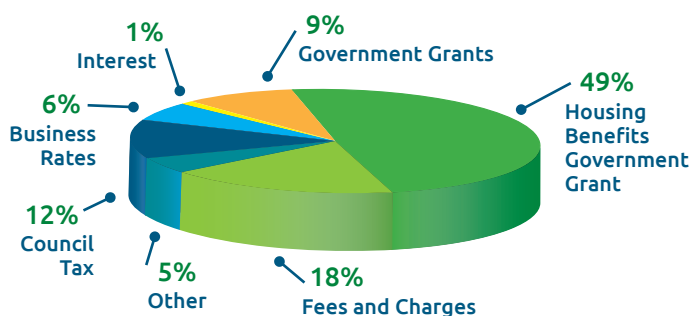
- Housing sites are made available for market and affordable housing
- Achieve affordable housing and appropriate housing mix
- Provide financial support for residents to live in the district independently





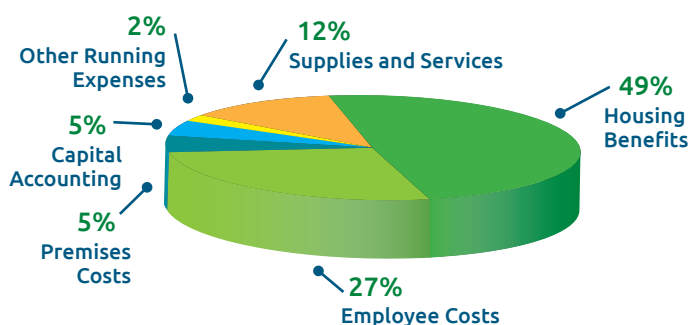
# Financial Sustainability

## Where the money comes from - £38.06m



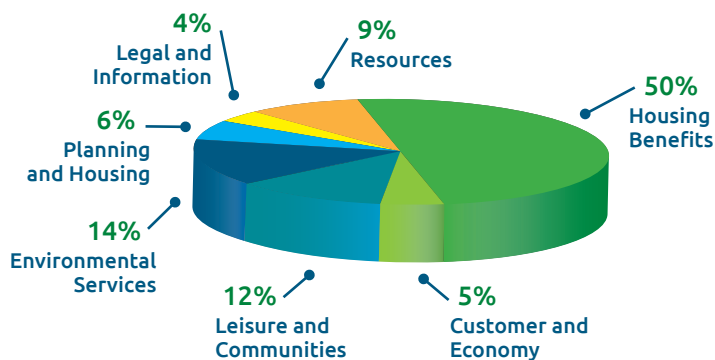
- Government grants to support housing benefit total 49%, with the Council's other services being financed mainly by fees and charges, council tax, business rates and government grant.

## What the money is spent on - £38.06m



- The Council's greatest expenditure is housing benefit, which is supported directly from Government grants.
- Employee costs are seen to be a significant Council resource due to the Council's main purpose to supply services to the community.

## The cost of services provided - £38.06m



- The services provided to the community are dominant in the area of housing, due to housing benefit paid to claimants.
- Environmental Services provides 14% of expenditure and Leisure related services 12%.



## **Our Council Plan focuses 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. You can also email to request further information.**



**[hambleton.gov.uk](http://hambleton.gov.uk)**



**[info@hambleton.gov.uk](mailto:info@hambleton.gov.uk)**

# Hambleton...



a place to grow,  
be healthy,  
be prosperous



**HAMBLETON**  
**DISTRICT COUNCIL**

Civic Centre, Stone Cross, Northallerton, North Yorkshire DL6 2UU  
01609 779977

**This information is available in alternative formats and languages**

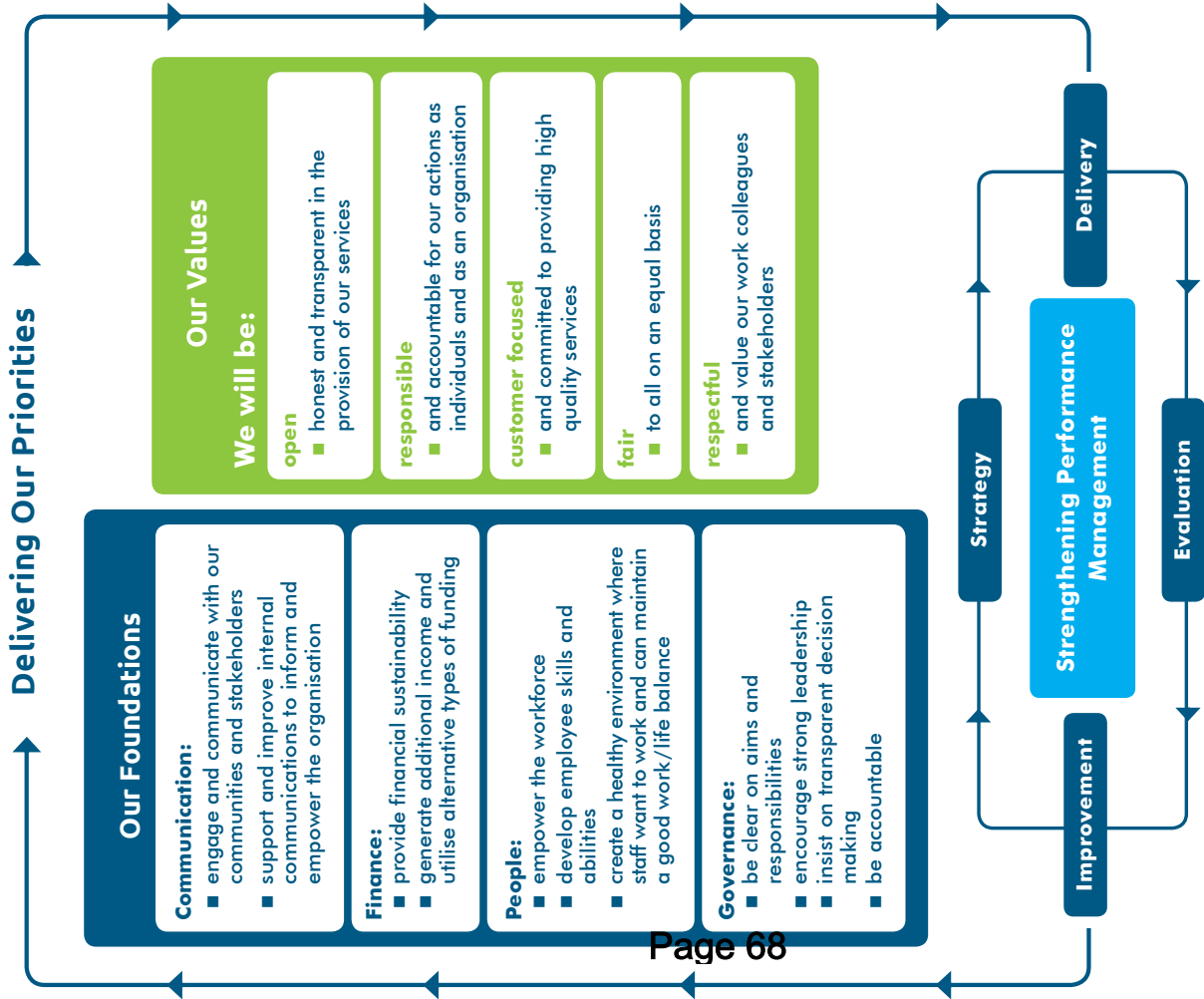
# COUNCIL PLAN

2015 - 2019



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

HAMBLETON  
DISTRICT COUNCIL



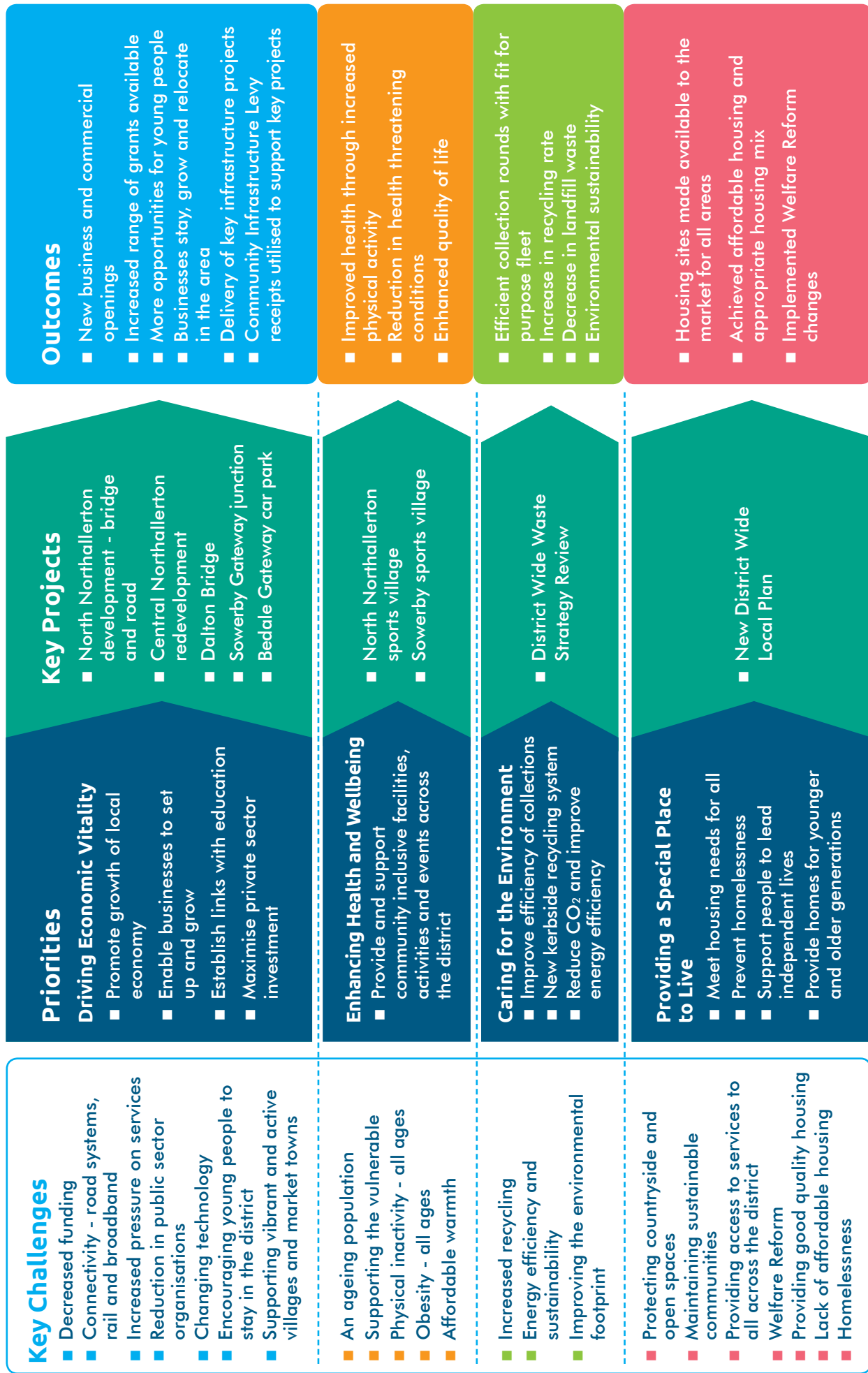
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VISION: Hambleton...a place to grow,  
be healthy, be prosperous



**PURPOSE: to provide high quality, cost effective services that are valued by residents, communities and businesses**



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## **HAMBLETON DISTRICT COUNCIL**

**Report To:** Cabinet  
1 September 2015

**Subject:** NORTH NORTHALLERTON GROWTH DEAL

All Wards

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

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

- 1.1 To outline to Members:
- i) the current position with the Local Growth Deal funding secured from the Local Enterprise Partnership (LEP),
  - ii) the current position of the North Northallerton development,
  - iii) the potential risks to delivery
  - iv) and to seek Cabinet approval to sign the funding agreement with the LEP.
- 1.2 The North Northallerton Development Area is the largest allocation for development in the Councils Local Development Framework. It will provide a significant urban extension to the town providing for over 1000 homes along with land for employment, recreation, a new primary school, an extra care facility and neighbourhood centre.
- 1.3 Key to the development is the creation of a link road between Stokesley and Darlington Roads crossing the Brompton Beck and the Middlesbrough Rail Line. This road is required to add sufficient capacity to the road network to accommodate the additional traffic movements created by the development and to enable development elsewhere in Northallerton to proceed. The road is also important to the towns' economy as it creates a route which will not be impacted by level crossing closures.
- 1.4 The North Northallerton road and bridge project was included in the LEP's Strategic Economic Plan which was submitted to Government to seek funding via the Local Growth Deal. The funding was applied for to enable the road and bridge to be delivered in the early stages of the development to help to ease constraints in the road network created by level crossing and to maximise economic benefits of the North Northallerton Development.
- 1.5 As part of the LEP Local Growth Deal the project has been allocated £6m grant funding (£1m for 2015/16 and £5m for 2016/2017) subject to a satisfactory business case being submitted. This has been submitted, appraised and will be considered by the LEP on September 15<sup>th</sup> 2015. If approved a funding agreement will be drawn up, for issue once planning consent has been obtained, which will commit funding for the project to Hambleton District Council, but also commits the Council to the delivery of the link road and Bridge by the end of October 2017 and expenditure of the LEP funding by the end of March 2017.
- 1.6 The Council has been working closely with the consortium of developers that have options on the land comprising the NNDA, these being Persimmon Homes, Taylor Wimpey and Mulberry Homes, as well as relevant stakeholders to bring forward a planning application for the site. The planning application was received in May for the road and bridge alongside the first phase of housing. Subject to the necessary approvals to construct the bridge across the rail line being gained from the Council and Network Rail, the timetable for the development will be as outlined in Annex 1. It is currently anticipated that Planning Committee will consider the application on 15<sup>th</sup> October 2015.

- 1.7 The Developer consortium have agreed heads of terms with Network Rail who will follow their consultation process with stakeholders to enable them to grant the permission required. This process will take between 6-8 months and is a formality to be undertaken. No issues are expected in this process that would prevent Network Rail from issuing full consent.
- 1.8 Discussions are taking place with the developer consortium regarding the legal agreements that the Council will require the developers to enter into to ensure the Council is protected from the risk of significant financial loss. To this end specialist support has been procured from legal firm Eversheds to form an appropriate agreement and provide a robust consideration of risks and state aid issues. Eversheds have advised the Council that the obligations in the LEP funding agreement can be adequately passed on to the developers and financial risks mitigated.
- 1.9 The grant funding has been secured to ensure early delivery of the road and bridge. To enable access to the funding the Council is leading on the project but the work will be procured by the Developer Consortium in close consultation with NYCC. The process expected to achieve this is the Developer Consortium entering a legal agreement with NYCC to ensure the road and bridge are procured from an appropriate contractor and constructed to an appropriate standard that enables NYCC to subsequently adopt the route as part of the public highway network.
- 1.10 A further purpose of securing the LEP Growth Deal funding is to assist the viability of the scheme which has two key impacts.
- The viability of the development is improved which will in turn improve the delivery of other economic and community benefits.
  - The link road and bridge is to be financed from the Developer Consortium, CIL contributions and the LEP Growth Deal Funds, the £6m from the LEP significantly reducing the contribution to the road and bridge required from CIL.
- 1.11 The Council's CIL policy was adopted in April 2015, the Regulation 123 list, including the road and bridge was approved in June 2015. On the 1<sup>st</sup> September 2015 Cabinet will consider a report which allocates CIL funds to priority projects.

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

- 2.1 The project will help deliver the Councils' priority of Driving Economic Growth through enabling the delivery of the North Northallerton Development area which will:
- provide new employment land.
  - deliver an improved road network for new and existing businesses un-encumbered by level crossings.
  - provide an enlarged labour pool resulting from the associated population growth.
- 2.2 The North Northallerton Bridge and Road, and North Northallerton Sports Village that will be delivered as part of the wider proposals, are key projects in the 2015-19 Hambleton Councils Plan.

## **3.0 RISK ASSESSMENT:**

- 3.1 The risks associated with **approving** the recommendation are:

<b>Risk</b>	<b>Implication</b>	<b>Prob*</b>	<b>Imp*</b>	<b>Total</b>	<b>Preventative action</b>
Planning Permission for the road and bridge is not obtained by October 2015.	Without permission the road bridge cannot be constructed so the project is delayed.	3	4	12	The Council has received the application and is currently working towards making a determination on this in October 2015. A dedicated resource has been brought in to ensure this timetable can be met.
Legal Agreements required between the Council & the Developer Consortium are not approved	Agreement required to pass on obligations on delivery to Developer Consortium and mitigate the financial risks associated with the funding agreement.	3	5	15	Discussions are in progress with the Developer consortium seeking to develop an agreement which passes on obligations over delivery of the road and bridge to the developers along with any associated financial risks.
Legal agreements are not concluded on time.	Project timetable is delayed and funding window is missed	3	5	15	External legal support has been secured to ensure funding agreements between HDC & the LEP and HDC and the Developers are progressed in a timely manner.
Project Slippage	Unutilised grant funding is lost if it cannot be used in line with the timetable set out in the funding agreement	3	5	15	The Council is working closely with the Developer Consortium and the relevant stakeholders to ensure the project can be delivered on time. Obligations on project delivery will seek to pass on risk of project slippage to Developer Consortium to mitigate risk to the Council.

3.2 The risks associated with **not approving** the recommendation are:

<b>Risk</b>	<b>Implication</b>	<b>Prob*</b>	<b>Imp*</b>	<b>Total</b>	<b>Preventative action</b>
Councils reputation with the LEP and Government is tarnished and there is also negative PR about the Council.	Confidence in the Councils ability to delivery major projects will be diminished which may impact on the ability in future to secure investment for projects	3	5	15	Regular communication has been maintained with the LEP so ensure they understand the issues surrounding the project and its delivery and to ensure they are aware that the Council has done all in its power to ensure the project is delivered.
NNDA project proceeds but its viability is detrimentally affected by loss of grant.	Other development costs would have to be reduced to make the project viable.	4	5	20	Other planning requirements such as the level of affordable housing, open space, employment land etc. would have to be considered and the viability model re-assessed to absorb the £6m funding lost
North Northallerton Project is delayed or stalls completely.	The Councils supply of housing and employment land is adversely affected.	5	5	25	Liaison with developers and key stakeholders to ensure their actions are completed.  Additional Council resources if necessary.
Housing market deterioration	CIL contributions are delayed or not forthcoming resulting in the road and bridge being delivered late in the scheme or in the worst case scenario are not delivered at all.	3	5	15	The situation is monitored and regular communication maintained with the developer consortium and stakeholders such as the HCA to help ensure delivery

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

#### **4.0 FINANCIAL IMPLICATIONS:**

4.1 The financial implications to the Council can be mitigated subject to:

- Legal agreement being formed with the Developer Consortium to pass on the financial risks.
- Developer Consortium financing the scheme costs over and above the £6m LEP funding.

- The Council agreeing that the Developer Consortium can provide the road and bridge, and other CIL infrastructure, in lieu of CIL contributions.

These actions will minimise the financial risk to the Council but until the agreements are finalised the level of residual risk cannot be calculated.

## **5.0 EQUALITY/DIVERSITY ISSUES:**

5.1 None.

## **6.0 LEGAL IMPLICATIONS:**

6.1 The funding agreement with the LEP will bind the Council to ensuring the delivery of the project.

6.2 Contracts will need to be established between the Council and the developer consortium to ensure that the project is delivered according to the conditions within the LEP funding agreement. Specialist external legal support has been procured to form an appropriate agreement that the Developer Consortium will be required to enter into with the Council to mitigate financial risks to the Council. Advice obtained from Eversheds indicates that the risks in the LEP funding agreement can be adequately passed on to the Developer Consortium and the financial risks mitigated.

