

Agenda

Meeting: Audit Committee

**Venue: Brierley Room, County Hall,
Northallerton, DL7 8AD**

Date: Thursday 21 June 2018 at 1.30 pm

**Note: Members are invited to attend a
seminar concerning the Future
Financial Plan at 1.00 pm in the
Brierley Room**

Recording is allowed at County Council, committee and sub-committee meetings which are open to the public. Please give due regard to the Council's protocol on audio/visual recording and photography at public meetings, a copy of which is available to download below. Anyone wishing to record is asked to contact, prior to the start of the meeting, the Officer whose details are at the foot of the first page of the Agenda. We ask that any recording is clearly visible to anyone at the meeting and that it is non-disruptive. <http://democracy.northyorks.gov.uk>

Business

1. **Minutes of the meeting held on 12 March 2018**

(Pages 5 to 16)

2. **Any Declarations of Interest**

3. Public Questions or Statements

Members of the public may ask questions or make statements at this meeting if they have given notice (including the text of the question/statement) to Ruth Gladstone of Democratic Services (*contact details at the foot of page 1*) by midday on Monday 18 June 2018. Each speaker should limit themselves to 3 minutes on any item. Members of the public who have given notice will be invited to speak:-

- at this point in the meeting if their questions/statements relate to matters which are not otherwise on the Agenda (subject to an overall time limit of 30 minutes);
- when the relevant Agenda item is being considered if they wish to speak on a matter which is on the Agenda for this meeting.

If you are exercising your right to speak at this meeting, but do not wish to be recorded, please inform the Chairman who will instruct those taking a recording to cease while you speak.

4. **Progress on Issues Raised by the Committee** – Joint report of the Corporate Director – Strategic Resources and the Assistant Chief Executive (Legal and Democratic Services)
(Pages 17 to 18)
5. **North Yorkshire County Council and North Yorkshire Pension Fund – Audit of Accounts 2017/18 – Audit Progress** – Verbal update from KPMG (External Audit)
6. **Draft Statement of Accounts 2017/18** - Report of the Corporate Director – Strategic Resources
(Pages 19 to 214)
7. **Internal Audit Work / Internal Control Matters for the Children and Young People's Services Directorate:-**
 - (a) Report of the Head of Internal Audit
(Pages 215 to 231)
 - (b) Report of the Corporate Director – Children and Young People's Services
(Pages 232 to 235)
8. **Corporate Governance** - Report of the Corporate Director – Strategic Resources
(Pages 236 to 245)
9. **2018/19 Internal Audit Plan** – Report of the Head of Internal Audit
(Pages 246 to 264)
10. **Annual Report on Partnership Governance 2017/18** - Report of the Assistant Director (Policy and Partnerships)
(Pages 265 to 281)
11. **Procurement and Contract Management Strategy Update** - Report of the Corporate Director – Strategic Resources
(Pages 282 to 312)

12. **Risk Management – Progress Report** - Report of the Corporate Director – Strategic Resources
(Pages 313 to 338)
13. **Audit Committee Programme of Work 2017/18**
(Page 339)
14. **Other business which the Chairman agrees should be considered as a matter of urgency because of special circumstances**

Barry Khan
Assistant Chief Executive (Legal and Democratic Services)

County Hall
Northallerton

Notes:

Emergency Procedures for Meetings

Fire

The fire evacuation alarm is a continuous Klaxon. On hearing this you should leave the building by the nearest safe fire exit. Once outside the building please proceed to the fire assembly point outside the main entrance.

Persons should not re-enter the building until authorised to do so by the Fire and Rescue Service or the Emergency Co-ordinator.

An intermittent alarm indicates an emergency in nearby building. It is not necessary to evacuate the building but you should be ready for instructions from the Fire Warden.

Accident or Illness

First Aid treatment can be obtained by telephoning Extension 7575.

AUDIT COMMITTEE

1. Membership

County Councillors (8)					
	Councillors Names				Political Group
1	ARTHUR, Karl				Conservative
2	ATKINSON, Margaret		Vice-Chairman		Conservative
3	BAKER, Robert				Conservative
4	CLARK, Jim				Conservative
5	HUGILL, David				Conservative
6	LUNN, Cliff		Chairman		Conservative
7	MACKAY, Don				NY Independents
8	WEBBER, Geoff				Liberal Democrat
Members other than County Councillors (Non-voting) (3)					
1	PORTLOCK, David				
2	MARSH, David				
3	Vacancy				
Total Membership – (11)				Quorum – (3) County Councillors	
Con	Lib Dem	NY Ind	Labour	Ind	Total
6	1	1	0	0	8

2. Substitute Members

Conservative		Liberal Democrat	
	Councillors Names		Councillors Names
1	BACKHOUSE, Andrew	1	BROADBANK, Philip
2	COOPER, Richard	2	
3	THOMPSON, Angus	3	
4	PARASKOS, Andy	4	
5	PATMORE, Caroline	5	
NY Independent			
	Councillors Names		
1			
2			
3			
4			
5			

North Yorkshire County Council

Audit Committee

Minutes of the meeting held on Thursday 12 March 2018 at 11 am at County Hall, Northallerton.