6.3 Planning permission will be required.

## **7.0 RECOMMENDATIONS:**

7.1 It is recommended that Cabinet agrees to enter into the funding agreement with the LEP to secure the £6m Local Growth Deal monies for the NNDA Link Road and Bridge subject to:

- 1) Cabinet agreement in principle to enter a legal agreement with the Developer Consortium that acceptably mitigates the financial risk to the Council; and
- 2) the Chief Executive, in consultation with the Leader of the Council, being satisfied that the developers are able to deliver the project.

## MANAGEMENT TEAM

**Background papers:** None

**Author ref:** Mark Haynes

**Contact:** David Goodwin  
Executive Director  
Direct Line No: (01609) 767147

010915 North Northallerton Development Area Growth Deal monies

ID	Task Name	Task Mode	Duration	Start	Finish	Predecessors	Resource Names	% Work Complete	1st Quarter	2nd Quarter	3rd Quarter	4th Quarter	1st Quarter	2nd Quarter	3rd Quarter	4th Quarter	1st Quarter	2nd Quarter	3rd Quarter	4th Quarter		
0	North Northallerton Path to Planning		691 days?	Thu 01/01/15	Thu 24/08/17			28%														
1	VIABILITY		157 days	Thu 01/01/15	Fri 07/08/15			85%														
2	Contracts confirmation with NR		25 wks	Mon 16/02/15	Fri 07/08/15		Developer Consortium, Network Rail	75%														
3	Ongoing viability/ land calcs inc. CIL		6.5 mons	Thu 01/01/15	Wed 01/07/15		Developer Consortium, Hambleton District	95%														
4	BRIDGE		520 days	Mon 05/01/15	Fri 30/12/16			20%														
5	Bridge Agreement		140 days	Mon 02/03/15	Fri 11/09/15			0%														
6	Write and Submit		20 wks	Mon 02/03/15	Fri 17/07/15		Developer Consortium	0%														
7	Approvals		8 wks	Mon 20/07/15	Fri 11/09/15	6	Network Rail	0%														
8	Technical Approval		80 days	Mon 28/09/15	Fri 15/01/16			0%														
9	Write and Submit		4 wks	Mon 28/09/15	Fri 23/10/15	7FS+2 wks	Developer Consortium	0%														
10	N.Y.C.C Comments		4 wks	Mon 26/10/15	Fri 20/11/15	9	North Yorkshire County Council	0%														
11	NR First comments		4 wks	Mon 23/11/15	Fri 18/12/15	10	Network Rail	0%														
12	Final comments and completion		4 wks	Mon 21/12/15	Fri 15/01/16	11	Developer Consortium, Network Rail, North Yorkshire County	0%														
13	Signal Sighting		50 days	Mon 20/07/15	Fri 25/09/15			0%														
14	Existing Signal Information		2 wks	Mon 20/07/15	Fri 31/07/15	6	Network Rail	0%														
15	Signal Sighting Assessment		8 wks	Mon 03/08/15	Fri 25/09/15	14	Buro Happold	0%														
16	Access to the Rail		480 days	Mon 02/03/15	Fri 30/12/16			0%														
17	Survey Access (duration unknown)		8 wks	Mon 20/07/15	Fri 11/09/15	6	Buro Happold	0%														
18	Apply for construction access		24 mons	Mon 02/03/15	Fri 30/12/16	6SS	Buro Happold	0%														
19	Network Rail Business/ Property Clearances		260 days	Mon 05/01/15	Fri 01/01/16			32%														
20	Business Clearance (approved by NR)		4 wks	Mon 05/01/15	Fri 30/01/15		Developer Consortium, Network Rail	100%														
21	Easement valuation report		2 mons	Mon 02/02/15	Fri 27/03/15	20	Network Rail	100%														
22	Review/Agree easement valuation findings		8 wks	Mon 30/03/15	Fri 22/05/15	21	Developer Consortium, Network Rail	100%														
23	Licence condition 7 (NR gain ORR consent)		6 mons	Mon 25/05/15	Fri 06/11/15	22	Network Rail, Office of Rail Regulation	0%														
24	ORR Approval and legals		2 mons	Mon 09/11/15	Fri 01/01/16	23	Office of Rail Regulation	0%														
25	Land acquisition (duration unknown)		3 mons	Mon 20/07/15	Fri 09/10/15	6	Developer Consortium	0%														
26	Bridge Technical Assessments		90 days	Mon 05/01/15	Fri 08/05/15			100%														
27	Bridge Intrusive Ground Investigation		8 wks	Mon 05/01/15	Fri 27/02/15		Developer Consortium	100%														
28	Flooding modelling		14 wks	Mon 02/02/15	Fri 08/05/15		Developer Consortium	100%														
29	Bridge Design		360 days	Tue 03/03/15	Mon 18/07/16			33%														
30	Planning Design (Stage C)		8 wks	Tue 03/03/15	Mon 27/04/15		Buro Happold	100%														
31	Stage D (Duration TBC)		6 wks	Tue 29/03/16	Mon 09/05/16	30FS+12 mons	Buro Happold	0%														
32	Stage E		4 wks	Tue 10/05/16	Mon 06/06/16	31	Buro Happold	0%														
33	Construction Information (Stage F)		6 wks	Tue 07/06/16	Mon 18/07/16	32	Developer Consortium	0%														
34	Masterplanning		85 days	Mon 02/02/15	Fri 29/05/15			100%														
35	Community Consultation Period		2 wks	Mon 13/04/15	Fri 24/04/15		Developer Consortium, Hambleton District	100%														
36	TW & Persimmon internal layouts		16 wks	Mon 02/02/15	Fri 22/05/15		Taylor Wimpey, Persimmon Homes	100%														
37	Final review with HDC		1 wk	Mon 25/05/15	Fri 29/05/15	36	Hambleton District Council, Persimmon	100%														



ID	Task Name	Duration	Start	Finish	Predecessors	Resource Names	% Work Complete	1st Quarter	2nd Quarter	3rd Quarter	4th Quarter	1st Quarter	2nd Quarter	3rd Quarter	4th Quarter	1st Quarter	2nd Quarter	3rd Quarter	4th Quarter
38	Design and Access Statement	16 wks	Mon 02/02/15	Fri 22/05/15	3655	Developer Consortium	100%												
39	Amends to D&A	1 wk	Mon 25/05/15	Fri 29/05/15	38	Developer Consortium, Hambleton District	100%												
40	Planning	361 days?	Thu 01/01/15	Thu 19/05/16			16%												
41	EIA Statement	12 wks	Mon 02/02/15	Fri 24/04/15		Developer Consortium	100%												
42	Outline and Detailed submission	0 days	Fri 29/05/15	Fri 29/05/15		Developer Consortium	95%												
43	Submission of Environmental Statement	0 days	Fri 12/06/15	Fri 12/06/15		Developer Consortium	0%												
44	Monitor, negotiate, respond	21 wks	Fri 29/05/15	Thu 22/10/15	42	Developer Consortium, Hambleton District	20%												
45	HDC engage District Valuer to assess development viability	6 wks	Thu 04/06/15	Wed 15/07/15			20%												
46	Submission of Viability appraisal to DV	0 days	Thu 02/07/15	Thu 02/07/15	3		0%												
47	Consortium Collaboration Agreement	5 mons	Fri 01/05/15	Thu 17/09/15		Developer Consortium	0%												
48	Review consultation responses	7 wks	Wed 08/07/15	Tue 25/08/15			0%												
49	Submit Retail Impact Assessment	0 days	Wed 15/07/15	Wed 15/07/15			0%												
50	HDC to consider DV appraisal and discuss with Consortium	4 wks	Thu 16/07/15	Wed 12/08/15	45		0%												
51	Walker Morris to submit draft S.106 for HDC review	0 days	Thu 16/07/15	Thu 16/07/15			0%												
52	Submit any amendments or additional evidence	0 days	Tue 25/08/15	Tue 25/08/15	48		0%												
53	Consider draft Planning Conditions	6 wks	Tue 01/09/15	Mon 12/10/15			0%												
54	S.106 agreement on draft wording	9 wks	Thu 16/07/15	Wed 16/09/15	51		0%												
55	Planning Committee	0 days	Thu 22/10/15	Thu 22/10/15	44	Hambleton District Council	0%												
56	Completion of S106 and issue of decision and CL liability notice	0 days	Mon 02/11/15	Mon 02/11/15	55	Hambleton District Council	0%												
57	JR & Price Notices	6 wks	Fri 23/10/15	Thu 03/12/15	55	Developer Consortium, Hambleton District Developer Consortium	0%												
58	Land Draw down	6 mons	Fri 04/12/15	Thu 19/05/16	57		0%												
59	Clearance of Conditions	4 mons	Fri 04/12/15	Thu 24/03/16	57	Developer Consortium	0%												
60	HCA Funding application - TBC	1 day?	Thu 01/01/15	Thu 01/01/15			0%												
61	Detailed Design	28/09/15	Mon 28/09/15	Thu 01/01/15			1%												
62	In house Engineering	8 wks	Fri 29/05/15	Thu 23/07/15	4255	Developer Consortium	5%												
63	Technical Approvals - HDC/ NYCC	12 wks	Mon 28/09/15	Fri 18/12/15	62FS-2 wks	Developer Consortium, Hambleton District Developer Consortium, Service Providers	0%												
64	Detailed Utility enquiries	6 wks	Fri 29/05/15	Thu 09/07/15	4255	Developer Consortium, Service Providers	10%												
65	Utilities designs	19 wks	Mon 28/09/15	Fri 05/02/16	64	Providers	0%												
66	Utilities accepted	1 day	Mon 08/02/16	Mon 08/02/16	65	Developer Consortium, Service Providers	0%												
67	Pre-tender meeting	1 day	Mon 28/09/15	Mon 28/09/15		Developer Consortium	0%												
68	Site/Legal set up meeting	1 day	Tue 20/10/15	Tue 20/10/15	67FS+3 wks	Developer Consortium	0%												
69	Commercial tender process	12 wks	Tue 29/09/15	Mon 21/12/15	67	Developer Consortium	0%												
70	Site Infrastructure	455 days	Fri 29/05/15	Thu 23/02/17			0%												
71	Procurement	3 mons	Fri 29/05/15	Thu 20/08/15	42	Developer Consortium, Hambleton District LEP	0%												
72	LEP FUNDING DEADLINE 2015/16	0 days	Tue 01/03/16	Tue 01/03/16			0%												
73	Construction of Roundabouts	4 mons	Fri 20/05/16	Thu 08/09/16	59, 66, 58	Developer Consortium	0%												
74	Construction of eastern Link road	3 mons	Fri 09/09/16	Thu 01/12/16	73	Developer Consortium	0%												
75	Construction of western link road	6 mons	Fri 09/09/16	Thu 23/02/17	7455	Developer Consortium	0%												

Project: NWDA  
Date: Wed 01/07/15

Task - Masterplan  
Task - Viability  
Task - Bridge  
Task - Milestone  
Summary  
Deadline

ID	Task Mode	Task Name	Duration	Start	Finish	Predecessors	Resource Names	% Work Complete	1st Quarter	2nd Quarter	3rd Quarter	4th Quarter	1st Quarter	2nd Quarter	3rd Quarter	4th Quarter	1st Quarter	2nd Quarter	3rd Quarter	4th Quarter	
76	📌	Bridge Construction	130 days	Fri 24/02/17	Thu 24/08/17			0%													
77	📌	Approximate construction period	26 wks	Fri 24/02/17	Thu 24/08/17	75	Developer Consortium	0%													
78	📌	LEP FUNDING DEADLINE 2016/17	0 days	Wed 01/03/17	Wed 01/03/17		LEP	0%													
79	📌	Residential	160 days	Fri 04/11/16	Thu 15/06/17			0%													
80	📌	Site Start - East and West	0 days	Fri 04/11/16	Fri 04/11/16	74FS-1 mon	Perisimmon Homes, Taylor Wimpey	0%													
81	📌	Outlet Opening	0 days	Thu 23/02/17	Thu 23/02/17	80FS-4 mons	Perisimmon Homes, Taylor Wimpey	0%													
82	📌	First legal completion	0 days	Thu 15/06/17	Thu 15/06/17	81FS-4 mons	Perisimmon Homes, Taylor Wimpey	0%													

## **HAMBLETON DISTRICT COUNCIL**

**Report To:** Cabinet  
1 September 2015

**Subject: COMMUNITY INFRASTRUCTURE LEVY - CONTRIBUTIONS TOWARDS THE NORTH NORTHALLERTON INFRASTRUCTURE SCHEMES**

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

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

- 1.1 The purpose of this report is to identify and recommend the amount of CIL receipts to be dedicated towards the prioritised CIL funded infrastructure schemes for North Northallerton as set out in the Regulation 123 List (Annex 'A').
- 1.2 A report was presented to Cabinet in June 2015 (Minute CA.6) seeking approval for the prioritisation of the infrastructure schemes identified as being CIL-funded and therefore appearing on the CIL Regulation 123 List. This identified the North Northallerton Link Road and Bridge, the North Northallerton Primary School and Northallerton Sports Village as priorities for CIL funding. A further report was to be submitted on the amount of CIL funds to be allocated.
- 1.3 To ensure efficient and effective delivery of the North Northallerton development, front-loading of CIL funding will be required. The strategic infrastructure is required at the earliest possible stage in order to:
- maximise the benefits of the development and ensure that future phases of the scheme will be delivered in a timely and efficient manner;
  - maximise opportunities for housing delivery in the District and its associated benefits.
  - ensure expenditure of the £6million of grant funding from the Local Enterprise Partnership (LEP) towards the bridge and link road;
  - deliver a new primary school to assist with capacity issues of existing schools in the area and meet the increase in demand generated by North Northallerton.
- 1.4 In order to deliver these benefits and in light of the agreed arrangements to prioritise and allocate CIL funding it is proposed to allocate a significant proportion of available CIL receipts to the North Northallerton infrastructure requirements for an initial period of three years (to 31 March 2018). The details and explanation for this are set out below.

### **2.0 PROPOSED CIL PACKAGE FOR NORTH NORTHALLERTON:**

#### CIL Payment 'in kind'

- 2.1 CIL Regulations 73 and 73A allow for infrastructure and/or land to be provided in lieu of a monetary CIL contribution. The Council is therefore able to accept the construction and delivery of the road and bridge to the required standard in lieu of the financial CIL contribution which would otherwise be sought from the Developer Consortium's overall development of 900 homes provided that the value of the infrastructure is equal to the value

of the CIL requirement. The value of the infrastructure would need to be determined by an independent person.

- 2.2 Subject to the level of affordable housing provision, the overall CIL contribution from the Developer Consortium element of the NNDA (excluding the Church Commissioners land) is estimated to be approximately £4million, though this may change. If the entire CIL funding was put towards the road and bridge the funding package would be as follows:

LEP Grant Funding	=	£6million
Access to Phase I sites +	=	£2.3million
Developer Consortium CIL Contribution*	=	£4million
S106 contributions accrued for scheme	=	£400,000
<b>TOTAL</b>	<b>=</b>	<b>£12.7million</b>

+ standard costs relate to the normal costs anticipated to provide access to the development site

\* calculated on 20% affordable housing across the NNDA (exc. Church Commissioners land)

The above build costs of the road and bridge have been provided by the Developer Consortium and assessed and verified by Parsons Brinckerhoff, consultants appointed by the Council.

- 2.3 In view of the importance of the road and bridge in supporting the development of the area it is proposed that the entire CIL from the development to be put to this. It is also proposed that Cabinet agrees to accept the construction and transfer to the Highway Authority of the road and bridge in lieu of the CIL receipts that otherwise would be received from the developers undertaking the overall scheme (excluding the Church Commissioners land east of Stokesley Road). This approach removes the unnecessary transferring of funds between parties and the associated costs of doing this, as well as time factors. The actual costs of the road bridge and the funding gap to be met by CIL would need to be reviewed when the scheme has been out to tender.
- 2.4 If a different level of affordable housing was agreed, the level of CIL contribution from the developers would vary accordingly as the proportion of market housing (and therefore CIL-liable housing) would also change. In these circumstances, the developers would be asked to make the 'in-kind' CIL contribution for the amount which would cover the funding gap for the road and bridge and provide the balance in the form of a financial contribution. It is proposed that such CIL funds above that required for the road and bridge would be pooled towards delivery of the other North Northallerton schemes on the Regulation 123 List. Members are asked to approve this flexibility in the recommended approach set out in this report.

Other non-North Northallerton CIL Receipts

- 2.5 CIL receipts pooled by the Council from other developments within the District (i.e. not the current North Northallerton planning application) - including the Church Commissioners land will then be focused on other infrastructure identified on the Regulation 123 List. This should be allocated in accord with the prioritisation agreed by Cabinet on 9 June 2015. Therefore, the priorities for this funding are the primary school and the sports village at North Northallerton. There is an identified funding gap of approximately £3.2million for the total cost of the new primary school. The school has been estimated at £5million and the current funding package is set out below:

NYCC Basic Needs Assessment	=	£995,000
S106 contributions accrued for the school	=	£805,000
<i>Shortfall</i>	=	<u>c.£3.2million</u>
<b>TOTAL</b>	<b>=</b>	<b><u>c.£5 million</u></b>

- 2.6 Anticipated net annual CIL receipts (Annex 'B'), over the next three years will realise an estimated CIL pot available of £2.65million (see Annex 'C'). It is suggested that £2million of this be used towards the funding package for the new school, thus reducing the shortfall to approximately £1.2million which would need to be funded from other sources.
- 2.7 Following the criteria approved by Cabinet in June the remaining balance of the projected CIL receipts for the first three years (an estimated £660,000 - Annex 'C') will be available for the remaining schemes identified on the CIL Regulation 123 List as per the prioritisation process, including the sports village at North Northallerton. Following the initial three year period, the allocation of all available CIL funds will be reviewed.
- 2.8 The above figures are conservative estimates which assume a rate of 45% affordable housing being achieved across all developments in the District and do not account for any CIL contributions from windfall development.

Regular Review

- 2.9 The funding arrangements will be reviewed annually in order to ensure that they remain appropriate and relevant. In the event of any cost overruns for the required infrastructure (e.g. the link road and bridge), the Council will review these funding arrangements and amend them as necessary. However, it is anticipated that the developers would meet any cost overruns.

**3.0 LINK TO COUNCIL PRIORITIES:**

- 3.1 CIL will help fund infrastructure necessary to support economic development and growth and will assist in delivering the Council's Economic Development Strategy and its Investment Plan. The North Northallerton development, supported by the key infrastructure considered in this report, contributes to the Council's priorities of driving economic development and meeting housing needs. Some of the schemes identified on the CIL Regulation 123 List are also identified individually as Council priorities (e.g. the North Northallerton Link Road and Bridge).

**4.0 RISK ASSESSMENT:**

- 4.1 Key risks associated with the recommendations:

<b>Risk</b>	<b>Implication</b>	<b>Prob*</b>	<b>Imp*</b>	<b>Total</b>	<b>Preventative action</b>
Planning Permission for North Northallerton is significantly delayed.	The development is delayed and without Planning Permission, no CIL receipts will be received ("in kind" or in cash) by the Council to deliver the infrastructure.	3	4	12	The Council has received the Planning Application and is currently working towards determining it in October 2015. A dedicated resource has been brought in to ensure the Council can meet its obligations.

<b>Risk</b>	<b>Implication</b>	<b>Prob*</b>	<b>Imp*</b>	<b>Total</b>	<b>Preventative action</b>
Increase to costs of the infrastructure.	Additional funding from partners would have to be identified.	3	4	12	Fix amount of CIL and require developers / partners to pay any overruns.
Legal Agreements required between the Council and the Developer Consortium are not approved.	The development is delayed.	3	4	12	Discussions are in progress with the Developer Consortium to develop an agreement to deal with these financial arrangements

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

#### 4.2 Key risk in not approving the recommendations:

<b>Risk</b>	<b>Implication</b>	<b>Prob*</b>	<b>Imp*</b>	<b>Total</b>	<b>Preventative action</b>
Insufficient CIL funding available to contribute to the delivery of key infrastructure for NNDA.	Undelivered key infrastructure leads to delays in development of NNDA and associated impacts and loss of LEP Grant Funding	5	5	25	Agree recommendations
NNDA is delayed or stalls completely due to lack of available funding in early stages.	The Council's supply of housing land is adversely affected.	5	5	25	Agree recommendations

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

#### **5.0 FINANCIAL IMPLICATIONS:**

5.1 There are no financial implications to the Council of following the recommendations of this report as CIL receipts come from developers.

#### **6.0 LEGAL IMPLICATIONS:**

6.1 The Council will need to follow the CIL Regulations 2010 (as amended) to ensure that the proper legal procedures continue to be adhered to in implementing the Charging Schedule.

6.2 Legal agreements will be required for accepting payment 'in-kind' in the form of infrastructure rather than being paid financially. This will be addressed in the planning application process.

**7.0 EQUALITY/DIVERSITY ISSUES:**

7.1 There are no equality or diversity issues to consider.

**8.0 RECOMMENDATIONS:**

8.1 It is recommended that:-

- (1) the CIL from the planning application for the North Northallerton Development be made “in kind” through the construction of the Link Road and Bridge up to the value of the shortfall in funding, subject to the Council agreeing to accept “in-kind” contributions;
- (2) any CIL remaining after the contribution to the Link Road and Bridge be paid as a financial contribution and put towards the primary school and sports village;
- (3) a significant proportion of all available CIL receipts (excluding the current North Northallerton application) made to the Council in the period 7 April 2015 - to 31 March 2018 (to a maximum of £2million) be allocated to the North Northallerton Primary School.
- (4) there be an annual review (or as required) of these CIL funding arrangements to ensure that they remain appropriate.

MICK JEWITT

**Background papers:** None  
**Author ref:** AMc  
**Contact:** Mick Jewitt  
Executive Director  
Direct Line No: 01609 767053

010915 CIL - NNDA

## CIL Regulation 123 List - Prioritised Infrastructure Schemes for CIL Funding

Infrastructure Requirement	Location	Priority Score
<b>North Northallerton Link Road (inc. Bridge)</b>	<b>Northallerton</b>	<b>8</b>
<b>Provision of new primary school in North Northallerton</b>	<b>Northallerton</b>	<b>8</b>
<b>Northallerton Sports Village</b>	<b>Northallerton</b>	<b>8</b>
Provision of additional school places required as a result of new development	District Wide	6
Junction improvements required to mitigate the cumulative impact of housing and employment allocations	District Wide	5
Northallerton Public Transport Interchange	Northallerton	5
Thirsk Public Transport Interchange	Thirsk	5
Easingwold Footpath and Cycleway Network	Easingwold Sub Area	5
Stokesley Footpath and Cycleway Network	Stokesley Sub Area	5
Northallerton Town Park	Northallerton	4
Healthcare Facilities – Additional GPs	District Wide	4

The assessment identifies the priority schemes (on the CIL Regulation 123 List) for CIL monies – shown in bold text in the Schedule above.



## CIL Revenue Projections (2014-2026) and the Meaningful Proportion (to Local Councils)

	CIL Charge per sq.m	No. units in plan period (note 1 a)	Market Units (note 1b)	Unit floorspace (note 2)	Gross floorspace (note 3)	Estimated net additional proportion	Estimated net additional floorspace	Estimated CIL revenue in plan period	Estimated annual CIL revenue (2014-2026) (12 years)
<b>Residential</b>									
Houses	55	3,480	1,914	130	248,820	95%	236,379	13,000,845	1,083,404
<b>Non-Residential</b>									
Retail warehouses	40				3,000	90%	2,700	108,000	9,000
Supermarkets	90				3,000	90%	2,700	243,000	20,250
Offices & Industrial (50%) - (see note 5)	0				195,000	90%	175,500	0	0
Other Chargeable Development	0				10,000	90%	9,000	0	0
<b>Total</b>								13,351,845	1,112,654
<b>Less following costs</b>									
5% Admin fee	£667,592	(£55,633 p.a.)							
5% Admin fee + meaningful proportion (see notes 6 and 7)	£667,592 + £1,902,638 (@ 15%) (£158,553 p.a.) + £166,898 (@ 25%) (£13,908 p.a.) = £2,737,128							12,684,253	1,057,021
								10,614,717	884,560

## Notes:

- 1a. taken from the Local Development Framework Site Allocations (2014-2026)
- 1b. affordable housing is not liable for CIL. We assume that an average of 45% affordable is achieved
2. the average unit size is based on assumptions applied in the viability assessments
3. office and industrial floorspace relates to the 75ha sought in the Core Strategy, converted to floorspace based on the 85:15 split between industrial and offices. 40% site coverage is assumed for both uses, with industrial assumed to be single storey and offices three storey on average. Retail floorspace is an estimate based on one new supermarket and one new retail park being permitted over the plan period
4. CIL is levied on net additional floorspace, so an allowance is made for existing buildings demolished to make way for new development
5. assumption that 50% of allocated employment land is developed
6. the meaningful proportion is limited to the value of £100 per existing dwelling in the identified local area each financial year
7. 15% calculated against 95% of overall market dwelling provision and 25% against 5% of overall market dwelling provision. This takes account of any higher proportion being passed to local areas where Neighbourhood Plans are emerging.

**ESTIMATED NET ANNUAL CIL RECEIPTS WITH INDICATED PROPORTIONS (2015-2018)**

	<b>Annual CIL (Net) Estimated Receipts (as shown in Annex B)</b>	<b>NNDA</b>	<b>Non - NNDA</b>
<b>2015/16</b>	<b>£884,560</b>	<b>£663,420</b>	<b>£221,140</b>
<b>2016/17</b>	<b>£884,560</b>	<b>£663,420</b>	<b>£221,140</b>
<b>2017/18</b>	<b>£884,560</b>	<b>£663,420</b>	<b>£221,140</b>
<b>TOTAL</b>	<b>£2,653,680</b>	<b>£1,990,260</b>	<b>£663,420</b>

**Notes:**

1. CIL (Net) Estimated Receipts means CIL funds available once HDC Admin (5%) and local contributions (15% and 25% where a neighbourhood Plan is adopted) have been accounted for.
2. The £1,990,260 identified under the NNDA proportion is identified to be available to contribute towards the new primary school and Sports Village at North Northallerton and is additional to the £4million 'in kind' contribution to be made by the North Northallerton Developer Consortium for delivery of the link road and bridge.
3. The Non-NNDA proportion identified should be spent on other ongoing contributions (as identified on the CIL Regulation 123 List, where required, during the identified three year period to 31 March 2018 (e.g. additional primary school places required elsewhere in the District).
4. These figures are considered to be conservative estimates as they assume 45% affordable housing (policy target levels) being achieved and do not take account of any CIL receipts for windfall developments.

## **HAMBLETON DISTRICT COUNCIL**

**Report To:** Cabinet  
1 September 2015

**Subject: SIZE, TYPE AND TENURE OF NEW HOMES SUPPLEMENTARY PLANNING DOCUMENT**

**All Wards**

**Portfolio Holder for Environmental and Planning Services: Councillor B Phillips**

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

- 1.1 This report concerns the adoption of the Size, Type and Tenure of New Homes Supplementary Planning Document (SPD). Annex 'A' of this Cabinet report contains the amended version of the SPD following public consultation.
- 1.2 The 6 week consultation period ended on 8 June 2015, 19 responses were received, the majority of which were from statutory and other consultees, four were from developers and one from a housing association. A summary of responses is attached at Annex 'B'.
- 1.3 A summary of consultation responses was presented at a Member training session on 23 July 2015. Members' comments have been taken into consideration in amending the SPD.
- 1.4 The key points raised relate to:
  - Targets for the provision of more smaller (two and three bedroom) homes
  - Targets for bungalow provision
  - Space standards
  - Affordable Housing Tenure Mix
  - Viability

### **2.0 SUMMARY OF RESPONSES:**

#### Size and Number of Bedrooms:

- 2.1 There was general support from consultees for the provision of a wide range of house types and sizes. However, there was some challenge around the draft document seeking to set targets for the provision of smaller (two and three bedroom) properties in the light of homeowners aspiring to seek larger homes. The case for more smaller homes is predicated on issues of affordability (in Q2 2013 the average median house price was 8.69 times the average median income in Hambleton) and a projected decreasing household size (DCLG predicts that the average household size for Hambleton District is likely to fall from 2.33 to 2.17 persons by 2026). Both statistics are included in the document. There is therefore strong evidence to support the inclusion of a target for smaller (2 and 3 bedroom) homes. No change is therefore recommended.
- 2.2 Respondents flagged the need to take account of and make reference to schemes that the Government has introduced to assist purchasers to access the housing market for the first time or to move within it, such as 'Help to Buy'. The document has been amended accordingly however, data shows that the 'Help to Buy' scheme has had a limited take up in Hambleton, assisting just 74 homebuyers in 2013/14. In July 2015 the Government reaffirmed its commitment to get 200,000 Starter Homes built by 2020 at a 20% discount for young first-time buyers. Once proposals to deliver this commitment are announced they will be reflected in this SPD.

- 2.3 The SPD argues that current levels of under-occupation suggest the need for more smaller homes or for providing a wider choice of housing, including bungalows, for people wanting to downsize. Some consultees questioned whether over-crowding was also an issue. Whilst this is not an issue in the District (only 0.7% of properties are over-crowded) it is considered helpful to provide some text in the SPD to give a comparison between under and over-occupation and this has been added.
- 2.4. Developers challenged the 10% requirement for one bedroom properties within the SPD, stating that Registered Providers do not support their provision. The 10% figure is a target not a requirement. There is a genuine need for one bedroom properties both in terms of properties for sale for first time buyers and single person households and also for affordable/social rent for couples in the light of Welfare Reform and the introduction of the 'bedroom tax'. Consultation with Registered Providers did find that one bedroom flats can in some circumstances be difficult to manage when provided in large blocks with shared communal areas, however in small schemes of up to two storeys where dwellings have their own private entrance Registered Providers are supportive of their provision.
- 2.5 Some consultees requested further clarification on what was meant by large and small dwellings. The draft SPD proposed that homes up to three bedrooms be viewed as small dwellings and those of four or more bedrooms as large dwellings. However, discussion with Members regarding the size of dwellings and the provision of en-suites suggested that some three bedroom dwellings could actually be very large. The definition has therefore been amended to include an indicative size threshold of 100m<sup>2</sup> (1,077ft<sup>2</sup>) for small dwellings. Any dwellings over this size to be regarded as large.

#### Space Standards:

- 2.6 A number of respondents raised the issue of the National Described Space Standards which were published in March 2015 and which will be applied to all tenures of housing. The revised SPD includes the new national standards which replace the Council's affordable homes standards. However, presently the Council can only refer to and use these standards as guidance since the Planning Practice Guidance requires Local Planning Authorities to refer to the Nationally Described Space Standards within a Local Plan before being able to enforce them. The standards can and will however be used in planning application discussions and negotiations.

#### Bungalows:

- 2.7 The SPD also seeks a target of 10% bungalow provision on sites of 10 or more dwellings and for these dwellings to be two bedroom and predominantly for market sale. Developers have challenged the strength of the evidence which has led to the target for this type of property and are concerned about the impact this will have on the viability of sites. The North Yorkshire Strategic Housing Market Assessment (NYSHMA) suggests a significant need for this type of housing, particularly for older people, which was verbally reaffirmed by local estate agents. Members support the 10% target. Therefore the figure remains a target within the SPD with the caveat that such provision will be subject to negotiation and site viability. Other responses supported the provision of bungalows and suggested a need for three bedroom bungalows for those wishing to downsize.

#### Affordable Housing Mix:

- 2.8 The SPD proposes a target tenure split for affordable housing provision of 70% social rent and 30% intermediate tenure. Developers question whether we are able to change this split as it is defined within policy DP15 as 50/50. The 70/30 target tenure split has been used in negotiations since April 2013 following consultation with Registered Provider partners and the North Yorkshire Strategic Housing Market Assessment (NYSHMA) recommendations.

It was reviewed again in April 2014, as part of the review of the Affordable Housing SPD and partners confirmed that it reflects the latest evidence on housing need, demand and affordability. Policy DP13 requires the house builders to work collaboratively with the Council, taking account of the views of other relevant housing partners, in determining the appropriate mix and type of housing on both allocated and unallocated sites. The Council's starting point for negotiations on all qualifying sites will therefore remain the 70/30 split and the wording in the SPD remain unaltered.

Viability:

- 2.9 Developers expressed the view that the targets for smaller homes and bungalows would be overly burdensome. Site viability remains an issue and the SPD is not intended to impose additional burdens on developers. The guidance in the SPD sets targets to meet the housing needs for the District. Each site will vary and developers will need to demonstrate how they have sought to address the housing size, type and tenure issues through their design and choice of housing mix. The Council's target housing mix for large sites will remain within the SPD but, as stated, will be subject to negotiation with developers where viability is found to be an issue.

Strategic Housing Market Assessment:

- 2.11 A new Strategic Housing Market Assessment (SHMA) for Hambleton has been commissioned and the final report is due in December 2015. This will calculate an up-to-date figure for housing need and indicate the size, type and tenures of homes needed, including provision for older people and specialist groups. It will also provide an objectively assessed housing need figure for the District. The outcomes of the SHMA will inform policies in the new local plan and any future review of this SPD.

**3.0 LINK TO COUNCIL PRIORITIES:**

- 3.1 Providing an adequate amount and range of housing (including affordable housing and housing for older people) to meet the housing needs of all sections of the community is a key priority within the Council Plan. Provision of housing that better meets the needs of our population including affordable housing helps sustain the vibrancy of our communities and also supports economic growth by providing homes for our workforce.

**4.0 RISK ASSESSMENT:**

- 4.1 There are no significant risks associated with the recommendations.
- 4.2 The key risk in not approving the recommendation is shown below:-

<b>Risk</b>	<b>Implication</b>	<b>Prob*</b>	<b>Imp*</b>	<b>Total</b>	<b>Preventative action</b>
The Size Type and Tenure of New Homes SPD is not adopted	The Council's ability to successfully negotiate the provision of housing that reflects the changing demographics and lifestyles of its residents will be compromised and will adversely affect the vibrancy of our communities and economic growth.	4	4	16	Adopt the amended Size, Type and Tenure of New Homes SPD.

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

**5.0 FINANCIAL IMPLICATIONS:**

5.1 There are no financial implications relating to the adoption of this SPD.

**6.0 LEGAL IMPLICATIONS:**

6.1 There are no legal implications associated with this recommendation; however regulations do need to be followed in taking the SPD forward to Council for adoption.

**7.0 EQUALITY/DIVERSITY ISSUES:**

7.1 This SPD once adopted will help to better meet the housing needs of residents throughout the District, both in terms of affordability and choice, as it will strengthen the Council's position when negotiating planning applications and better articulate to developers the housing needs of the District and the Council's expectations on how these should be met.

7.2 In publicising and making the document available the Council must ensure everyone is aware of it and can access it, including hard to reach groups.

**8.0 RECOMMENDATIONS:**

8.1 It is recommended that Cabinet approves and recommends to Council:-

- (1) that the revised SPD be adopted; and
- (2) the need to review the SPD is considered following completion of the Strategic Housing Market Assessment and the publication of any new government guidance regarding Starter Homes.

MICK JEWITT

**Background papers:** Town and Country Planning (Local Planning) (England) Regulations 2012  
Council Plan 2011 – 15

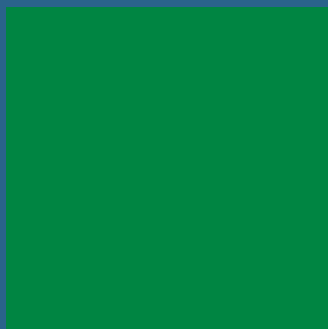
**Author ref:** SWT

**Contact:** Sue Walters Thompson  
Housing and Planning Policy Manager  
Direct Line No: 01609 767176

# SIZE, TYPE AND TENURE OF NEW HOMES

## Supplementary Planning Document

**Adopted September 2015**




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# Introduction

Providing homes for the future is not simply about bricks and mortar. It is about building communities, responding to changing demographics and lifestyles and providing homes for our workforce. The current market and affordable housing offer for many Hambleton residents could be improved. The profile of Hambleton residents and their lifestyles has changed over the past decade but this has not translated in the housing that has been built. There is a mismatch between housing needs and current and future housing stock.

Our homes need to be of the right type and size to meet residents' aspirations and provide a range of housing choices which will enable both 'up' and 'down' sizing and allow families to change and grow. It is therefore important that the right type and size of homes are built across Hambleton to ensure that a wide range of local housing needs are met, the vibrancy of our communities sustained and economic growth supported.

The Council believes that market forces alone will not provide the homes that we need at prices that local people can afford. Households in Hambleton are getting smaller and the population is ageing but the private market is still delivering a high proportion of larger, family homes and only a handful of bungalows have been built since 2007.

The Council's aim in publishing this Supplementary Planning Document (SPD) is to encourage a change in house types and sizes and increase tenure choice, enabling all residents to have access to a decent home which they can afford and which suits their needs.

To achieve our ambitions we require:

- **more two and three bedroom market homes**
- **more choice for older people including two bedroom bungalows for sale**
- **a wider tenure mix including more affordable housing, intermediate tenures and private rented homes**

This SPD relates in the main to market housing as the Council's requirements in respect of affordable housing are included within a separate SPD. This is the first Size, Type and Tenure of New Homes SPD that has been produced by the Council. It has been informed by data from the 2001 and 2011 Census, the North Yorkshire Strategic Housing Market Assessment (NYSHMA) 2011, the Council's SHLAA Oct 2014, planning permissions and market data from Rightmove and local estate agents, an internal review of older people's housing needs, December 2013 and demographic analysis and forecast undertaken by Edge Analytics 2014.

# Context

## Type, Size and Tenure

The 2011 Census shows that the majority of homes in Hambleton are detached (42%). Across all house types the profile is almost identical to that in 2001, suggesting that development during the ten year period has replicated the existing profile.

As a result of the supply of larger properties, 17,407 households in Hambleton under occupy their properties, representing almost half of all households. Under occupation of a dwelling is when the number of bedrooms exceeds the number of residents within that household. In contrast, the NYSHMA 2011 found a 0.7% occurrence of overcrowding.

Table 1: Dwelling Type 2001 and 2011 Census

Hambleton District Council	Detached	Semi	Terraced	Flat	Caravan
2001	43%	30%	20%	5%	
2011	42%	30%	21%	5%	1%

Source: Office for National Statistics

Looking at the new homes added to the stock in Hambleton between 2013/14 and 2014/15:

- 29% were two bedroom, 32% were three bedroom and 26% four bedroom
- 40% of all homes were detached and of these the majority were either three or four bedroom (with the greatest being four bedroom)
- 4% of all homes were bungalows

- 22% of all homes were semi-detached almost all of which were three bedroom
- 20% of all homes were terraced of which most were two and three bedroom
- 15% of all homes were apartments with about two thirds of these two bedroom and one third, one bedroom

Source: Planning Completions Data 2015

Table 2: 2013/14 and 2014/15

House Type	Bedroom Size					Total
	One	Two	Three	Four	Five	
Detached	2	10	56	117	13	198
Bungalows	2	10	5	5	-	22
Flat	33	40	2	-	-	75
Semi-Detached	-	35	62	2	-	99
Terrace	10	50	32	6	-	98
<b>Totals</b>	<b>47</b>	<b>145</b>	<b>157</b>	<b>130</b>	<b>13</b>	<b>492</b>

## Tenure

The 2011 Census breakdown of tenure for the existing housing stock shows a high proportion of owner occupiers and little change since 2001, but for a slight increase in the percentage of households in private rented accommodation and a corresponding small decrease in owner occupation.