Present:-

County Councillor Members of the Committee:-

County Councillor Cliff Lunn (in the Chair); County Councillors Margaret Atkinson, Philip Broadbank (as substitute for Geoff Webber), Jim Clark and Don Mackay.

External Member of the Committee:-

Mr David Marsh
Mr David Portlock

In Attendance:-

KPMG Officer: Alastair Newall (Manager)

Veritau Ltd Officer: Max Thomas (Head of Internal Audit)

County Council Officers: Gary Fielding (Corporate Director – Strategic Resources), Michael Leah (Assistant Director - Strategic Resources), Steve Loach (Democratic Services), Fiona Sowerby (Corporate Risk and Insurance Manager, Central Finance).

Apology for absence:-

Apology for absence was received from County Councillors Karl Arthur, Robert Baker, David Hugill and Geoff Webber.

Copies of all documents considered are in the Minute Book

44. Minutes

Resolved -

That the Minutes of the meeting held on 30 November 2017, having been printed and circulated, be taken as read and be confirmed and signed by the Chairman as a correct record.

45. Declarations of Interest

There were no declarations of interest at this stage of the meeting.

46. Exclusion of the Public and Press

Resolved -

That the public and press be excluded from the meeting during consideration of Appendices 2 and 3 to the report “Counter Fraud and Associated Matters”, on the grounds that they involve the likely disclose of exempt information as defined in

paragraph 7 of Part 1 of Schedule 12A to the Local Government Act 1972 as amended by the Local Government (Access to Information)(Variation) Order 2006.

47. Public Questions or Statements

There were no questions or statements from members of the public.

48. Progress on Issues Raised by the Committee

Considered -

The joint report of the Corporate Director - Strategic Resources and the Assistant Chief Executive (Legal and Democratic Services) which advised of progress on issues which the Committee had raised at previous meetings, together with an update concerning Treasury Management.

Gary Fielding (Corporate Director - Strategic Resources) stated that the amendments to the Risk Register for the HAS Directorate would be undertaken shortly.

Resolved -

That the report, and action highlighted, be noted.

49. External Audit Plan 2017/18 for North Yorkshire County Council and North Yorkshire Pension Fund

Considered -

The report of the External Auditor, KPMG, which highlighted the following:-

- ◆ Materiality had been set at £15m for the Council and £25m for the Pension Fund. The External Auditor was required to report uncorrected omissions or mis-statements, to those charged with governance, other than those which were clearly trivial, which had been set at £0.75m for the Council and £1.25m for the Pension Fund.
- ◆ The significant risks, requiring specific audit attention and procedures, had been identified as the valuation of PPE, pension liabilities, faster close of accounts and accounting treatment of the Allerton Waste Recovery Asset. There were no specific significant risks identified within the Pension Fund.
- ◆ The National Audit Office had issued guidance for the value for money audit and it was noted that the approach for 2017/18 would be consistent with that followed in 2016/17. The five stage process was set out in the report.
- ◆ The planned audit fee for 2017/18 was £94,490 for the Council and £24,943 for the Pension Fund. The fees were unchanged from 2016/17 and were in line with the scale fees published by PSAA.

A discussion of the report was undertaken and the following issues and points were raised:-

- ◆ Reassurance was provided in relation to the possible risk of fraud in connection with the operation of subsidiary companies by the County Council.
- ◆ It was acknowledged that an area of risk was the loss of key staff, particularly in respect of finance.

- ◆ A Member noted that the tax figures for the Pension Fund had not been provided in this year's details and asked if that had any impact in terms of independence and objectivity requirements. In response it was considered that these arrangements had now come to an end, however, a check would be made on that situation and a report back to the Committee on this position would be made.
- ◆ A Member raised the issue of recruitment and retention trends over the last five years in terms of their risk to the Authority. In response, the Corporate Director - Strategic Resources, Gary Fielding, stated that retention was good, however, recruitment was much more difficult for a number of reasons. He noted that although this had been flagged as a risk it was not currently a major concern, although it was recognised that some areas were difficult to recruit to and some services required more experienced officers. The County Council's recruitment policy, and graduates development scheme, aimed to address these issues. It was noted that the County Council faced a great deal of competition in terms of recruitment, particularly in relation to graduate recruitment, however a package was in place to encourage people to take up work with the Authority. Sharing services with other Local Authorities was assisting in the development of the recruitment package.

(Independent Member, Mr David Portlock, declared a non-pecuniary interest in respect of the discussions on this item in relation to him previously having been a partner at KPMG.)

- ◆ Noting that KPMG had been the auditor of the recently demised Carillion Group it was asked whether they could continue to give confidence in respect of the audit work they carried out. In response it was acknowledged that KPMG were the auditors for Carillion and it was emphasised that their approach was robust in respect of all work undertaken. It was emphasised that lessons would be learned in terms of the issues arising from Carillion but there was confidence in the approach undertaken by KPMG. Members stated that they were content that this matter had been raised, as part of providing assurance to different stakeholders in the work of KPMG. It was emphasised that there was a need to address these concerns, in terms of the public perception of how such matters were being addressed. It was noted that the role of the auditor was to issue a 'materially true and fair' opinion on the financial statements. It was noted that there was a public perception that auditors had more of a role in this, which related to some of the recent bad publicity, around Carillion, for KPMG. It was emphasised that the role for auditors was clearly set out in the relevant regulations.

Resolved -

That the External Audit Plan 2018/19 for North Yorkshire County Council and the North Yorkshire Pension Fund, be noted.

50. Internal Audit Plan 2017/18 - Progress

Considered -

The report of the Head of Internal Audit informing Members of the progress made to date in delivering the 2017/18 Internal Audit Plan and any developments likely to impact on the Plan throughout the remainder of the financial year.

The report indicated that the 93% target for the year would be exceeded by the end of April 2018. Details of the final reports issued in the period were provided and it was

noted that a further ten audit reports had been issued but were currently in draft. The fieldwork was underway for the majority of the scheduled audits.

Further details in relation to the following areas of work were outlined:-

- ◆ Contingency and counter fraud work.
- ◆ Information governance.
- ◆ Variations to the 2017/18 Audit Plan.
- ◆ Follow-up of agreed actions.

Max Thomas, the Head of Internal Audit, presented the highlights of the report and the following issues and points were raised during discussion:-

- ◆ The variations to the 2017/18 Audit Plan had all been discussed with the relevant Service Managers and agreed.
- ◆ A Member sought details in relation to the limited assurance given in respect of transparency for the Corporate Directorate. In response it was stated that a detailed report would be submitted to the Committee in due course. Issues around the compliance with the Code of Practice in respect of the publication of information had been recognised and were being addressed accordingly. The Corporate Director - Strategic Resources provided examples of how these were being addressed. It was noted that the Authority had not been the subject of reputational damage from the issues identified, but it was appropriate to address these.
- ◆ In relation to the limited assurance provided in respect of the care home visit to The Lodge, Scarborough, it was noted that details had been considered by the Committee a few meetings previously.

Resolved -

That the progress made in delivering the 2017/18 Internal Audit Programme of Work and the variations agreed by the Client Officer be noted.

51. Internal Audit Plan 2018/19 - Consultation

Considered -

The report of the Head of Internal Audit seeking Members' views on the priorities for Internal Audit in 2018/19 to inform the preparation of the Annual Audit Plan.

The Head of Internal Audit, Max Thomas, stated that discussions with Members, and Senior Council Officers, was an essential part of the assessment process and, as in previous years, the Audit Committee was being asked to identify any specific areas which should be considered as a priority for audit.

The following issues and points were raised during discussion of the report:-

- ◆ It was noted that Veritau was now undertaking more counter fraud work for a number of the North Yorkshire District Councils. This was helping to identify increased levels of fraud within those councils and also had a benefit for the County Council in terms of maximising revenue.
- ◆ A number of details within the report had been stated as 2017/18 and should be amended to read "2018/19".

- ◆ Issues around third parties (external contractors, etc) involved with the County Council and their compliance with GDPR regulations were discussed. It was noted that checks were carried out at evaluation stages and tender award to ensure that appropriate compliance was in place, therefore, in terms of GDPR, this would be a further compliance check to undertake.
- ◆ Arrangements in relation to the governance of the County Council's commercial operations were outlined. It was noted that the Stakeholder Committee and Brierley Group, advisory groups of the Executive, had been created to ensure a transparent reporting mechanism was in place. It was noted that Internal Audit had highlighted some governance issues in respect of the commercial operations and these were being addressed, transparently, through these groups.
- ◆ It was noted that Internal Audit was carrying out the Computer Audit. Audit North, now called Audit One, was only now involved with the County Council on a call-up arrangement.