The increase in private rented tenure has resulted from an under supply of housing stock and high house prices in the District.

Table 3: Tenure Type

Hambleton	Owner Occupied	Shared Ownership	Social Rented	Private Rented	Living Rent Free
2001	73%	0.2%	12.9%	11.3%	
2011	70%	0.41%	13%	15%	2%

Source: Office for National Statistics Census 2001 and 2011

## Owner Occupation

Home ownership remains by far the dominant tenure across Hambleton and will continue to remain the preferred housing tenure choice of those who can afford it. Private developers will continue to build more new homes of this tenure throughout Hambleton in the future. However, affordability is a key challenge for Hambleton. House prices are well in excess of the regional and national averages,

although the gap is reducing. In 2013 house prices in Hambleton were £16,855 higher than the North Yorkshire average - see table 4 below. Whilst government initiatives such as Help to Buy have a role to play in helping homebuyers into the housing market, there have been only 74 homeowners helped with a loan in the District in 2013/14.

Table 4: Average house prices

Average House Price	England and Wales	North Yorkshire	Hambleton
2004 - Quarter 4	£184,121	£192,701	£217,584
2013 - Quarter 2	£242,389	£212,641	£229,496

Source 2013: DCLG - Table 581 Mean House Prices using Land Registry data

As well as the high prices, mortgages are still difficult to source and interest payments relatively high. Many lenders will only lend on 80% of the value of a property and have introduced more prudent lending following the recession. Consequently many mortgage offers have also returned to what was traditionally viewed as 'affordable', ie 3 to 3.5 times earnings. This coupled with requirements for high deposits (20%) means that home ownership is out of reach for many potential buyers in Hambleton.

Based on 2013 Department of Communities and Local Government (DCLG) figures the average

house price in Hambleton is £229,496. To be affordable this would require a deposit of £46,000 and an income of between £52,500 and £61,200. The Annual Survey of Hours & Earnings (ASHE), for 2013 shows that for Hambleton the average income was £22,614 less than half that required. The ratio of house prices to earnings stood at 8.69 in the second quarter of 2013 - see table 5 below. There is a significant mismatch between the median household incomes required to access the market and the average household income levels across Hambleton.

Table 5: House price to income ratios

Affordability Ratio House Prices to Earnings	England and Wales	North Yorkshire	Hambleton
2013 - Quarter 2	6.72	7.38	8.69

Source: DCLG 2014 - Table 577 - Average Median House Prices to Average Median Income

## The Private Rented Market

Agent consultation undertaken as part of the NYSHMA (2011) determined that the rental market in Hambleton is very strong, stock is let very quickly, and that there is a need to increase all types of rental stock, particularly two bedroom houses. Demand is particularly high in and around Northallerton and Thirsk and there is also a shortage of good quality shared housing in these areas.

Because demand is so strong, rent levels are relatively high (£325-£500pcm, for a one bed flat, £500-600 for a two bed house, £600-750 for a three bed house (Rightmove July 2014). Assuming affordable housing costs equate to 25% of income the average income level required for a one bedroom flat is £20,000, for a two bedroom house is £26,400 and for a three bedroom house £32,400 compared to a median income in 2013 of £22,614.

## Affordable Housing

The NYSHMA identified a need for 320 affordable dwellings per annum in Hambleton from 2011-16 (1,600 total). In March 2014, there were 1,378 households registered on the Choice Based Lettings System for the Hambleton District, which is 3.5% of all households. The Council's Affordable Housing SPD details the Council's approach to addressing this need however, the size and tenure of these homes will also be discussed within this document.

The NYSHMA supports the delivery of affordable housing in line with the proportions set out in table 5 below to meet Hambleton's affordable housing needs, with a caveat that it would be preferable for the need/demand for one and two bed properties to be met by delivery of two bedroom properties to most effectively meet housing needs. It also adds that this demand does not necessarily translate into requirements solely for flats as described above.

Policy CP9 of the Local Development Framework (LDF) Core Strategy seeks affordable housing provision on sites of 15 or more dwellings

(or 0.5 ha or more) in the Service Centres and two or more dwellings (or 0.1 ha or more) elsewhere. It seeks to achieve 40% provision in the sub areas of Bedale, Northallerton and Thirsk and 50% in Easingwold and Stokesley. Elsewhere policy CP9A allows for the development of schemes for 100% affordable housing on sites on the edge of settlements where planning permission would not normally be permitted provided that the homes meet an identified housing need.

However, in the context of Policy CP9 the Council notes the recent changes to Planning Practice Guidance - Planning Obligations, which state that contributions should not be sought from developments of 10-units or less, and which have a maximum combined gross floorspace of no more than 1000sqm. The Council has adopted a lower five unit threshold in all its rural areas as these are designated rural areas under Section 157 of the Housing Act 1985. Therefore contributions towards affordable housing will be sought on sites of six or more dwellings.

Table 6: Housing need by number of bedrooms required

Households in Need	Number of Bedrooms required			
	One	Two	Three	Four+
<b>Bedale</b>	39%	38%	24%	0%
<b>Bedale Hinterland</b>	18%	63%	18%	0%
<b>Easingwold</b>	75%	16%	0%	8%
<b>Easingwold Hinterland</b>	31%	58%	9%	2%
<b>Northallerton</b>	42%	58%	0%	0%
<b>Northallerton Hinterland</b>	68%	32%	0%	0%
<b>Stokesley</b>	20%	34%	46%	0%
<b>Stokesley Hinterland</b>	45%	49%	0%	7%
<b>Thirsk</b>	67%	33%	0%	0%
<b>Thirsk Hinterland</b>	66%	10%	17%	8%
<b>Hambleton</b>	48%	41%	10%	1%

Source: NYSHMA 2011 Appendix 2 fig 7.11 p135

The profile of new affordable homes delivered between 2007 and 2013 is set out below:

- 28% of all homes completed within the period were affordable.
- 40% were two bedroom, 24% three bedroom and 15% one bedroom
- 34% were flats of which a similar number were one and two bedroom
- 20% were semi-detached comprising two and three bedroom houses
- 25% were terraced houses comprising predominantly two and three bedroom
- only eight affordable homes were bungalows (1.7%)

Source: HDC Monitoring data

The provision of predominantly two and three bedroom affordable homes shows that overall the Council is enabling the right type of homes through grant funded schemes and through planning obligations and responding to the needs identified in the NYSMA by delivering more two bedroom homes to meet demand.



Oaklands, Easingwold (developed by Redrow)

# Planning Policy Context

**This SPD sits within the national and local planning context, which encourages sustainable development and communities to meet a wide range of housing needs.**

## National Planning Policy Framework (NPPF March 2012)

The National Planning Policy Framework (NPPF) reinforces the planning system's role in contributing to the achievement of sustainable development and its 'social role' in "supporting strong, vibrant and healthy communities, by providing the supply of housing required to meet the needs of present and future generations; and by creating a high quality built environment, with accessible local services that reflect the community's needs and support health, social and economic well-being" (para 7).

It argues that pursuing sustainable development involves seeking positive improvements in the quality of the built environment, as well as in people's quality of life including widening the choice of high quality homes (para 9) and that "Plans and decisions need to take local circumstances into account, so that they respond to the different opportunities for achieving sustainable development in different areas".

The NPPF advises that every effort should be made to objectively identify and then meet the housing needs of an area and planning should "Always seek to secure high quality design and a good standard of amenity for all existing and future occupants of land and buildings" (para 17).

Para 50 states "To deliver a wide choice of high quality homes, widen opportunities for home ownership and create sustainable, inclusive and mixed communities, local planning authorities should:

- plan for a mix of housing based on current and future demographic trends, market trends and the needs of different groups in the community (such as but not limited to, families with children, older people, people with disabilities, service families and people wishing to build their own homes)
- identify the size, type and tenure and range of housing that is required in particular locations, reflecting demand
- where they have identified that affordable housing is needed, set policies for meeting this need on site, unless off-site provision or a financial contribution of broadly equivalent value can be robustly justified (for example to improve or make more effective use of the existing housing stock) and the agreed approach contributes to the objective of creating mixed and balanced communities. Such policies should be sufficiently flexible to take account of changing market conditions over time"

## Planning Practice Guidance (PPG) (March 2014)

Paragraph 21:- Housing for older people - recognises the importance of meeting the needs of the ageing population when addressing housing needs. It states:

*“The need to provide housing for older people is critical given the projected increase in the number of households aged 65 and over accounts for over half of the new households (Department for Communities and Local Government Household Projections 2013). Plan makers will need to consider the size, location and quality of dwellings needed in the future for older people in order to allow them to move. This could free up houses that are under occupied. The age profile of the population can be drawn from Census data. Projections of population and households by age group should also be used. The future need for older persons housing broken down by tenure and type (eg sheltered, enhanced sheltered, extra care, registered care) should be assessed and can be obtained from a number of online tool kits provided by the sector. The assessment should set out the level of need for residential institutions (Use Class C2). But identifying the need for particular types of general housing, such as bungalows, is equally important”.*

## Local Planning Policy

Achieving the right mix of housing is a key principle in the Core Strategy. In preparing the LDF, the Council received comments expressed through Community Plan consultations at District and local level raising the nature of the housing that is available as a major concern. A good mix of housing in terms of size, type and tenure should help create more sustainable communities.

Para 4.2.11 of the Core Strategy states that “Comments received in preparing the LDF, and expressed through Community Plan consultations in the District and local levels have raised the nature of housing that is available as a major concern... Views have been expressed that there is a need to provide a range of house types in terms of size of dwellings, dwellings to rent and to buy and lifetime housing which is designed to be flexible in use and capable of meeting differing household needs over time, reflecting the differing requirements of households, income levels and individual mobility...The general consensus in the LDF and Community Plan consultations is that the greatest need is for affordable housing, dwellings for smaller households, in particular for single people and elderly people and housing for ‘key worker’ particularly those in the care sector”.

The provision of housing throughout the District is guided in terms of its size, type and tenure by the inclusion of detailed guidance within the LDF policies.

### Policy CP8 Type, Size and Tenure of Housing

*CP8 Proposals for housing must take appropriate account of local housing needs in terms of size, type and tenure of dwellings. These needs will include appropriate provision for all sectors of the community for example including the needs of elderly people and also for the particular needs of gypsies and travellers.*



## DP13 Achieving and maintaining the right mix of housing

DP13 Housing proposals, and the allocation of sites in the Allocations Development Plan Document (DPD), must provide for a mix of dwellings, in terms of size, type and tenure, which meet the needs of all sections of the local community, promotes sustainable communities and social cohesion, and supports the local economy.

House builders will be required to work collaboratively with the Council, taking account of the views of other relevant housing partners, in determining the appropriate mix and type of housing on each site allocated in the Allocations DPD, and in developing proposals on unallocated sites (windfall sites). The main considerations in determining the appropriate mix is whether the development creates or contributes to the creation of a sustainable and inclusive community, taking into account:

- the Council's Housing Needs Study, which will be kept under review
- any other local housing needs information eg relating to elderly people or special needs

- the location and particular physical and environmental characteristics of the site, including its accessibility to local services and transport
- the characteristics of the existing stock in the locality including housing age, condition, occupancy and demand
- any site specific guidance contained on the Allocations DPD
- current housing market conditions
- the context and proposal of the Community Plan and Housing Strategy

Developers will be required to assess and demonstrate the sustainability of the proposed mix on any particular site against this information.

Specific guidance will, where appropriate be given in relation to the major development proposals within the Allocations DPD.

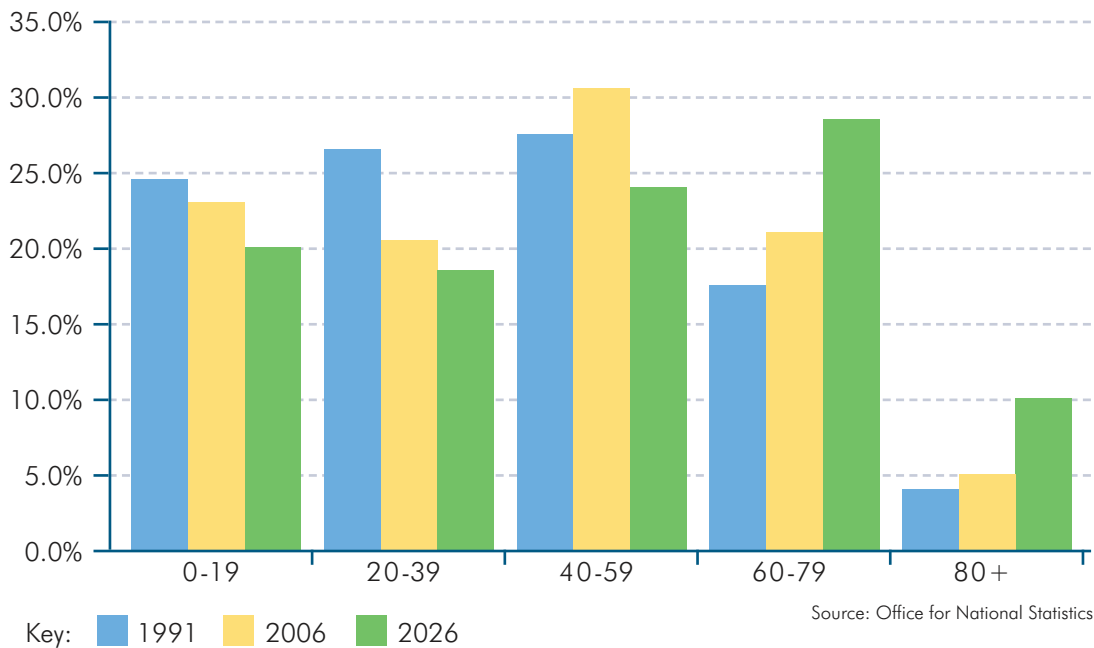
The Council's requirements for affordable housing are set out in Core Strategy Policies CP9 and CP9A and Development Policy DP13 and articulated in the Affordable Housing SPD (2015).

# Type, Size and Tenure Challenges

## Younger Households

Hambleton is projected to see a decrease in the number of households where the head of household is aged between 35 and 54. These are more likely to be family households and therefore this will impact on the use of the existing stock which in Hambleton has a high proportion of detached and larger properties.

Graph 1: Age profile trends and forecast 1991-2026 (Hambleton District)



Healthy growth is also projected in the number of 25-34 year olds. This is a particularly dynamic age band in terms of the housing market - heads of households within this age band are likely to be active in a range of tenures as their circumstances change and they are likely to find accessing the owner-occupier/mortgage market difficult in the current economic climate. Many in this age band will be on relatively low incomes and have few

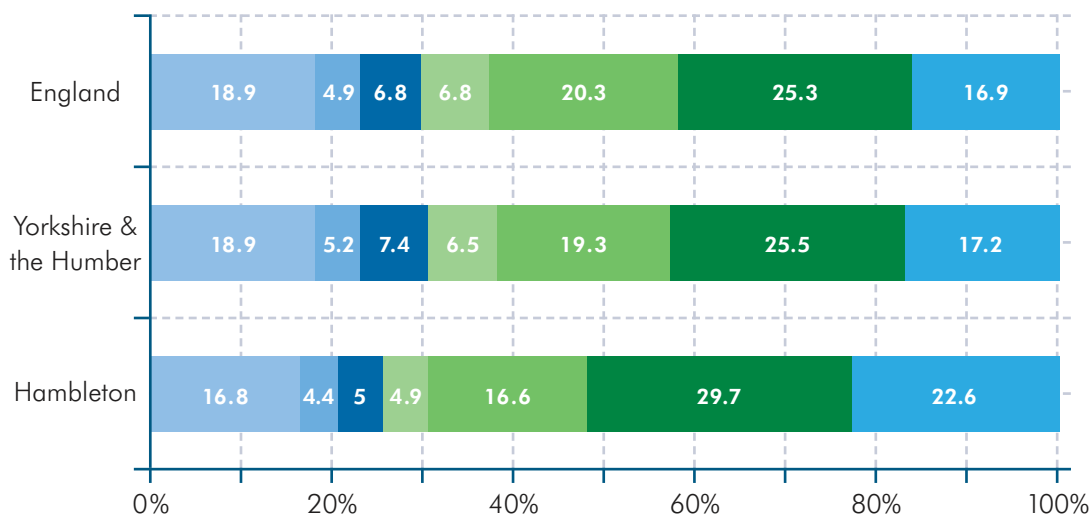
savings, being at early stages in their careers. This is a very important group in terms of contributing towards the economic future of the District. It is from this group that we will find many of our future managers and business leaders. Because of their employment opportunities, good services and transport links, Thirsk and Northallerton are likely to be the most attractive places for younger households to live.

## Older Households

The demographic profile of Hambleton has changed markedly in the past decade. Census data shows that Hambleton has a considerably higher percentage of older people (aged over 65 years) than other areas of the country and region at 23% compared with 17% for England and this is increasing year on year - see graph 2 below. Within this, Stokesley, Great Ayton and Easingwold have particularly high percentages of older people. We are seeing an increase in the number of older couples as the life expectancy for men increases.

The District's housing also needs to meet the needs of the ageing population and to offer wider choice. Hambleton's population is ageing and the Council needs to consider how it can increase older person's housing options in the future to make 'downsizing' or moving to specialist housing simpler and more attractive. Currently there is a high level of under-occupation but this is not translating into an increased level of downsizing and 49% of older person households suggested they want to move home as they need a smaller property (SHMA fig 9.11).

Graph 2: % Resident population by age band (Hambleton District)



Source: Office for National Statistics

Key: 0-15 16-19 20-24 25-29 30-44 45-64 65+

The increasing older population and their aspirations and requirements will have far reaching implications for our housing markets. Many of these households are currently remaining in their existing homes because alternative housing choices are limited, however others choose to stay in

their own homes with support where needed. The growth in older person households will need to be accommodated through a more appropriate offer in the private market to ensure older people have choice in the size and type of accommodation they require.

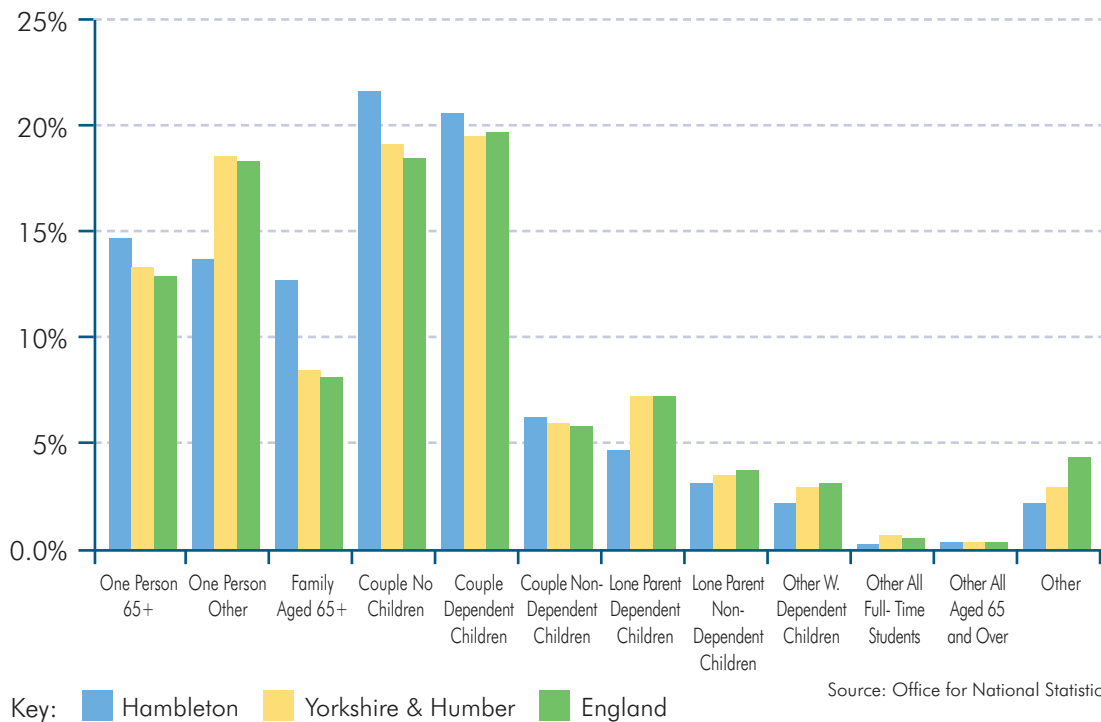
## Household Formation

Census data also shows how household composition is changing. Lifestyle choices and relationship breakdown are impacting on household composition and the economy is impacting on household formation patterns. Like many other parts of the country, the number of one person households and couples without children in Hambleton is increasing whilst the number of larger families is decreasing



Meadowfield Extra Care at Thirsk (Housing 21)

Graph 3: Household composition



Households are getting smaller and the projected increase in single persons and couples translates into a high demand for smaller properties - these properties account for 60% of the requirements

but the housing options for smaller households are limited, as developers continue to build larger homes.

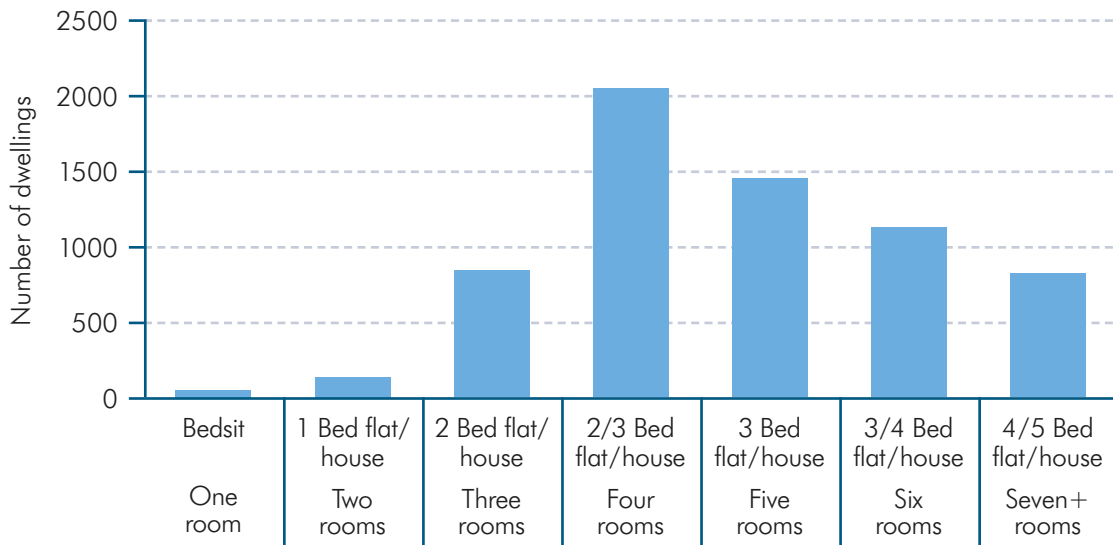
## Future Housing Demand

Nationally DCLG forecasts a need for significantly more two and three bedroom homes. It suggests that Councils need to enable the provision of more homes of which the split should be roughly 65% two and three bed and 35% four or more bedrooms. This requirement for smaller market homes accords with DCLG projections that the average household size for the Hambleton District is likely to fall from 2.33 persons to 2.17 persons and the estimated dwelling mix required for Hambleton - see graph 4 below.



Aurhitts development Shipton by Beningbrough (Broadacres)

Graph 4: Dwelling mix for homes required in Hambleton 1991-2026



Source: Office for National Statistics 2001

The NYSHMA concludes that the projected increase in couple and single person households (many of which include older persons) translates into a projected high level of future demand for smaller properties ie one or two bedrooms and that these property sizes account for 60% of the future requirement. However, this demand does not translate into requirements solely for flatted properties but for smaller family housing and properties suitable for older people. It also concludes that this growth would point to high demand for smaller properties located in close proximity to key services and transport networks such as in Northallerton and Thirsk.



Dale View development at Morton on Swale (Yorvik Homes)

Table 7: Households wanting to move in next two years by property size (NYSHMA 2011)

Authority: Hambleton District Council	Households wanting to move in the next two years - expectations by property size				
	Studio/One bedroom	Two bedrooms	Three bedrooms	Four+ bedrooms	Total
Single person household	11.7%	59.8%	19.2%	9.4%	100%
Single parent families	0%	29.8%	52.3%	17.9%	100%
Couple only households	1.6%	29.1%	55.7%	13.5%	100%
Couple households with no dependent children but other occupants	0%	28.6%	42.9%	28.5%	100%
Families (couples with dependent children)	0%	0%	46.2%	53.8%	100%
Other households	12.9%	24%	56.6%	6.5%	100%
<b>Total</b>	5.9%	31.5%	44.3%	18.3%	100%

Source: NYSHMA 2011

The NYSHMA recorded the housing expectations of households looking to move in the next two years which showed a strong expectation for three bedroom properties from all household types except singles who showed a preference for two bedroom homes. 53.8% of family households aspire to four bed homes accounting for about 20% of households (NYSHMA fig 6.13, p98). The NYSHMA also identifies demand for moderate three bedroom, family properties reflecting the aspirations of households to live in larger properties ie with a spare bedroom. This demand is predominantly driven by couple households rather than family households, noting the projected decline in this household type in Hambleton.

The NYSHMA found that of those Hambleton residents expecting to move in the next two years, 62% aspired to be owner occupiers, 50.2% expected to move into social rented accommodation and 29.1% into private rented (NYSHMA fig 5.14 p69). Those who had moved in the two years prior had predominantly remained within the same tenure. Private renting accounts for 9.2% of moves from owner occupation (NYSHMA, fig 5.15, p71).

The growth in households where the head of household is in the 25-34 age band is likely to result in a requirement for smaller properties and for these to be mainly in the private rented market or in intermediate tenures. The decline in households where the head of household is aged between 35 and 54 is likely to have implications for the levels of demand for larger properties, particularly with the prevalence of this type of housing in the existing stock.



York Vale House development in Northallerton (Broadacres)

# Improving our 'Housing Offer'

In response to the context and issues set out previously, the Council wishes to improve the new housing offer by enabling the provision of:

- **more smaller homes**
- **homes to meet the needs of older people**
- **some shared housing**
- **specialist housing**
- **self build**
- **a wider tenure choice**

The ways in which we will do this are set out below.

## Enabling the provision of more smaller homes

The Council needs to ensure that its housing offer can both meet housing needs and demand and support economic growth ambitions to deliver its Economic Strategy. For local businesses to grow and new ones to set up there is a need to assure investors that there is a range of good quality housing for their workforce. Whilst undoubtedly there will be a need for some large executive homes a more fundamental need will be for a supply of housing that is affordable to those on more modest incomes.

To meet the needs of the changing population the Council seeks to increase the number of two and three bedroom market homes. In accordance with the recommendations of the DCLG and evidence from the NYSHMA it will seek to achieve 60-65% two and three bedroom homes on market housing sites of 25+ dwellings across the District. This will increase housing options for smaller families and couples for whom four and five bedroom houses are too large and unaffordable.

To meet the needs of young singles and couples the Council will encourage the provision of some smaller one bedroom market homes. In broad terms depending on local circumstances it will aim to achieve 10% one bedroom properties on all new housing sites across the District and seek to increase this percentage on smaller sites that lend themselves to this type of development, particularly in the service centres of Northallerton and Thirsk.

In summary the Council will seek to achieve the following targets of appropriate mix on open market sites of 25 or more dwellings across the District:

Table 8: Targets for new dwelling size

Type	Target Percentage
One Bedroom	10
Two Bedroom	35
Three Bedroom	25
Four Bedroom	10-15
Two Bedroom Bungalow	10

Smaller homes can also be achieved through bringing back into use flats over shops and perhaps the conversion of larger houses into Houses of Multiple Occupation (HMOs). In terms of affordable housing recent discussions with Registered Provider partners indicate that they are looking to the long term sustainability of communities and tenancies. As such, despite the welfare changes, Registered Providers do still support the delivery of one bedroom homes however they are not keen to manage these where they are provided within blocks of two or more storeys. They continue to support the caveat within the NYSHMA that need is better met by two bedroom homes and are also supportive of flexible accommodation such as larger one bedroom homes which could be converted to two beds.



Historically maintaining size standards has been relatively straight forward on schemes that rely on public subsidy since Registered Providers are required to build to a minimum standard, known as the Housing Quality Indicators (HQI) standard, in order to claim grant funding.

However, a considerable amount of affordable housing is delivered through S106, without public funding and the requirements associated with it.

Whilst the Council has delivered many homes through this mechanism, over the past year or so housing officers and Registered Provider partners have started to become concerned about the size of these homes, particularly in the light of Welfare Reform changes.

## Proposed National Housing Standards

In March 2015 DCLG issued Nationally Described Space Standards. The Council will use these standards to guide the provision of new homes. It is the intention to embed the standards within the forthcoming Local Plan.

Table 9: Nationally Described Space Standards  
Minimum gross internal floor areas and storage (m<sup>2</sup>)

Number of Bedrooms	Number of bed spaces (persons)	One storey dwellings	Two storey dwellings	Three storey dwellings	Built-in storage
One bed	1p	39 (37) <sup>2</sup>	-	-	1.0
	2p	50	58	-	1.5
Two bed	3p	61	70	-	2.0
	4p	70	79	-	
Three bed	4p	74	84	90	2.5
	5p	86	93	99	
	6p	95	102	108	
Four bed	5p	90	97	103	3.0
	6p	99	106	112	
	7p	108	115	121	
	8p	117	124	130	
Five bed	6p	103	110	116	3.5
	7p	112	119	125	
	8p	121	128	134	
Six bed	7p	116	123	129	4.0
	8p	125	132	138	

Source: DCLG March 2015

## Shared Accommodation

The Council is also aware of the need to provide some housing for younger people, very early in their careers, who are likely to be more transient and be on lower incomes and for whom sharing may be the only affordable option if they want to live independently.

Welfare Reform changes and the introduction of the Social Size Criteria (bedroom tax) are causing issues for single under 35s in or out of work who are now only entitled to the single person room rate and to whom a one bedroom flat would therefore not be affordable. Therefore the Council will view favourably applications for Houses in Multiple Occupation to allow young people to share, where these are of good quality and meet other regulatory requirements.

## Meeting the Housing Needs of Older People

Social housing is not an option for most older people in Hambleton because the £60k ceiling (total income and/or assets) for North Yorkshire Homechoice excludes them from registering. The private rented sector is not a popular tenure with older people because of the insecurity - many older people find moving very stressful. Owner occupation is by far the most popular tenure for Hambleton's older people and in 2011 76% of our older people were owner occupiers.

There is limited accommodation choice in the market for older people wanting to downsize and therefore many are living in properties that are too large for their needs and that are costly to run and maintain.

One size does not fit all and the Council is keen to ensure that there is a range of housing options for older people including bungalows, flats, assisted living and extra care.

## Extra Care

Extra Care schemes provide housing with support for older people and to meet more specialist needs such as providing care for people with dementia.

The Council supports a Hub and Spoke model of Extra Care which encourages the provision of some bungalows. This model increases choice by allowing older people to opt for more independent living accommodation, separate from the main block but with the opportunity to use care and support packages and the facilities that Extra Care schemes provide.

In considering planning applications for this type of housing developers are encouraged to enter into early discussions with the Officers from the Council and colleagues from North Yorkshire County Council Extra Care Team who can offer advice and expertise on key aspects such as what facilities should be provided eg café, sensory garden; where they are best located within the development; their detailed design and also care and support packages.

## Sheltered Housing Schemes

The Council also understands the role that sheltered housing schemes provided by the private sector can play in improving housing choice and meeting the housing aspirations of some older people. Such developments can prove particularly popular with older women living alone who seek a secure home where they can live independently within a community environment, befriend neighbours and take part in scheme activities. Providers of such accommodation as well as marketing outright sale properties also often offer other tenure options such as equity release, life lease and market rent. Subject to meeting other planning policy criteria the Council will support sheltered schemes that provide different tenure offers to increase choice for older people from all walks of life. Where on-site delivery is not achievable, commuted sums generated from developments of this type could be used to subsidise delivery of affordable housing for older person's accommodation.

Schemes should be located within easy walking distance of town or local District centres and benefit from good transport links.

## Bungalows

Hambleton has very few bungalows within its existing stock and there is a shortage of two bedroom bungalows on the market for older people to downsize to, particularly in the service centres of Stokesley, Easingwold and Great Ayton.

The Council is aware that over recent years many larger private developers have ceased to include two bedroom bungalows within their portfolios of house types and been reluctant to design schemes which include bungalows because of the perception that they are 'land hungry' however, there is need for a new approach. Therefore the Council is keen for developers to include more two bedroom bungalows in their schemes and for these to be

developed to engender a sense of community and security for older people. The NYSHMA shows that 28% of older people wanted to move to a bungalow. This was highest for Hambleton compared to the whole of North Yorkshire.

It favours scheme designs that intersperse clusters of two bedroom bungalows with other housing and also modern terraces of 'almshouse style' bungalows which overlook shared gardens, allotments or green space.

To assist older people to downsize and improve the offer of smaller accommodation the Council will seek 10% bungalow provision on all housing sites of 10 or more dwellings. Bungalows should normally be two bedroom and predominantly for market sale. However, some modest three bedroom bungalows will also be supported where they meet an identified need.

Provided that there are no site constraints, there is an expectation that the bungalows will be distributed throughout schemes and interspersed with two-storey properties to embed a spirit of community where old and young residents live side by side.



Pitfield Corner development at Scruton (Chevin HA)

# Specialist Housing

## Housing for Younger People with Physical and/or learning disabilities

Across Hambleton there is a need for some housing for younger people with physical and/or learning disabilities to enable them to live independently in a safe environment.

This housing needs to be affordable and is likely to require either grant funding or some flexibility around affordable housing delivery because of the cost associated with this specialist nature of provision. The Council supports the provision of more new housing for people with more complex needs which are likely to be affordable housing supported with public subsidy. Such schemes should be small scale built to Lifetime Homes standards and capable of accommodating large pieces of equipment such as hoists and be wheelchair accessible.

The Council will therefore work closely with North Yorkshire County Council, Social Services, Registered Providers, the Homes and Communities Agency and support agencies to facilitate. Such schemes which should be of small scale ie no more than twelve units. This could form part of the Hub and Spoke model, making use of the facilities and staffing in Extra Care developments will be encouraged.

It will also seek to maximise funding available through sub regional partnership working, more specifically funding streams identified through the Local Economic Partnership Growth Deal.

The Council will work with North Yorkshire County Council to deliver an element of specialist housing on larger housing sites as and when there is evidence of need.



Oxmoor Place development at Easingwold (Yorkshire Housing)

## Self Build

The Council recognises that self build homes may provide a more affordable housing option for some local people, either as individuals or as part of a group of residents. Subject to meeting other planning policy requirements, the Council will support applications from individuals that will meet their own housing need and are of high quality and blend into the existing street scene.

The Council will also consider proposals on larger sites for plots to be sold as serviced plots brought forward by an individual, developer or a Community Land Trust. A Community Land Trust is a group of like-minded people living in a community wanting to develop some houses for local people but wishing to have an influence on design, number and who is to live in them. Proposals brought forward in this way should be in a recognised named settlement and the future value of properties controlled so that they remain affordable in perpetuity to local people.

# Tenure Choice

Providing different tenure options will be an important factor in meeting housing needs and improving customer choice in the future particularly since mortgage finance and the credit crunch is still impacting on people's ability to obtain mortgages, save for deposits and become owner occupiers. Whilst private developers have traditionally focussed on delivering homes for outright sale and will continue to do so when negotiating planning applications in the future, the Council will encourage the delivery of a wider tenure mix. The NYSHMA found that intermediate housing products such as shared ownership will play an important role in helping to bridge the gap between social renting and owner-occupation, and should offer an attractive option for younger working people on low income who are otherwise unable to access the housing market, either in lending terms or because of challenges in saving for a deposit.

2011 Census data for Hambleton evidenced a growth (4%) in the private rented sector linked to a corresponding decline in owner occupation suggesting that this tenure is offering an increasing alternative to owner occupation. In an environment where mortgages remain difficult to access and house prices are unaffordable to many, this sector has an important role to play in meeting Hambleton's housing needs. This tenure offers more flexibility and is a common choice for young single people and couples who are at the early stages of their careers and within the 25-34 age group. Many of these will be on low incomes and seeking good quality shared accommodation.

We need to deliver more affordable homes to meet housing needs if Hambleton is to remain a vibrant place to live and work. Many young people and couples cannot access the housing market and many of these are the most economically active.

The Council will continue to enable more housing to be provided for those on the lowest incomes through supporting Registered Provider led housing schemes developed using grant and through planning obligations. It recognises that for some residents in greatest housing need, social rented housing is the only affordable option.

As a starting point, the Council identified, through its LDF Policy DP15 (adopted in 2008), a tenure split of 50% social rented and 50% intermediate tenures. However, since 2013, affordable housing has been delivered with a typical tenure split of 70% social rent and 30% intermediate tenure, following consultation with Registered Provider partners and the NYSHMA recommendations. Registered Provider partners were reconsulted on this split in October 2014, as part of the review of the Affordable Housing SPD, and confirmed that these proportions are still appropriate.

On planning gain schemes developers will therefore will be required to provide a mix of social rent and intermediate tenure. This split will be 70% rent and 30% intermediate tenure unless otherwise agreed by the Housing Manager.

On grant aided schemes however, the Council recognises that any homes for rent need to be made available as an 'affordable rent'. In such circumstances the Council will work closely with Registered Provider partners and the Homes and Communities Agency to achieve a tenure mix that meets local needs, is sustainable and accords with government funding requirements.

## Further information...

If you have any housing comments or questions you would like to ask  
please email [housing@hambleton.gov.uk](mailto:housing@hambleton.gov.uk)

**You can call Customer Services on 01609 779977  
to speak to a customer adviser and you can write to us:**

**Hambleton District Council - Housing Service  
Civic Centre, Stone Cross, Northallerton, North Yorkshire DL6 2UU**

This information is available in alternative formats and languages

## ANNEX B

### Housing Size, Type & Tenure SPD

#### Summary of Consultation Responses

<b>Respondent</b>	<b>Comments</b>	<b>Council Response</b>
1. PC Mark Roberts NY Police	The concentration of particular housing types in an area may have an impact on the potential for crime or disorder e.g. a concentration of older person's bungalows may attract offenders with a concentration of victims. This also applies to a concentration of young single people in need of housing support and an increase in reports of anti-social behaviour. Consideration should be given in the document to how this could be avoided to prevent crime and disorder through good design.	Noted. The aim of delivery is to create small groups of older person's accommodation within a mixture of other tenure types. This would create balanced communities and greater social cohesion.
2. Philip Mepham Hambleton District Council Environmental Health	<ol style="list-style-type: none"> <li>1. Context page 2 – first paragraph, first line – the census doesn't show that the 'majority' of homes when it is only 42% - it must be the largest sector instead.</li> <li>2. Tenure page 3 – 4<sup>th</sup> line – the 'slight' increase in private rented is in fact an increase of approximately 33%. I think this is a significant increase and this sector is now larger than the social rented sector.</li> <li>3. The Private Rented Market page 4 – high demand is not matched by high quality in the private rented sector. Prospective tenants find it difficult to find accommodation because supply is still short and may be prepared to accept lower quality standards just to get somewhere to live. This means some landlords may not maintain good standards as they know they can get tenants. Also retaliatory eviction is still a factor in preventing standards from being improved. This may be reduced by forthcoming legislation.</li> <li>4. Text changes.</li> <li>5. Tenure Choice page 21 – you could mention the possibility of conversion of larger houses into flats or HMO as a method of providing smaller accommodation. Also the possibility of creating flats above shops. Caravans are mentioned in the page 2 table but nowhere else – are Park Home sites a means for providing small homes, especially for retired people, as elsewhere in the country?</li> <li>6. There is no mention of Bedale anywhere although other main towns are identified specifically. Does the existence of many second homes in HDC play a part in creating shortages of some types of accommodation in some areas? The quality of private rented sector is a concern where demand is high and therefore good management is crucial.</li> </ol>	Alterations noted and text changed where necessary.