Resolved -

That the Audit Plan, as detailed, be agreed and the comments made by Members, on the outline Internal Audit Plan for 2017/18, and the specific areas identified, be noted.

52. Accounting Policies

Considered -

The report of the Corporate Director - Strategic Resources, reviewing the changes to the County Council's accounting policies for the current financial year, 2017/18, and noting potential changes in the pipeline that are likely to impact on the future years accounting policies and the Statement of Final Accounts.

Resolved -

- (a) That the update on accounting policies for 2017/18, as set out in paragraph 3.5 of the report, be noted; and
- (b) That the potential changes to the Statement of Final Accounts and accounting policies, which are in the pipeline for future years (2018/19 onwards), as set out in paragraph 4.1 and Appendix A of the report, be noted.

53. Treasury Management

Considered -

The report of the Corporate Director - Strategic Resources, providing details of an updated Annual Treasury Management Strategy for the financial year 2018/19 which incorporated:

- (a) The Annual Investment Strategy.
- (b) A minimum revenue provision policy.
- (c) A policy to cap financing costs as a proportion of the annual net revenue budget.

The Corporate Director reported that the County Council was required to approve an up-to-date Annual Treasury Management and Investment Strategy before the start of

the new financial year and, accordingly, a Treasury Management Policy/Strategy for 2018/19 had been approved at the meeting of the full County Council held on 21 February 2018. A copy was appended to the Committee's report and the Committee was invited to review the documentation and consider whether it would wish to refer any proposals back to the Executive.

During the discussion of the report the following issues and points were raised:-

- ◆ A Member suggested that there had been notable period of time elapsed since the in-house training, organised for Members of the Audit Committee, had taken place. The Corporate Director - Strategic Resources stated that he would check when the training was previously provided and would look to provide an opportunity for Members of the Committee to undertake some appropriate training in the near future.
- ◆ Issues were discussed regarding the investment opportunities offered through the Debt Management Office (DMO) deposit account. It was noted that the facility had not been utilised and no investments were anticipated however the account would remain on the County Council's approved lending list as a precaution. It was noted that, should an opportunity arise that was of benefit to the County Council, in terms of investment to grow through low interest loans, these would be utilised. Opportunities would also be undertaken, where debts could be made cheaper through utilising external opportunities available.
- ◆ The use of balances was discussed and it was considered that the County Council was making appropriate use of its reserves. It was noted that the County Council was in a healthy position in terms of its reserves and was not facing the difficulties that had been widely reported for a number of other Councils.

Resolved -

- (a) That the review of the 2018/19 Treasury Management documentation, as appended to the report, be noted;
- (b) That the in-house training raised by Members be provided by the Corporate Director - Strategic Resources accordingly; and
- (c) That no proposals be referred back to the Executive.

54. Review of Assurance over Value for Money

Considered -

The report of the Corporate Director - Strategic Resources requesting Members to:-

- (a) consider the ongoing arrangements made within the County Council in respect of achieving Value for Money (VFM); and
- (b) consider how overall assurance was obtained about the effectiveness of these arrangements.

The Assistant Director - Strategic Resources, Michael Leah, presented the report highlighting the criteria for an auditor reaching a statutory VFM conclusion and highlighting the different issues affecting value for money.

The following issues and points were raised during discussion of the report:-

- ◆ A Member stated that there were a number of acronyms within the report making it difficult to understand in parts. In response it was stated that this would be addressed for future reports.
- ◆ Issues around the savings delivered by the County Council, both in monetary terms and in real terms, and the likely savings figure to 2021/22 were discussed. It was noted that a further £11m of savings were required over the next four years. It was considered that, in coming years, more savings were likely to be required making it difficult to maintain the value for money agenda. Further reports would be brought back to the Committee in due course in relation to this.
- ◆ It was noted that procurement and contract management had made major contributions to the delivery of value for money and it was expected that further savings of around £1m would be acquired from these areas.
- ◆ Value for money reviews continued to be undertaken for all services to ensure that VfM was being delivered appropriately.
- ◆ It was noted that the delivery of value for money was also monitored to determine whether this, in itself, provided value for money and the issue would continue to be discussed by the Committee, going forward.

Resolved -

That the arrangements currently in place for assuring value for money be noted and it be confirmed that the report adequately contributes to the requirements of fulfilling the terms of reference noted in section 2.1 of the report.

55. Central Services Directorate - Internal Audit Work

Considered -

The report of the Head of Internal Audit informing Members of the Internal Audit work performed during the year ended 31 January 2018 for the Central Services Directorate and giving an opinion on the systems of internal control in respect of this area.

The Head of Internal Audit, Max Thomas, presented the report. He outlined the work undertaken for the Directorate and the outcome of the audits, which were provided in Appendix 1 to the report. He noted that progress had been made by management to implement previously agreed actions necessary to address identified control weaknesses and stated that, on the framework of governance, risk management and control, operating in the Central Services Directorate, it provided substantial assurance.

The following issues and points were raised during discussion of the report:-

- ◆ Clarification was provided in relation to the Action Plan developed for debtors and income management system and it was noted that further audit work would be carried out in relation to this during the coming year. The Corporate Director - Strategic Resources highlighted the action that was being undertaken to address the issues raised within the report. It was stated the mechanisms were in place to determine the extent of the debts and how these were being addressed.
- ◆ Details of how the issues relating to officer responsibility for managing compliance with the Payment Card Industry Data Security Standard were being addressed were outlined. It was noted that staff had a better understanding of

the Standard and, with technology in place, appropriate policies and processes were being developed. It was noted that there was a relatively low level of card payments made to the County Council, in terms of compliance with this. The Head of Internal Audit stated that a further update would be provided to inform Members as to whether the actions suggested had been implemented accordingly.

Resolved -

That Members, following consideration of the information provided in the report, were satisfied that the internal control environment operating in the Central Services Directorate was both adequate and effective.

56. Central Services Directorate - Internal Control Matters

Considered -

The report of the Corporate Director - Strategic Resources providing an update to Members of progress against the areas for improvement identified for Central Services (CS) Directorate in the Annual Governance Statement and providing details of the latest Risk Register for the Directorate.

The report provided updates in relation to the following:-

- ◆ HR structure.
- ◆ Commercial development.
- ◆ Library reconfiguration.
- ◆ Strategic support.
- ◆ Statutory accounts window.

The report also provided details of key governance issues and a copy of the Directorate Risk Register was attached as an Appendix.

The following issues and points were raised during discussion of the report:-

- ◆ Clarification was provided as to the role and purpose of the Brierley Group.
- ◆ Details of how North Yorkshire Education Services had been established and its purpose were provided. The operating procedures for the Service were discussed together with the various services that were provided to schools throughout North Yorkshire, and, in some cases, beyond. The impact of the introduction of a national living wage on some charges being made were noted.
- ◆ It was stated that the awareness raising exercise, in terms of phishing emails sent out to staff, had resulted in some staff responding to these, and that had been followed up. It was explained that if a pattern of behaviour, in relation to these, could be observed, then additional action would be taken, with those staff members, to address the issue.
- ◆ A member suggested that having 12 risks in the Risk Register was excessive. It was noted that this matter had been discussed previously and that it was considered worthwhile having a discussion around the risks identified, however, further consideration would be given as to whether there was value in producing a reduced number of risks for the Directorate. It was also stated that internal controls within the Directorate ensured that when risks were addressed these dropped off the system.

- ◆ Clarification was provided in relation to the action points within the Risk Register and it was noted that due to a quirk of the system it appeared that some of the action timetable had been missed, however, this was not the case and the issues had been addressed.

Resolved -

- (i) That the position on the Central Services Directorate key governance issues be noted;
- (ii) That the Directorate Risk Register for the Central Services Directorate be noted;
- (iii) That the feedback and comments on the Directorate's Risk Register be noted.

57. Counter Fraud and Associated Matters

Considered -

The report of the Head of Internal Audit reporting on the number and type of investigations undertaken by Veritau Limited during 2017/18 to date, the outcome of the Annual Fraud Risk Assessment and the adequacy of the Counter Fraud Policy framework.

It was noted that Appendices 2 and 3 to the report contained exempt information with no public access and the following minutes reflect that position.

The Head of Internal Audit, Max Thomas, presented the report noting that North Yorkshire County Council continued to benefit from having the Corporate Fraud Team to assist with the implementation of the Counter Fraud Strategy. The report provided details on the Counter Fraud Policy framework, investigations undertaken in 2017/18 and the fraud risk assessment. These set out the areas of high risk and actions undertaken to address those. Details of the updated policies within the Counter Fraud Policy framework were outlined.

Issues relating to potential contract related fraud and the management of that, were discussed.

Resolved -

- (i) That the investigations carried out by Veritau in 2017/18 to date, and the outcome of the Annual Fraud Risk Assessment be noted; and
- (ii) That the planned update to the County Council's Anti Money Laundering Policy and the measures being adopted to strengthen the current anti money laundering arrangements be noted.

58. Corporate Governance

Considered -

The report of the Corporate Director - Strategic Resources reviewing the updated Local Code of Corporate Governance and recommending, for collective approval, by the Chief Executive, the Leader of the Council, the Executive Member for Central Services, the Corporate Director - Strategic Resources and the Assistant Chief Executive (Legal and Democratic Services).