Respondent	Comments	Council Response
3. Michael Clarke Neighbourhood Plan Group, Easingwold	As a part of the Easingwold Neighbourhood Plan preparation we have consulted widely with the residents of Easingwold. Issues raised involve the type and size of housing. We are currently finalising the Report on this consultation and will forward a copy to you once available.	Noted.
4. Simon Jones Highways England	Noted with no formal feedback to be made.	Noted.
5. Iona Taylor Tanfield PC	Request extension of time until July.	Agreed to provide a verbal update to Cabinet.
6. Sara Robin Yorkshire Wildlife Trust	No comments.	Noted.
7. Paul Fisher Over 50s Forum	<p>Despite the increase in older owner occupiers, this is being ignored in the plans to build 10-15% 4 bed homes when the market shows that smaller properties are required.</p> <p>From a downsizing point of view, the ability of older people to move out of the 4 bed house is restricted and a 2 bed bungalow is not that attractive and likely to be semi-detached. 3 bed bungalows are more likely to be detached and more attractive. We would have liked a reduction in the 10-15% 4 bed target and an increase in detached bungalows.</p>	<p>There remains a need for 4 bedroom homes, however it is the aim of the Council to deliver more smaller homes to meet the needs of older people. We will also work to achieve a provision of bungalows, however larger bungalows are 'land hungry' and it is unlikely that these could be incorporated into large housing schemes due to viability issues. The IPGN would allow for the construction of bungalows on small sites adjacent to the built form of a settlement where these support local services.</p>



Respondent	Comments	Council Response
8. Colin Wilkie Thornton le Moor	<p>Mixed estates are preferred rather than specialist older people's developments, although the need for extra care is acknowledged. Sheltered Housing schemes have now been opened up to all renters and the sheltered concept is disappearing. We would welcome hub and spoke models but these do need to be close to town centres. This type of development is missing in Hambleton and suitable sites are not known. The SPD does not mention access and given the reductions in bus services, the ability for older people to access services is critical. Services would also include health and social care provision.</p>	<p>The aim of delivery is to create small groups of older person's accommodation within a mixture of other tenure types. This would create balanced communities and greater social cohesion. The hub and spoke model has been incorporated into the extra care development at South West Thirsk. It is hoped that more of this housing can be delivered. Access to services is part of the criteria for assessment of new housing schemes in line with NPPF.</p>
	<p>HDC are not looking at the bigger picture regarding housing schemes and the overall social impact. We need developers to design and create building spaces for people to live rather than numbers of large identical boxes, which for affordable homes are often of small space and size. Developments are not of an appropriate mix to ensure all needs are met within that scheme, i.e. elderly parents, first time buyers etc. Whilst there are viability issues, local authorities should get to grips with the issues and manage sustainability in a more creative way.</p> <p>The draft minimum space proposals are disappointing. It seems HDC have ignored the government space standards and are dumming down the quality of space for people in new houses. The Council should at least adopt the government space standards. Request for further information on the provision of affordable housing through S106 and whether the Council find it difficult achieving the required number of affordable homes.</p>	<p>The Council work with developers to achieve good design on all housing schemes in accordance with policy DP32 of the Development Policies DPD.</p> <p>The government have recently issued Internal Space Standards and it is the intention of the Council to implement these standards through the Local Plan.</p>

<b>Respondent</b>	<b>Comments</b>	<b>Council Response</b>
<p>9. John Kirkham Persimmon Homes</p>	<p>The document appears to have been written from a very specific point of view with its conclusion appearing to be pre-judged and not reflective of information provided elsewhere in the SPD. This is disappointing as we would expect a Local Planning Authority to provide an objective, researched, evidence based argument leading to clear conclusions and proposals for any SPD it produces.</p> <p>In relation to the figures it is clear that the Council and the industry working together are providing the kind of houses that are needed, although we will always differ on the number of new houses to be provided.</p> <p>It is unclear why the SPD is being produced now, in advance of a new local plan. The SPD should be re-written to concentrate on evidence based matters and delete the value judgements and unjustified opinions.</p> <p>Page 2 shows that 21% of all houses were built between 2006-2013 were detached and of these 75% were four bedroom. Therefore, for every 100 houses built 15 had four bedrooms. This is one of a number of comments that suggest the SPDs conclusion is pre-judged.</p>	<p>The SPD takes data from the 2001 and 2011 Census and the NYSHMA, 2011.</p> <p>The number of houses we will need to provide will be informed by the forthcoming SHMA.</p> <p>Guidance is needed in the interim until a new local plan can be produced and adopted. Work on revising a number of SPDs has been progressed where these have been out of date. The Housing, Size, Type &amp; Tenure SPD is the last of these updates. The SPD uses evidence from the 2001 and 2011 Census and 2011 SHMAA to identify targets.</p> <p>This information was gathered through an internal exercise looking at planning applications from the last two years and the number of bedrooms provided.</p> <p>To be updated based on monitoring information for</p>

Respondent	Comments	Council Response
		<p>last two years.</p> <p>Action: Monitoring of this information to be improved through regular updates (AMIR)</p>
	<p>The SPD assumes smaller households require smaller houses, this is not the case as they buy the biggest house they can afford. This paragraph needs to acknowledge the housing needs of the wide community and the need for flexibility in provision.</p>	<p>This does not give choice for those unable to afford larger homes or for those wishing to downsize. The Government is also committed to the provision of Starter Homes for first time buyers.</p>
	<p>A period of restriction in new build has influenced the market with bespoke larger houses being built. The SPD should acknowledge the circumstances in which housing was delivered from 2006 to 2013.</p>	<p>Add text relating to the economic climate and housing market context.</p>
	<p>Include a definition of 'under-occupy' so that it is clear what the Council means by this.</p>	<p>Add text to define 'under occupation'.</p>
	<p>45.7% of the District's households are under occupiers. The SPD suggests that under occupiers predominantly require 1 or 2 bedrooms. This is a value judgement and at odds with reference to the NYSHMA on p15 which refers to a "strong expectation for three bedroom properties for all household types with the exception of singles".</p>	<p>The expectation for three bedroom properties is aspirational and does not reflect affordability of property.</p>
	<p>To deal with a problem of under-occupation of properties, the SPD should make recommendations to influence Local Plan Strategy to increase the build rate per annum.</p>	<p>The SPD cannot directly influence planning strategy, but the background evidence</p>

Respondent	Comments	Council Response
	<p>Using the figures in the SPD, for every 100 houses built between 2006-2013, 16 are three and four bedroom detached. Yet for every 100 dwellings built there are 44 apartments and terraced properties. The SPD figures demonstrate the large majority of new properties are smaller ones.</p>	<p>will form part of the new Local Plan. Update this evidence based on completion data.</p>
	<p>The NYSHMA identifies a need for 320 affordable homes per annum, however these are not being delivered. The SPD must conclude that there is not a problem with the type of housing supply coming forward but there is a problem with the amount of housing coming forward which needs to be addressed in the local plan.</p>	<p>The Council has implemented the IPGN and the removal of phasing on allocated sites to help achieve this.</p>
	<p>The SPD needs to decide if it's going to make a statement on the share of house type in new developments or not, and define what is a 'large' and 'small' dwelling.</p>	<p>Include a definition of small and large dwellings.</p>
	<p>Tenure para 1 needs to acknowledge that the increase in private rented accommodation has resulted from a shortfall in housing supply causing a rise in house prices.</p>	<p>Add text: The increase in private rented tenure has resulted from an under supply of housing stock and high house prices.</p>
	<p>Owner Occupation para 1 needs to acknowledge that one of the factors that causes affordability problems has been the lack of an adequate housing supply in Hambleton and across the country for the previous three decades.</p>	<p>This point has been made under 'tenure'.</p>
	<p>'Type' is superfluous and needs to be deleted from the title.</p>	<p>Disagree. The SPD addresses the type of properties required to meet the needs of Hambleton residents.</p>

Respondent	Comments	Council Response
	<p>It is suggested that the issue of young people wanting to live near Thirsk and Northallerton be investigated through the Local Plan.</p>	<p>The SHMA will look at demographic patterns in relation to young people.</p>
	<p>Older households para 2 – The SPD assumes that an aging population will want to downsize. The paragraph needs to be less dismissive of the abilities, health and aspirations of an ageing population and instead recognise their housing needs. The Council needs to justify how many households wish to downsize and to what form of house.</p>	<p>The 2011 NYSHMA found that 49% of older person households suggested they want to move home as they need a smaller property. Figure 9.11 NYSHMA</p>
	<p>Paragraph 3 states that “many households are currently remaining in their existing homes because alternative housing choices are limited”. This needs to be evidenced. This could equally say that they choose to stay in their existing homes so they can accommodate their children and grandchildren and wish to delay specialist housing as long as possible.</p>	<p>Text added to provide a balance to this point, stating that 49%</p>
	<p>Evidence needs to be used to substantiate claims throughout the SPD.</p>	<p>The evidence used is from the 2001 and 2011 Census and 2011 NYSHMA, which is the latest evidence available.</p>
	<p>The SPD should acknowledge the high degree of match between ‘built’ and ‘wanting to move’ figures.</p>	<p>The evidence used is from the 2001 and 2011 Census and 2011 NYSHMA.</p>
	<p>The SPD needs to decide if it should include graph 4 or not, and if it does, provide figures to show how Hambleton compares. However, much has changed since 2001 and it is proposed the 2001 ONS dwelling mix should be deleted.</p>	<p>Amend Graph 4.</p>

Respondent	Comments	Council Response
	<p>The NYSHMA requires updating.</p>	<p>The SHMA is currently being updated.</p>
	<p>It is noted that about 20% of all households in the NYSHMA aspire to four bedroom houses. The SPD should record this is almost exactly the 19% built between 2006-2013 therefore there is not an over provision of this house size.</p>	<p>The problem here is affordability. Whilst homeowners may aspire to larger homes, the data on earnings does not correlate with aspiration. The government is also committed to the provision of Starter Homes for first time buyers.</p>
	<p>Paragraph 3 – the term ‘popular’ in relation to private renting is incorrect. Private renting is often the only option when they cannot afford to buy a house or no longer afford the mortgage.</p>	<p>Remove term ‘popular’.</p>
	<p>Paragraph 4 assumes that households in the 25-34 age range (the main child producing cohort) will result in a requirement for smaller properties in the private rented market. Aspirations for housing are likely to be limited by what households can afford rather than size of property. This paragraph assumes patterns without being based on evidence.</p>	<p>The problem here is affordability. Whilst homeowners may aspire to larger homes, the data on earnings does not correlate with aspiration. The government is also committed to the provision of Starter Homes for first time buyers.</p>
	<p>Improving our housing offer – None of the 6 bullet point objectives are derived from the preceding analysis. There is no reference anywhere in the preceding SPD to the last four bullet points (shared housing, specialist housing, self-build and a wider tenure choice).</p>	<p>The bullet points are perceived solutions to the tenure problems set out in the SPD.</p>

Respondent	Comments	Council Response
	<p>Enabling the provision of smaller homes – There is no justification for this when the houses being built are meeting household needs identified in the SPD and the starting point to achieve its objectives is to build more houses to begin to make up for thirty years of under supply.</p>	<p>DCLG household projections suggest a fall from 2.33 to 2.17 persons up to 2026. This, combined with an affordability problem means that smaller more affordable homes are required. The government is also committed to the provision of Starter Homes for first time buyers.</p>
	<p>Add a fourth sentence: To assist in reducing house price inflation the new Local Plan will consider releasing additional housing land to make up for past years of under supply and begin to reduce house price inflation as well as ensuring a wide mix of new house sizes are provided to meet the Hambleton’s future housing needs.</p>	<p>It is not for the SPD to set the future housing provision. The new Local Plan will define the housing requirement for the district and allocate land accordingly. In 2013 the Council removed the phasing of sites so that allocations within the plan could come forward sooner in order to meet the housing shortage. The Council has also implemented an Interim Policy Guidance Note which allows small scale developments in villages.</p>
	<p>There is no evidence to support the introduction of one bedroom dwellings, which are the least flexible form of accommodation. To suggest from nowhere that there is a target of 10% one bedroom properties across the District is unfathomable and not connected with any evidence put</p>	<p>The NYSHMA says there is a need for smaller properties but para 7.160 says the need is for 2 bedrooms more than 1</p>

Respondent	Comments	Council Response
	<p>forward in the SPD. Registered providers object to one bedroom units.</p>	<p>bedroom which is reflected in Table 7. The government is also committed to the provision of Starter Homes for first time buyers.</p>
	<p>The SPD states that Registered Providers object to the provision of 1 bedroom homes and are not keen to manage these when they are in blocks.</p>	<p>The NYSHMA says there is a need for smaller properties but para 7.160 says there is a greater need for 2 bedrooms more than 1 bedroom which is reflected in Table 7.</p>
	<p>Para 4 (Enabling provision of smaller homes) proposes that 25% of new housing should provide three and four bedroom houses whereas the NYSHMA states this is the size of dwelling for which there is greatest demand. Not only that but 53.8% of family households aspire to four bed homes. Yet the table would limit this size to 10-15%. The percentages in the table have not emerged from the SPD and are not justified.</p>	<p>Whilst households may aspire to larger properties, the provision of smaller properties is to enable more affordability. The government is also committed to the provision of Starter Homes for first time buyers.</p>
	<p>All reference to space standards needs to be excluded now that Royal Assent has been granted.</p>	<p>The SPD is to be amended to refer to the National Space Standards. These will be a target for provision, not a requirement.</p>
	<p>No justification for a requirement of 10% bungalows.</p>	<p>The NYSHMA reports that 28% of older people wanted to move to a bungalow. The percentage is highest for</p>



Respondent	Comments	Council Response
10. Russell Spencer Gladman	Support the aim of providing a range of housing types within the district to ensure choice in the market. The Council needs to ensure that when seeking certain house types, sizes and tenures viability should be a key factor in determining whether these can be delivered on site, when measured alongside all other requirements for the development in line with the NPPF. We note the Council will require a split of 70% rent and 30% intermediate tenure for the affordable housing provided through s106 agreements; again we would emphasise that viability should be a key factor in assessing whether this can be delivered, or whether an alternative mix or payment of an offsite contribution would be more appropriate.	Hambleton of all NY authorities.  The percentages within the SPD are targets and are subject to further discussion on viability.
11. Matthew Clifford Stockton BC	No comments to make.	Noted.
12. Susan Bolland Hambleton DC	Suggested alterations to grammar.	Noted and amended.
13. Carla Jackson Natural England	No comments to make.	Noted.
14. Paul Lightfoot Broadacres	<p>Welcomes the SPD and supports the proposals it contains. However, we believe that you should adopt the Government's 'Nationally Described Space Standards' even though they are not prescribed in law.</p> <p>Secondly, although we support the inclusion of a requirement for more bungalows provision we also believe that there should be 'unqualified' support for some three bedroomed bungalows to encourage downsizing from larger properties rather than the specific 'needs driven' support that is currently set down.</p>	<p>The SPD is to be amended to refer to the Government's Space Standards and these will also be incorporated into the Local Plan.</p> <p>The NYSHMA shows a need for detached bungalows and three bedroom bungalows will be supported.</p>
15. Gary Baker Redcar & Cleveland BC	No specific comments to make and support for general approach.	Noted.

<b>Respondent</b>	<b>Comments</b>	<b>Council Response</b>
16. Matthew Good Home Builders Federation	<p>The HBF generally supports the provision of a wide range of house types and sizes across a plan area to meet identified needs and increase housing supply. However, the introduction of rigid requirements based on an out of date plan and a limited evidence base is not supported. This is likely to create additional unjustified burdens upon development at the very time the government is seeking to significantly boost housing supply.</p> <p>The SPD is based upon policies contained within the adopted Hambleton Core Strategy and Development Policies DPD which is out of date and inconsistent with NPPF.</p> <p>The policies contained within both documents were not based upon an assessment of plan viability, taking account of the cumulative impacts of all policies and obligations, as required by paragraphs 173 to 177 of the NPPF. Whilst it is recognised a viability report has been produced on behalf of the Council, by Aspinall Verdi in May 2014, this report does not consider the implications of the SPD on viability, principally concerning the mix and requirement for bungalows. Furthermore the viability study does not appear to take account of the costs associated with the impending implementation of the government's zero carbon agenda nor has it been subject to rigorous testing as part of a local plan examination.</p> <p>The SPD also draws heavily upon the 2011 North Yorkshire Strategic Housing Market Assessment (NYSHMA). This document is now 4 years old and is not considered fully NPPF / PPG compliant. The economic climate at the time of the NYSHMA production is significantly different to now and as such the current validity of the information is also debatable.</p> <p>The role and scope of an SPD is to aid an applicant in making a successful application. The NPPF, paragraph 153, is clear that they should not be used to add financial burdens to development. The HBF considers that this SPD will add to the burdens and constraints upon development by seeking to include a requirement for bungalows, indicate a specific housing mix, and promote smaller dwellings. It is therefore concluded to be inappropriate to introduce such requirements</p>	<p>The targets within the SPD reflect the findings of the NYSMA and are targets against which negotiations based on up to date evidence e.g. viability can take place.</p> <p>The LDF is in general conformity with NPPF and where necessary additional guidance has been produced.</p> <p>The targets within the SPD reflect the findings of the NYSMA and are targets against which negotiations on viability can take place.</p> <p>The NYSHMA is being updated and the SPD will be reviewed if necessary.</p> <p>The targets within the SPD reflect the findings of the NYSHMA and are targets against which negotiations on viability can take place.</p>

Respondent	Comments	Council Response
	<p>through an SPD.</p> <p>The Size, Type and Tenure SPD is one of a number of SPDs the Council is currently producing. The HBF is concerned that the Council is placing significant resource into documents which are ultimately designed to provide advice upon pre-NPPF policies as opposed to the much needed review of the Local Plan.</p>	<p>Guidance is needed in the interim until a new local plan can be produced and adopted. Work on revising a number of SPDs has been progressed where these have been out of date. The Housing, Size, Type &amp; Tenure SPD is the last of these updates. The SPD uses evidence from the 2001 and 2011 Census and 2011 NYSHMA to identify targets. Other evidence base material is being updated as well as Objectively Assessed Need.</p>
	<p>The context section makes a number of significant assumptions based upon limited or incomplete evidence. The 'Type, Size and Tenure' and later 'Older Persons' subsections identify that almost half of all households under-occupy properties and such households require 1 or 2 bedroom properties. The HBF does not dispute under-occupation is apparent within Hambleton but this does not mean that such property owners will either require or want smaller properties. The SPD does not consider any up to date evidence upon the percentage of such occupiers who are wishing to down-size nor the aspirations of other households currently occupying smaller properties.</p> <p>Page 15 of the SPD identifies that the NYSHMA indicates, with the exception of singles, those looking to move '<i>showed a strong expectation for three bedroom properties...</i>' and that over half of all families aspired to a four bedroom property. It is therefore apparent that many households wanted larger, not smaller, properties.</p>	<p>The need for smaller properties is evidenced within the NYSHMA (para 9.28) which shows that 48% of older person households want to move to a smaller property.</p> <p>The problem here is affordability. Whilst homeowners may aspire to larger homes, the data on</p>