The Corporate Director - Strategic Resources, Gary Fielding, presented the report noting that the Local Code of Corporate Governance was reviewed on an annual basis and provided details of the Audit Committee's role in respect of that. He noted that there had been some minor changes to the Local Code since last year and provided details of those. The revised Code was provided as an Appendix to the report.

The following issues were raised during discussion of the report:-

- ◆ Members complimented Fiona Sowerby on her work undertaken in reviewing and updating the Local Code in the previous year, which made identifying alterations easier in the current year.
- ◆ Issues around the current Members' Code of Conduct and the lack of opportunity to take direct action against Members, when the Code had been breached, were discussed.

Resolved -

That the updated Local Code of Corporate Governance, as detailed at Appendix A to the report, be recommended for collective formal approval by the Chief Executive, the Leader of the Council, , the Executive Member for Central Services, the Corporate Director - Strategic Resources and the Assistant Chief Executive (Legal and Democratic Services).

59. Information Governance - Progress Report

Considered -

The report of the Corporate Director - Strategic Resources, updating Members on a range of current information governance issues and on the progress made to further develop the County Council's information governance arrangements.

The Corporate Director - Strategic Resources, Gary Fielding, highlighted how information governance remained a high risk area on the Corporate Risk Register and provided details of the Audit Committee's role in respect of reviewing corporate policies and procedures around this. Details of work carried out in the following areas were provided within the report:-

- ◆ Information security - including information security compliance checks, breaches and a recent Information Commissioner's Office case.
- ◆ Phishing exercises.
- ◆ Data Governance Team and Directorate Information Governance Champions (DIGC) - roles and responsibilities.
- ◆ Services information, asset owners and registers.
- ◆ Cyber Security Strategy.
- ◆ Data Protection Bill, General Data Protection Regulation (GDPR) and the Digital Economy Act.
- ◆ Internet banding.

The Head of Internal Audit, Max Thomas, highlighted the work being undertaken in relation to breaches and how people were encouraged to report these, when they had

occurred. This, in the main, was now taking place with breaches in relation to information security being reported appropriately.

The following issues were raised during discussion of the report:-

- ◆ Efforts continued to prevent breaches of information and staff were regularly updated with policies and procedures in relation to this. Every effort was made to avoid staff complacency when dealing with sensitive information.
- ◆ It was noted that there was no particular pattern in relation to information security breaches, in terms of length of service and seniority of officers.
- ◆ Details in respect of the one incident reported to the ICO over the last 12 months were provided, which related to the theft of a car, containing a laptop with sensitive casework on it. It was noted that all Council held IT equipment had encryption in place.
- ◆ Phishing exercises continued to be undertaken and those that continued to be caught out by these exercises were provided with additional training.
- ◆ The roles and responsibilities of the Data Governance Team, how they had changed and the allocation of officers in each Directorate were outlined.
- ◆ A great deal of work was being undertaken in relation to compliance with the General Data Protection Regulation and to comply with the Data Protection Act in respect of data processes required to deliver services.
- ◆ Details of the Cyber Security Strategy were outlined and recent cases of national prominence were highlighted as a reminder of the importance of that. Members welcomed the recent presentation to Audit Committee in relation to cyber security and the confidence they had gained from that.
- ◆ Issues around contingency planning were discussed. It was noted that a large proportion of staff were able to work from home during the recent freezing weather, which had been a good test of the system.
- ◆ The County Council continued to work on cyber security and was not complacent in relation to recognising that a cyber-attack could occur at any time. The current system appeared to be secure but new methods of attack were being developed constantly and, therefore, every effort had to be made to guard against these.
- ◆ Issues in relation to the progress being made in response to the forthcoming General Data Protection Regulations (GDPR), were outlined.
- ◆ Details of internet banking for staff, at different levels, were provided.

Resolved -

That the progress made on information governance issues be noted.

60. Audit Committee Programme of Work 2017/18

Considered -

The Committee's Programme of Work which listed business scheduled for future meetings.

The following issues and points were raised during the discussion of the Work Plan:-

- ◆ It was suggested that the dates outlined in section A of the Work Plan required updating, as they were incorrect. It was noted that many of the issues within that section of the Work Plan were recurring matters and, therefore, there was no need to have the years following them and for future reports these would be removed.
- ◆ It was noted that further training was to be arranged for Members of the Committee and a timetable for that would be developed and submitted to a subsequent meeting. It was requested that Members also provide suggestions for suitable training sessions.
- ◆ The timetabling of meetings was questioned in respect of the changes to accounting procedures. In response it was anticipated that the meetings outlined for July and September would still be held, but would have a different focus, in relation to the new reporting arrangements for accounts. The Annual Audit Letter would now be provided to the September meeting not December and the Annual Report of the Audit Committee would be published earlier.
- ◆ The Independent Members, David Portlock and David Marsh, stated that, under their current appointments, this would be their final meeting. The Corporate Director - Strategic Resources, Gary Fielding, stated that to enable an appointment process to be carried out the Independent Members would be retained for an additional meeting, for the purposes of that meeting only, until new appointments, following the appropriate recruitment process, were made.

Resolved -

- (i) That the report be noted and the action highlighted above be undertaken accordingly.
- (ii) That an appropriate recruitment process be undertaken in respect of the Independent Members to the Audit Committee, and, in the interim, David Portlock and David Marsh, continue this role, until the process is completed.

The meeting concluded at 13.05 pm

SL/JR

NORTH YORKSHIRE COUNTY COUNCIL

AUDIT COMMITTEE

21 June 2018

PROGRESS ON ISSUES RAISED BY THE COMMITTEE

**Joint Report of the Corporate Director – Strategic Resources
and the Assistant Chief Executive (Legal and Democratic Services)**

1.0 PURPOSE OF THE REPORT

1.1 To advise Members of

- (i) progress on issues which the Committee has raised at previous meetings
- (ii) other matters that have arisen since the last meeting and that relate to the work of the Committee

2.0 BACKGROUND

- 2.1 This report is submitted to each meeting listing the Committee's previous Resolutions and / or when it requested further information be submitted to future meetings. The table below represents the list of issues which were identified at previous Audit Committee meetings and which have not yet been resolved. The table also indicates where the issues are regarded as completed and will therefore not be carried forward to this agenda item at the next Audit Committee meeting.

Date	Minute number and subject	Audit Committee Resolution	Comment	Complete?
	41 – Audit Committee Terms of Reference / Review of Effectiveness	That a review of the Committee's effectiveness be undertaken after November 2018 and in the meantime, the Chairman take informal soundings from individual Members on a 1 to 1 basis and the CD Strategic Resources speak with relevant officers on a 1 to 1 basis to seek any comments they may have regarding the effectiveness of the Committee		x
12.03.18	53 – Treasury Management	That the in-house training raised by Members be provided by the Corporate Director, Strategic Resources	This training is due to take place on the morning of the Audit Committee meeting of 21 June 2018.	✓

Date	Minute number and subject	Audit Committee Resolution	Comment	Complete?
	60 – Audit Committee Programme of Work 2018/19	That an appropriate recruitment process be undertaken in respect of the Independent Members to the Audit Committee, and, in the interim, David Portlock and David Marsh, continue this role, until the process is completed.	An appropriate recruitment process is being undertaken and is on track.	✓

3.0 TREASURY MANAGEMENT

- 3.1 Against market expectations, the Bank of England's Monetary Policy Committee (MPC) voted against a rate rise when they met on 10 May 2018. While a rate rise of 0.25% had been expected, the MPC postponed plans for an increase after the weaker than expected performance of the economy in early 2018.
- 3.2 Following on from the Bank of England's decision to keep interest rates on hold, Link Asset Services – Treasury Management updated their interest rate forecast on 11 May 2018. Link are now forecasting a first bank rate in November 2018, to be followed by further increases in September 2019, June 2020 and November 2020 in order to reach 1.50% by the end of 2020.

4.0 RECOMMENDATION

- 4.1 That the Committee considers whether any further follow-up action is required on any of the matters referred to in this report.

GARY FIELDING
Corporate Director – Strategic Resources

BARRY KHAN
Assistant Chief Executive
(Legal and Democratic Services)

County Hall
NORTHALLERTON

21 June 2018

Background Documents: Report to, and Minutes of, Audit Committee meeting held on 12 March 2018

NORTH YORKSHIRE COUNTY COUNCIL

AUDIT COMMITTEE

21 June 2018

DRAFT STATEMENT OF ACCOUNTS 2017/18

Report of the Corporate Director – Strategic Resources

1.0 PURPOSE OF THE REPORT

- 1.1 To consider a draft Statement of Final Accounts (SOFA) for 2017/18 for the County Council in advance of:
- (a) these accounts being audited by KPMG during June and July 2018 and
 - (b) being re-submitted to this Committee for formal approval 26 July 2018 after the external audit has been completed.
- 1.2 To approve a Corporate Governance Working Group and its membership in order to provide further overview of the SOFA for 2017/18 and supporting documentation.