Respondent	Comments	Council Response
	<p>In addition whilst it is recognised that the number of overcrowded households is relatively low in Hambleton there is no commentary upon this issue nor the needs of such households. This should be provided to ensure a balanced approach to the SPD is maintained.</p> <p>The 'Owner Occupation' sub-section notes that affordability is an issue within Hambleton. Once again the HBF does not dispute this fact, however within the discussion regarding the mortgage market the SPD completely fails to consider the impact that government initiatives such as the introduction of <i>Help to Buy</i>, the <i>Right to Buy</i> proposals and the <i>Mortgage Market Review</i> have had and will have upon the ability to attain a mortgage and own a property.</p>	<p>earnings does not correlate with aspiration.</p> <p>The Household Survey, 2011 (NYSMA Fig.9.11) shows that overcrowding was at 0%.</p> <p>Help to Buy has a role to play in helping people to buy a house, however in Hambleton this has been very small in scale, helping just 74 homeowners with a loan since 2013.</p>
	<p>The SPD focuses upon the market delivering 'too many' larger households but completely ignores the fact that the market responds to demand. In addition there is no discussion upon the impact that under-delivery against housing targets has had upon the type of housing provided and affordability. This raises the more significant issue that there has not been an NPPF / PPG compliant assessment of the objectively assessed housing needs of the area. Given that the annual affordable housing needs identified in the NYSHMA (320dpa) are greater than the full housing requirement it would appear likely that the current housing requirement is inadequate. This will only serve to compound the issue of affordable housing within Hambleton. Without such a detailed assessment through an up to date SHMA the HBF is unconvinced upon the justification for the ratios of house sizes introduced later in the SPD.</p>	<p>The Council is concerned that the housing being delivered is not meeting the housing needs of the District's residents as evidenced by the 2011 NYSHMA. Hambleton is a very popular place to live and the sale of larger properties will always be achievable given the high desire for commuters to live in the District and travel outside to work. Work on a new SHMA is underway and the SPD will be revised if necessary.</p>

Respondent	Comments	Council Response
	<p>The HBF consider that the above issues should be clarified by an up to date evidence base. The current drafting of the SPD creates a bias towards the Council's desire to provide a greater quantity of smaller properties without considering the full range of issues which effect the size, type and mix of properties to be provided within Hambleton.</p> <p>The 'Future Housing Demand' subsection repeats many of the same points noted earlier within the context section. However, further assumptions are made regarding the growth in households. The SPD states that where the head of the household is 25 to 34 this 'is likely to result in a requirement for smaller properties and for these to be mainly in the private rented market or in intermediate tenures'. This statement is not qualified or quantified and appears to ignore the impact of government interventions such as <i>Help to Buy</i> or the recently announced <i>Starter Homes Initiative</i>. Many within this age group will either be considering, or starting, a family and as such may be looking for housing which can accommodate these needs. The aforementioned government schemes will assist such buyers to access the property market.</p>	<p>The SPD will be reviewed following production of a new SHMA.</p> <p>This evidence is from the NYSHMA. The average household annual income in Hambleton is £24,700 and the average house price in N Yorks is £184,000 which is beyond reach of most households. Therefore, more smaller properties will provide more affordable properties. The government is also committed to the provision of Starter Homes for first time buyers.</p>
	<p><b>Improving our Housing Offer</b> The HBF agrees with the need to ensure that the housing market caters for the needs of the area. Indeed providing a mix of dwelling types will ensure that larger sites appeal to a wider cross-section of the market and hence improve the sales capacity upon such sites. It should, however, be recognised that these needs will vary over time and geography. The table, page 16 of the SPD, provides a very specific mix of properties which it suggests will be sought on all sites over 25 dwellings. This mix identifies that 80% of properties should be three bedrooms or less. This will not provide the mixed communities that the Council is seeking to achieve as it will essentially provide a development of smaller properties which will only appeal to certain elements of the market. Furthermore the mix cannot be readily translated from the evidence base nor is there any recognition concerning site viability, the needs of the area or site constraints. Indeed as noted within paragraph 13 above without a detailed assessment of the objectively assessed needs of the area it is difficult to justify such a split until the full implications of the likely demographic and economic profile of the population going forward is understood.</p>	<p>The figures within the SPD are targets to be used in negotiations with developers and account for viability. The recommendations are based on the latest evidence within the 2001 and 2011 Census.</p> <p>The size, type and tenure targets need to change over time in relation to latest information.</p>

Respondent	Comments	Council Response
	<p>Paragraph 50 of the NPPF does require local planning authorities to <i>'identify the size, type, tenure and range of housing that is required in particular locations, reflecting local demand'</i>. The HBF consider these to be matters of policy and as such should be set out in a Local Plan to allow full debate and to test the rigour of the evidence and impact upon viability. They should not be set out within an SPD.</p>	<p>It is the intention of the Council to set out these matters within the new local plan. However, existing CP8 and DP 13 provide the current policy hook for this SPD.</p>
	<p>The SPD further considers space standards for new housing. The ministerial statement, 25th March 2015, and PPG (ID 56-020-20150327) clearly indicate the introduction of the internal space standards should be justified and examined through a local plan. It is therefore inappropriate to simply introduce the standards through either this or the Affordable Housing SPD as inferred on page 17. The introduction of the space standards will require the assessment of relevant criteria, including impact upon viability and affordability, the HBF is unaware that the Council can currently provide such evidence.</p>	<p>The SPD is to be amended to refer to the Government's Space Standards and these will also be incorporated into the Local Plan.</p>
	<p>The HBF is supportive of meeting the needs of older persons. In this regard the SPD notes; <i>'Market intelligence indicates that most of our older people (but not all) are seeking to downsize to a 2 bed bungalow that is either new or in walk-in condition on a mixed age development but that the market is not providing for them'</i>. This statement appears to include a lot of assumptions and is not qualified. It is unclear what <i>'market intelligence'</i> is being referred to or indeed the quantum of those wishing to downsize. The Council will undoubtedly be aware that many HBF members already provide a range of accommodation suitable for older persons and it clearly is not a case that one size fits all.</p>	<p>This is anecdotal evidence and will be tested as part of the new SHMA.</p>
	<p>The SPD also includes a requirement that all sites of 10 or more dwellings include a 10% requirement for bungalows. Once again this is not justified by any clear evidential link and pays no regard to site viability or characteristics. The HBF is also unclear upon the policy basis, within the adopted plan, for such a specific requirement. Again the Council is reminded that targets and thresholds should be set out within the local plan, not an SPD (NPPF, paragraph 174)</p>	<p>The NYSHMA identifies a high need for bungalows and Hambleton Members are keen to deliver bungalows to meet local need. Targets are for negotiation and subject to site viability.</p>
	<p><b>Specialist Housing</b> - This section of the SPD includes a subsection on 'Tenure Choice' and refers</p>	<p>Consultation with RPs in 2012</p>

Respondent	Comments	Council Response
	<p>to the Development Policies DPD Policy DP15 which has a target of 50% social rental and 50% intermediate tenures. The SPD, alongside the Affordable Housing SPD, seeks to amend the split to 70% affordable rent and 30% intermediate tenures. This change is beyond the scope of an SPD as it is amending adopted policy. Policy changes must be subject to scrutiny through a Local Plan examination. The NPPF (paragraph 174) is clear that local standards, including those for affordable housing must be set out within the Local Plan. Therefore the rewording of a policy within an SPD is not appropriate.</p>	<p>reviewed percentages. However, the targets are for negotiation if other evidence suggests an alternative split.</p>
	<p>It is also notable that the policy wording in DP15 varies from the NPPF definition (see NPPF Annex 2) of affordable housing and consequently draws into question the weight which can be applied to this policy.</p>	<p>DP15 has 5 criteria, all of which must be met to be considered 'affordable housing'.</p>
	<p><b>Information</b> - I trust that the Council will find the foregoing comments useful in the preparation of the Size, Type and Tenure SPD and the review of the Local Plan. I would be happy to discuss these comments further if required. I also wish to be kept informed of any future consultations upon the Local Plan and associated matters.</p>	<p>Noted.</p>
<p>17. Rob McLackland Taylor Wimpey</p>	<p>Supports the supply of a mixture of house types but are opposed to rigid requirements in the SPD for specific house types and bungalows, which are based on an out of date plan and a limited evidence base. Adopting this approach will place unjustified and major burdens upon development at the very time Government is seeking to boost supply.</p>	<p>The recommendations are based on the latest evidence within the 2001 and 2011 Census and 2011 NYSHMA.</p>
	<p>The policies were not based upon an assessment of plan viability, taking account of the cumulative impacts of all policies and obligations as required by paras 173 to 177 of NPPF. The Aspinall Verdi report (May 2014) does not consider the implications of the SPD on viability, principally concerning the mix and the costs associated with the impending implementation of the government's zero carbon agenda nor has it undertaken the rigorous testing as part of the Local Plan examination.</p>	<p>The figures in the SPD are targets to be used in negotiations with developers and account for viability.</p>
	<p>The SPD draws heavily on the 2011 NYSHMA which is now 4 years old and not considered fully NPPF/PPG compliant. The economic climate at the time of the NYSHMA production is</p>	<p>The SHMA is currently being updated and the SPD will be</p>

Respondent	Comments	Council Response
	<p>significantly different to now and as such the current validity of the information is debatable.</p> <p><b>Context</b> - The context section makes a number of significant assumptions based upon limited or incomplete evidence. The 'Type, Size and Tenure' and later 'Older Persons' subsections identify that almost half of all households under-occupy properties and such households require 1 or 2 bedroom properties. Whilst under-occupation is apparent within Hambleton District, this does not mean that such property owners will either require or want smaller properties. The SPD does not consider any up to date evidence of the percentage of these occupiers who are wishing to down-size, nor the aspirations of other households currently occupying smaller properties. Furthermore, page 15 of the SPD identifies that the North Yorkshire SHMA indicates, with the exception of singles, those looking to move '<i>showed a strong expectation for three bedroom properties ...</i>' and that over half of all families aspired to a four bedroom property. It is therefore clear that many households wanted larger, not smaller, properties.</p>	<p>revised following its publication.</p> <p>The need for smaller properties is evidenced within the NYSHMA (para 9.8) which shows that older person households want to move to a smaller property.</p> <p>Whilst households may aspire to larger properties, the provision of smaller properties is to enable more affordability.</p>
	<p>The housing market responds to demand. There is also no discussion upon the impact that under-delivery against housing targets has had upon the type of housing provided and affordability. This raises the more significant issue that there has not been an NPPF / PPG compliant assessment of the objectively assessed housing needs of the area. Given that the annual affordable housing needs identified in the North Yorkshire SHMA (320 dwellings per annum) are greater than the full housing requirement, it would appear likely that the current housing requirement is inadequate.</p>	<p>A new SHMA and OAN is being produced.</p>
	<p>In addition, whilst it is recognised that the number of overcrowded households is relatively low in Hambleton there is no commentary upon this issue nor the needs of such households. This should be provided to ensure a balanced approach to the SPD is maintained.</p>	<p>Overcrowding is not an issue in Hambleton and noted as 0.7% in the NYSHMA.</p>
	<p>Taylor Wimpey does not dispute that affordability is an issue in the District, however when addressing the issue of the mortgage market / availability in the SPD, it completely fails to consider the impact of Government initiatives such as <i>Help to Buy</i>, the <i>Right to Buy</i> proposals and the <i>Mortgage Market Review</i> have had and will have upon the ability to attain a mortgage and own a property.</p>	<p>Help to Buy has a role to play in helping people to buy a house, however in Hambleton this has been very small in scale, helping just 74</p>



Respondent	Comments	Council Response
	<p><b>Type size and tenure challenges</b> - There are further assumptions made in this section that are not quantified. An example of this is apparent when the SPD states that where the head of the household is 25 to 34, this 'is likely to result in a requirement for smaller properties and for these to be mainly in the private rented market or in intermediate tenures'.</p> <p>Many people in this age group will inevitably be forming new families and as a result will be looking for adequately sized housing to accommodate these needs, which will primarily consist of dwellings with over 2 bedrooms. Schemes such as the recently announced Starter Homes Initiative and Help to Buy will facilitate buyers being able to access such properties.</p>	<p>homeowners with a loan since 2013.</p> <p>This is an affordability issues with a requirement for smaller, more affordable properties.</p> <p>Help to Buy has a role to play in helping people to buy a house, however in Hambleton this has been very small in scale, helping just 74 homeowners with a loan since 2013.</p>
	<p><b>Improving our housing offer</b> - The table on page 16 of the SPD specifies a very prescriptive and rigid mix that will not cater for and address the needs of mixed communities.</p>	<p>The targets have derived from the NYSHMA and correlates proposed mix with need.</p>
	<p>It specifies that for all sites over 25 dwellings, 80% of new dwellings will be 3 bedrooms or less, with 55% being two bedrooms or less. A more varied mix of dwellings, with flexibility to meet needs that will change over time, is essential to deliver the mixed communities that the Council is striving to create. The very large proportion of smaller dwellings proposed will only meet the needs of a small cross-section of the market.</p>	<p>Further evidence will be produced through the new SHMA and regular monitoring of completions.</p>
	<p>In addition, there is no recognition of any impact on site viability, site constraints or the specific needs that an area may have. Without a full detailed assessment of the objectively assessed needs of an area, a prescribed mix cannot be justified as the full implications of the demographic / economic profile has not been fully tested or understood.</p>	<p>The targets are a starting point for negotiation subject to site viability. The OAN will be addressed through the new SHMA.</p>
	<p>The NPPF (para. 50) requires Local Planning Authorities to 'identify the size, type, tenure and</p>	<p>It is an intention to look at this</p>

Respondent	Comments	Council Response
	<p><i>range of housing that is required in particular locations, reflecting local demand'. As this is a matter of policy, it should be set out in the emerging Local Plan so that it can be fully scrutinised and tested in light of the evidence base. There should also be a full and detailed assessment carried out on the impact on site viability, which can be a major factor in the deliverability of new development sites. It is not sufficient for this policy to be introduced through this SPD.</i></p> <p>In relation to the internal space standard on p17 the PPG and ministerial statement clearly indicated that these should also be fully examined through a local plan.</p>	<p>in the new Local Plan. However existing policies CP8 and DP13 provide the context for the Size, Type and Tenure SPD.</p> <p>The revised SPD will refer to the new Nationally Described Standards as guidance and the new local plan will include the standards.</p>
	<p>Within the SPD it is stated that:</p> <p>Market intelligence indicates that most of our older people (but not all) are seeking to downsize to a 2 bed bungalow that is either new or in walk-in condition on a mixed age development but that the market is not providing for them'.</p> <p>The above statement does not appear to be justified through any real evidence and is based on assumptions. We would be interested to learn what the 'market intelligence' is and also how the quantum of people requiring bungalows has been arrived at. You will be aware that Taylor Wimpey builds housing that caters for a range of people, including the provision of a varied mix of housing for the elderly. The requirement of 10% of bungalows in the SPD is not justified in any way through a clear evidence base. It does not pay any attention to site viability or individual site characteristics and should not be included within an SPD, particularly when there is no policy basis for it within the current adopted Plan.</p> <p><b>Specialist housing</b> - The SPD, (as well as the Affordable Housing SPD), seeks to amend the split to 70% affordable rent and 30% intermediate tenures (the Development Policies DPD stated a 50/50 split). As this will involve amending adopted policy, the changes must be subject to scrutiny through a new Local Plan examination. The NPPF is clear that local</p>	<p>Delete paragraph.</p> <p>The NYSHMA identifies a high need for bungalows. Hambleton Members are keen to achieve an element of small bungalows. Targets are for negotiation and subject to site viability.</p>
		<p>Consultation with RPs in 2012 reviewed percentages. However, the targets are for negotiation if other evidence</p>

Respondent	Comments	Council Response
	<p>standards, including those for affordable housing, must be set out within the Local Plan, therefore it is not acceptable to vary them through a SPD.</p> <p><b>SPD in context of the emerging Local Plan review</b></p> <p>The Council are now undertaking a full Local Plan review, currently consulting on a 'call for sites' with a deadline for responses of 4th September 2015. It must be noted that the Town and Country Planning Regulations 2012 state that any policies contained within an SPD must not conflict with an adopted development plan. They also state that a Local Plan or SPD must contain a reasoned justification of the policies contained in it. I have set out in this response Taylor Wimpey's position and opinion that there is not a fully justified evidence based reasoning to some of the policies contained within the SPD.</p> <p>In addition, to consult on and proceed with this SPD now assumes that the content of the current Core Strategy remains relevant. Furthermore, having embarked on a full Local Plan review, there is a large degree of uncertainty on the Council's ability to comply with the requirements under the Regulations in relation to the preparation of the SPD.</p>	<p>suggests an alternative split.</p> <p>Policies CP8 and DP13 set out the context for the Size, Type and Tenure SPD. The evidence has derived from the 2001 and 2011 Census and the 2011 NYSHMA. The SHMA is currently being updated and the SPD will be reviewed following its publication.</p> <p>Policies CP8 and DP13 set out the context for the Size, Type and Tenure SPD. The new local plan will address any of these issues.</p> <p>Noted.</p>
<p>18. Dale Owens NYCC</p> <p>19. Aldwark Parish Council</p>	<p>The size requirements in the SPD are in line with the minimum requirements we set for extra care within our design and ethos guide.</p> <p>The SPD is welcomed to reinforce the NPPF and the provision of a wider choice of housing types and tenures. It is noted with disappointment that the SPD will be applied to developments of 25 or more in relation to mix of house sizes and that increasing the mix of tenures would only be pursued on planning gain or grant aided schemes (p21).</p> <p>The vast majority of housing applications are for smaller schemes, particularly in smaller settlements and there seems to be no logical reason why the SPD objectives should not be adopted and applied on the smallest of developments.</p> <p>Suggests applicants submit details of local housing type and tenure mix and explain how the proposed development will ensure a proper balance of housing development is achieved.</p>	<p>There are likely to be viability issues regarding the delivery of bungalows on small sites and the Council wishes to encourage small sites to come forward.</p>

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## **HAMBLETON DISTRICT COUNCIL**

**Report To:** Cabinet  
1 September 2015

**Subject:** BUSINESS IMPROVEMENT DISTRICT

All Wards

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

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

- 1.1 The purpose of this report is to gain approval from Members of the process for the establishment of a Business Improvement District and inform Members of the roles and responsibilities as defined by The Business Improvement District (England) Regulations 2004.
- 1.2 A Business Improvement District is a business led and business funded partnership which is focused on improving and enhancing commercial areas, such as a town centre or industrial estate, through additional services or new initiatives. Government legislation enabling the formation of Business Improvement Districts was introduced into England and Wales in 2003, empowering businesses to 'raise funds locally to be spent locally' on improving their trading environment.
- 1.3 Business Improvement Districts are funded through a nominal levy calculated on the rateable value of all businesses within a defined area. Although the percentage can be set higher or lower, most Business Improvement Districts apply 1% or 2% levies and exempt very small ratepayers. This levy is in addition to the non-domestic rates businesses already pay to the Local Authority and relates specifically to the Business Improvement District. Whilst the majority of income comes from the private sector, non-domestic rate-payers from the public and voluntary sector can also contribute towards it. This nominal levy income can be used to lever in more funding; for example from public sector agencies, grant bodies, sponsorship, landowners and trading income during the 5 year scheme, maximising the potential funding stream and the benefits that the Business Improvement District can achieve.
- 1.4 The process of developing a Business Improvement District involves extensive consultation with businesses to establish what improvements they want and may be prepared to pay for. A Proposal is then produced and a 28 day postal ballot held where businesses vote 'for' or 'against' the proposed programme. For it to go ahead, two conditions must be met; firstly, a majority of those voting have to vote 'yes' and secondly those 'yes' votes have to represent more than 50% of the total rateable value of all votes cast. There is no minimum turnout threshold. If these conditions are fulfilled, payment of the levy becomes mandatory for all businesses in the Business Improvement District regardless of how they voted. This will only be established if the majority of businesses, by number and rateable value, want it.
- 1.5 Business Improvement Districts are viewed by many businesses as a fair and affordable way of creating a ring-fenced fund for up to a maximum of 5 years that is 'managed by business for business.' At 31 March 2015, there are approximately 205 approved in the UK which have focused on increasing footfall and generating additional consumer spend, something that has been particularly relevant to businesses in the recent economic climate.

## **2.0 ESTABLISHING A BUSINESS IMPROVEMENT DISTRICT:**

2.1 Business Improvement Districts are business-led partnerships focused on improving and enhancing commercial areas. Despite the business-led approach there are still a series of critical roles that a Local Authority is required to perform to facilitate the establishment, smooth running and termination as required. The responsibilities for a Local Authority, in enabling the establishment and successful operation of a Business Improvement District, are set out in Annex 'A'.

## **3.0 LINK TO CORPORATE PRIORITIES:**

3.1 The establishment of Business Improvement Districts is a recognised mechanism for improving the economy, a key corporate priority for the Council.

## **4.0 RISK ASSESSMENT:**

4.1 There are no risks associated with the establishment of a Business Improvement District policy. Risks pertaining to individual schemes will be detailed in the requisite reports for those schemes.

## **5.0 FINANCIAL IMPLICATIONS:**

5.1 The Business Improvement District will require input from Council Officers in the following areas:-

1. Business and Economy
2. Electoral Services
3. Revenues and Benefits

5.2 The costs of the Business Improvement District ballot will be met by the Business Improvement District body and stated in the proposal document, to be agreed with the Local Authority.

5.3 A separate bill is required to manage the collection and enforcement of the Business Improvement District levy charges and an annual leaflet has to be provided with the bill. This cost will be calculated on a 'chargeable day' basis. On this basis, the recommended industry standard to cover the cost of the billing is 'a maximum charge of £35/hereditament or 3% of annual levy income, whichever is the lower.

5.4 The Council will reserve the right to waive all charges in respect of the establishment of a Business Improvement District at the discretion of the Executive Director and Deputy Chief Executive.

## **6.0 LEGAL IMPLICATIONS:**

6.1 Business Improvement Districts must be established in accordance with The Business Improvement District (England) Regulations 2004.

## **7.0 EQUALITY/DIVERSITY ISSUES:**

7.1 There are no equality or diversity issues to consider.

**8.0 RECOMMENDATION:**

- 8.1 That Cabinet approves and recommends to Council the process for establishing a Business Improvement District and the charging mechanism set out in paragraph 5.1.

JUSTIN IVES

**Background papers:** None

**Author Ref:** JI/LBW

**Contact:** Justin Ives  
Executive Director and Deputy Chief Executive  
Direct Line No: 767022

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

010915 Business Imp District

## **PROCESS IN ESTABLISHING A BUSINESS IMPROVEMENT DISTRICT**

The eight responsibilities for a Local Authority in enabling the establishment and successful operation of a Business Improvement District are set out below:

### **1.0 Business Improvement District Regulations**

- 1.1 The Council will fulfil its responsibilities via Cabinet, where the Council will satisfy itself that the:
  - a. Proposal does not conflict with any existing Council policy nor propose a disproportionate burden on particular businesses by way of an unfair levy charge on a certain 'class' of levy payers, for example by an inappropriate manipulation of the Business Improvement District boundary.
  - b. Submission from the Proposer includes a copy of the Proposal; details of the consultation undertaken; details of the finances and financial management of the Business Improvement District (all of which are likely to be contained in the single Business Plan document that businesses will vote on); and a demonstration that finances are available to cover the cost of the ballot in the event that it fails and the number of persons voting in favour was less than 20% of the number of persons entitled to vote. The Council must be notified that the Proposer wishes to put proposals for a Business Improvement District to a ballot, and the Proposer needs to ask the billing authority (the Council) to instruct the Local Authority's Returning Officer (the ballot holder) to hold a ballot.
  - c. Final proposals include all of the details stated within Schedule 1 to the BID Regulations (the Business Improvement Districts (England) Regulations 2004) prior to proceeding to ballot.
- 1.2 In addition the committee paper must include a formal approval for their own vote on their own hereditaments if this is relevant in the area and also make the financial provision for the levy costs assuming a successful ballot

### **2.0 Provision of Rating List Data**

- 2.1 On receipt of a valid request from the Proposer, the Council is required to prepare a document (from its business rates records) showing the name of each business ratepayer within the boundary of the proposed Business Improvement District, together with the address and rateable value of each relevant business property occupied or (if unoccupied) owned by the ratepayer, and provide this to the Proposer.

### **3.0 Provision of Statement of existing baseline services**

- 3.1 It is a requirement under Schedule 1, paragraph 1(1) (b) to the Regulations that the proposals include a statement of the existing baseline services provided by the Council or any other public authority in the proposed area. The statement will form part of the proposals which demonstrate to businesses voting for the Business Improvement District that the proposed services are additional to the baseline services provided by the public authorities. If there are no baseline services provided in relation to the Business Improvement District, then this should be stated in the proposal.



#### **4.0 Collection of the Business Improvement District Levy**

- 4.1 The Local Authority is required to manage the collection and enforcement of Business Improvement District levy charges. In practice the Business Improvement District body and the Council establish a levy collection agreement often known as an Operating Agreement. The principle of this agreement is to define the principles and processes for collecting the levy; enforcing the payment of the levy; reporting on collection and bad debt; monitoring provisions between the Business Improvement District and the Local Authority; and providing regular detailed and summary information on the service to the Business Improvement District as the client. Best practice suggests that a draft arrangement between the authority and Business Improvement District should be available for scrutiny by businesses during the ballot period.
- 4.2 The Local Authority may opt to send the levy bill out as part of the business rate bill or as a separate bill. Best practice suggests that a separate bill that includes a clear logo for the Business Improvement District on the header of the bill and a smaller Local Authority logo with reference to the Local Authority being the collection agency on its behalf is preferable. This helps to ensure businesses recognise that the Business Improvement District is delivering specific services over and above that which is funded and delivered by the Local Authority. The Local Authority is also required to issue an annual billing leaflet with the levy bills and this should include the previous year's financial summary and the forecast for the forthcoming year as per Schedule 4 to the Business Improvement District Regulations, paragraph 3 (2). In practice, a billing leaflet is often produced by the Business Improvement District with the in-house design style and approved by the Local Authority prior to printing.
- 4.3 The mechanism for charging should be defined within the levy rules of the Business Improvement District Business Plan and should be agreed between the Proposer and Local Authority rating department in advance of publication of the Business Plan. There is no requirement within the Regulations to follow the charging principles of the business rates system; instead it is up to the Proposer to consider the principles that are appropriate to their location.
- 4.4 There are two charging principles – 'daily charging' that mirrors the approach in the business rate system of the charge being broken down to each day of the 365 days of the year thereby managing refunds as each change to occupation occurs; or 'chargeable day' that imposes the full year levy charge on the incumbent on a fixed day of the year (usually 1st April) and then makes no refunds within the year as a result of any changes. The daily charge system is a more complex system and therefore requires a greater resource, making the annual levy collection charge higher.
- 4.5 The Local Authority is permitted to charge a reasonable fee for this service. There have been wide variations on charging policies across the country, with approximately one third of Local Authorities providing the service at no charge, whilst others at the other end of the spectrum charging over £100/hereditament (Source: British BIDs Nationwide BID Survey). As a consequence levy payers have increasingly challenged these charges on the basis that there appears to be no correlation between the levy collection rate and its relative collection charge. The Industry Criteria and Guidance Notes (published by British BIDs annually on behalf of the British Retail Consortium, the British Council of Shopping Centres, the Federation of Small Businesses and the Inter Bank Rating Forum) recommend an industry standard of 'a maximum charge of £35/hereditament or 3% of annual levy income, whichever is the lower.

## 5.0 Provision of Ballot Services

5.1 The Local Authority is required to ensure the ballot is operated, either in-house or outsourced, in line with the Business Improvement District Regulations. Irrespective of whether the ballot is run in-house or outsourced, the Local Authority ballot holder remains legally responsible for the ballot process as set out in Regulations:

- a. **Ballot Timetable** - The timetable for the ballot is defined within Schedule 2 to the Regulations stating the key dates as follows:
  - Notification to the Local Authority and the Secretary of State by the Proposer (minimum 84 calendar days prior to submitting proposals to the Local Authority)
  - Notice of Ballot (Ballot holder to notify voters) (minimum 42 calendar days before the ballot day)
  - Ballot Period (minimum 28 calendar days)
  - Ballot Day (must be a working day and finish at 5pm)
  - Count and Announcement (as soon as 'practicable' after the ballot day)
- b. **Creating the Voter List** - The Local Authority ensures a voter list has been created in readiness for a ballot, and this must originate from the rating list to define the eligible hereditaments.
- c. **Managing Changes to the List** - To ensure that the final voter list is as accurate as possible, the ballot holder should ensure it corresponds with the rating list update from the Valuation Office Agency closest to the date of Notice of Ballot.
- d. **Ballot Principles** - The ballot is run as a secret ballot meaning that the Proposer will not be notified of which way votes have been cast at any stage of the ballot, or after the ballot has ended. However the ballot holder may report to the Proposer during the ballot which ballot papers have been received.
- e. **Ballot Documents** - The Proposer will send out the notification of their intention to put the proposals to a ballot to both the Secretary of State and the Local Authority, at least 84 days before formally asking the ballot holder to arrange a ballot.

The Ballot Holder will send out the following:

- i. Notification to the Secretary of State at least 42 days before the day of the ballot, confirming that the Notice of Ballot has been issued.
- ii. Notice of Ballot and covering letter to those entitled to vote, which includes an explanation of the ballot arrangements, an explanation that the person may request a copy of the proposals from the Proposer and provides the name and address of the Proposer.
- iii. Ballot Paper (best practice suggests using a different colour for the ballot paper to ensure it stands out and ensuring the envelopes used include the logo for the Business Improvement District and a strapline making reference to 'Ballot papers enclosed, please return by *date*').

- iv. Ballot Statement (often produced by the Proposer in line with the other campaign documents and approved by the Local Authority. This must be sent out with the ballot paper and should be an impartial and factual document which provides an explanation of the Business Improvement District arrangements and the ballot arrangements).
- v. The statement of existing baseline services (these must be available for inspection prior to the ballot). If a Baseline Agreement has been agreed (which includes the statement of existing baseline services) then this should be made available. Section 3 of this Guide refers.
- vi. Levy collection arrangement (or operating agreement, (available for inspection prior to the ballot and for adoption at the commencement of the Business Improvement District)) Section 4 of this Guide refers.

## **6.0 Notification of Ballot Outcome**

- 6.1 The Regulations require that as soon as is reasonably practicable after the ballot the ballot holder should arrange for public notice to be given of the outcome of the ballot. Public notice must be given of the four specific matters set out paragraph 17(1)(a) of Schedule 2 to the Regulations, which are:
- a. The total number of votes cast in the ballot excluding any votes given on ballot papers rejected under paragraph 15 of Schedule 2.
  - b. The aggregate rateable value of each hereditament in respect of which a person voted in the ballot.
  - c. The total number of votes cast in favour of the question asked in the ballot.
  - d. The aggregate rateable value of each hereditament in respect of which a person voting in the ballot has voted in favour of the question asked.

## **7.0 Declaring a Ballot Void**

- 7.1 There is a 28 day period immediately after the ballot result announcement during which a request to the Secretary of State to declare the ballot void can be made. The request can be made by either the Proposer/body, at least 5% of the voters, or the Local Authority and this request needs to be made in writing to the Secretary of State. The request must set out the basis of the challenge which must be a perceived material irregularity in the ballot process.
- 7.2 On receipt of a request, the Secretary of State is required to notify the Proposer and the Local Authority and then a further 28 days are available for written representations to be made and 14 days thereafter in response. If the Secretary of State declares the ballot void, a re-ballot must be held.

## **8.0 Termination Procedures**

- 8.1 The Local Authority has a role defined in the Regulations in pursuing termination procedures in the event that the Business Improvement District has insufficient funds and/or is unable to deliver the services. The termination arrangements require the local authority to run a consultation with 'appropriate' business representatives and to give a notice of 28 days.

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## **HAMBLETON DISTRICT COUNCIL**

**Report To:** Cabinet  
1 September 2015

**Subject:** DALTON BUSINESS IMPROVEMENT DISTRICT (BID)

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

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

- 1.1 At Cabinet on the 7 July 2015 the Authority agreed to offer a secured loan of up to £1.5m on commercial terms to the businesses at Dalton for the purpose of financing the Dalton Highway and Bridge Scheme and repaid for through business rates growth.
- 1.2 The purpose of this report is to seek approval for the Dalton Industrial Estate Business Improvement District (BID), agree that the £1.5m loan is funded from the Economic Development Fund Reserve and seek approval for expenditure from the Economic Development Fund to cover the cost of legal fees in setting up the loan agreement.
- 1.3 A detailed report covering the statutory roles and responsibilities of Hambleton District Council in relation to Business Improvement Districts is also being presented as a separate report to Cabinet on the 1<sup>st</sup> September 2015.

### **2.0 THE DALTON BUSINESS IMPROVEMENT DISTRICT:**

- 2.1 On the 22<sup>nd</sup> June the Chair of The Dalton Steering Group, Jeanne Bianco, wrote to the Secretary of State giving notice, as required by regulation 3(2) of the Business Improvement District (England) Regulations 2004, of the Dalton Industrial Estate Business Groups intention to submit a BID proposal for the Estate to HDC.
- 2.2 The principles of the BID Business Plan, yet to be balloted and approved, are as follows:
  - A basic levy of 5% of the rateable value will be charged for all hereditaments within the BID geographical boundary, although discussions are still ongoing on this point and will be dependent on the final out-turn costs for the scheme.
  - The BID will commence on 1<sup>st</sup> April 2016 and will be in place for 5 years.
  - The sole objective of the BID Business Plan is to deliver a new road and bridge to overcome access and egress issues caused by flooding.
  - There are 28 businesses within the geographical boundary which covers the whole of Dalton Industrial Estate and businesses along part of Dalton Lane.
  - The BID is expected to generate revenues of almost £200,000 p.a. giving £1,000,000 over the 5 year duration of the BID, although this will be dependant on the final levy charged.
  - Management of the BID will be via the Dalton Industrial Estate company which will be a private company limited by shares.
- 2.3 The regulations set out a clear timetable and programme of activity for all parties involved. For the businesses a key objective is that the BID ballot takes place in December 2015, such that certainty about capital financing is fully understood before having to sign the contract for construction in March 2015.

2.4 The key milestones the businesses are currently working to for the establishment of a BID are as follows:-

Dalton Steering Group sign off Final Business Plan	28 August 2015
Approval of Dalton Bridge proposals by Billing Authority (HDC)	1 September 2015
Approval by Billing Authority (HDC) for Electoral Services to hold ballot	1 September
Publication by Electoral Services to hold Ballot	26 October 2015
Ballot Day	14 December 2015
Publication of the result	15 December 2015
BID start date	1 April 2016

2.5 In addition to delivering the basic road and bridge improvements to overcome flooding, the businesses also wish to consider future proofing the Dalton Lane / Eldmire Lane junction to facilitate increased traffic growth. This would be done through a junction upgrade and widening of the proposed bridge and requirements have been included within the design tender documentation.

2.6 In terms of the decisions required from the Council in relation to the proposed Dalton BID:

- The authority needs to satisfy itself that the Dalton BID proposal does not conflict with any existing local authority policy nor propose a disproportionate burden on particular businesses by way of an unfair levy charge on a certain 'class' of levy payers, for example by an inappropriate manipulation of the BID boundary. The Dalton BID Business Plan has been reviewed by officers of the Council within Corporate Finance to fulfil this responsibility.
- The Council as the Billing Authority must appoint a Ballot Holder and it is recommended that approval is given to Electoral Services to run the Dalton BID ballot.
- The Council have the option of charging the BID for administration of the levy and it is recommended that for the Dalton BID the charges incurred by the Council to collect the levy are waived.

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

3.1 A key strategic priority for the Council is driving economic vitality. Unlocking the growth potential of Dalton Industrial Estate through key infrastructure will have a direct and positive impact on employment and business growth in this area which is recognised by the Council as a prime location for businesses and employment. The project is identified in the Hambleton Economic Strategy – A Place to Grow, for delivery under the priority theme 'Driving Growth'.

### 4.0 **RISK ASSESSMENT:**

#### 4.1 **Risk in approving the recommendation(s)**

Risk	Implication	Prob*	Imp*	Total	Preventative action
The costs of preparing the loan agreement and HDC administration charges to collect the new BID levy result in additional costs to a scheme where affordability is a key issue.	Scheme costs escalate and become un-affordable for the Dalton Businesses	3	5	15	HDC covers the cost of establishing the loan agreement and covers the administrative charges.

4.2 **The key risk is in not approving the recommendation(s) as shown below:-**

<b>Risk</b>	<b>Implication</b>	<b>Prob*</b>	<b>Imp*</b>	<b>Total</b>	<b>Preventative action</b>
Key infrastructure to Dalton Industrial Estate is not delivered.	Economic growth opportunities are restricted	5	4	20	Continue to identify and attract other forms of grant funding and examine alternative delivery vehicles.

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

**5.0 FINANCIAL IMPLICATIONS:**

- 5.1 The legal basis of the commercial loan will be covered through a commercial loan agreement, which the businesses will need to sign. This will also need to be contractually aligned with the Memorandum of Articles and Shareholders Agreement which forms the basis of establishing the BID Company. The Council will need to procure independent legal advice to prepare this agreement. It is estimated that this will cost around £20,000
- 5.2 The July Cabinet report stated that the loan of up to £1.5m would be funded through either the Council's surplus funds or external borrowing e.g. from Public Works Loan Board (PWLB). It is now recommended that the Council's surplus funds from the Economic Development Fund Reserve are used to finance this project and this will not adversely impact on other schemes coming forward through the Economic Strategy.
- 5.3 The BID Regulations estimate that the administration charges incurred by the Billing Authority are up to £35 per property, based on 28 businesses this would equate to £980/year lost to the authority. The Council will pick up these costs within existing budgets.

**6.0 LEGAL IMPLICATIONS:**

- 6.1 The Business Improvements Districts (England) Regulations 2004 will need to be complied with by the Dalton Businesses in establishing a BID and by the billing authority in collecting business rates growth.
- 6.2 A legal agreement will need to be drawn up with the constituted BID in relation to the Loan with detailed terms and conditions. Key features of the legal agreement will be repayment, security and default provisions. Only when the authority and constituted BID are happy with this will the loan be authorised.

**7.0 EQUALITY/DIVERSITY ISSUES:**

- 7.1 There are no equality or diversity issues to consider.

**8.0 RECOMMENDATION(S):**

- 8.1 It is recommended, subject to the Council adopting a policy in relation to BIDs, that:-
- (1) the principle of establishing the Dalton Bridge Business Improvement District is approved;
  - (2) the Council waives the administration charges to collect the new BID levy;
  - (3) the BID ballot be run by Election Services;
  - (4) the loan of up to £1.5m is funded from the Economic Development Fund; and

- (5) the legal costs associated with the loan agreement of approximately £20,000 are funded from the Economic Development Fund.

DAVE GOODWIN

**Background papers:** None

**Author ref:** IH

**Contact:** Ian Hopley  
Business and Economy Officer  
Direct Line No : (01609) 767151

010915 Dalton Bsuiness Improvement District (BID)



By virtue of paragraph(s) 1, 3 of Part 1 of Schedule 12A  
of the Local Government Act 1972.

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