2.0 BACKGROUND

- 2.1 The Accounts and Audit Regulations set out the requirements and timelines for Member approval of Local Authority Accounts and one of the Terms of Reference for this Committee is to approve the Annual SOFA.
- 2.2 There is no requirement for Member approval of a draft SOFA at this stage in advance of consideration and review by External Audit.
- 2.3 The Accounts and Audit Regulations 2015 set out the requirement to accelerate the certification and publication of the accounts from 2017/18 onwards. As a result, the SOFA must be certified by the Section 151 (Chief Finance) Officer by 31 May and approved by Members (the Audit Committee) in advance of the certification and publication of the Accounts by 31 July. Therefore, the SOFA is being submitted to the Audit Committee in June for information and review/comment only, not formal approval.
- 2.4 The draft SOFA includes the draft Annual Governance Statement (AGS). At this stage it remains draft pending further work including output as a result of the Governance sub-group.
- 2.5 The final SOFA, after External Audit, will be re-submitted to this Committee on 26 July 2018 for formal approval.

3.0 **STATEMENT OF FINAL ACCOUNTS 2017/18**

- 3.1 The County Council's draft SOFA for 2017/18 is attached as a separate booklet circulated with the agenda after being certified by the Corporate Director – Strategic Resources on 30 May 2018.
- 3.2 The format and content of the SOFA must comply with CIPFA's Code of Practice on Local Authority Accounting in the United Kingdom 2017/18. This Code prescribes the accounting treatment and disclosures for all transactions and balance sheet items of a Local Authority's Accounts and constitutes 'a proper accounting practice' under the terms of the Local Government Act 2003.
- 3.3 A Summary sheet giving a brief explanation of the various statements included in the SOFA is attached as **Appendix A**.

4.0 **CHANGES REFLECTED IN THE 2017/18 SOFA**

- 4.1 There have been no significant updates arising from the 2017 Code of Practice on Local Authority Accounting. Consequently, there have been no changes to the County Council's 2017/18 Accounting Policies.

5.0 **REVENUE AND CAPITAL OUTTURN FOR 2017/18**

- 5.1 Revenue Budget and Capital outturn reports for 2017/18 were considered by the Executive on 12 June 2018. These reports and the spending details reported form only part of the information reflected in the full SOFA, which also includes a Balance Sheet, Cash Flow Statement, Group Accounts, Pension Fund Accounts etc.
- 5.2 The Council's in-year accounting and budgeting arrangements are designed to fit its organisational structure and are different to the statutory year-end requirements. Therefore, the management accounts have had to be reworked to fit these formal requirements.
- 5.3 The main differences between the County Council's management accounts and the published statutory accounts are set out at **Appendix B**.
- 5.4 Although the presentation of the figures in the SOFA (Income and Expenditure Account) is very different, the resulting changes do not affect the overall net expenditure to be funded from Central Government Grant, Business Rates and Council Tax or the levels of working balances.

6.0 **CERTIFICATION AND AUDIT OF ACCOUNTS**

- 6.1 The Accounts and Audit Regulations do not require formal Member approval of the Draft SOFA. However, Member consideration, approval and certification is required for the Final SOFA.
- 6.2 The Accounts and Audit Regulations require the responsible financial officer to sign and date the Draft SOFA by 31 May and certify that it presents 'a true and fair view of the financial position of the Authority at the end of the year and its income and expenditure for that year'.

- 6.3 The Chief Executive has also co-signed the SOFA recognising the unique position of the Chief Executive.
- 6.4 The responsible Financial Officer (Corporate Director – Strategic Resources) must also re-certify the Final version of the SOFA before it is approved by the Audit Committee.
- 6.5 The Accounts and Audit Regulations require that the External Auditor formally signs off the County Council's 2017/18 accounts by 31 July 2018. KPMG will undertake the audit of the accounts during June and July 2018.
- 6.6 On completion of the external audit of the 2017/18 accounts a report from the Auditor will be submitted to the meeting of this Committee scheduled for 26 July 2018. Following consideration of the Auditor's report, the Committee will be asked to consider and approve the SOFA with the Chairman being asked to sign and date the Accounts prior to it being formally signed off by the External Auditor.
- 6.7 The Auditors' conclusion from their audit will also be reported through the Annual Audit Letter. This Letter will be submitted to a future meeting of this Committee and the Executive.
- 6.8 Any significant changes reflected in the Final SOFA compared with the Draft version attached, as a result of the audit, will be reported to Members.
- 6.9 In addition it is again proposed that a working group be created to support the Audit Committee in reviewing the SOFA and associated governance documents. It would be intended that a report from the working group is considered in advance of the SOFA at the next meeting of the Committee on 26 July. The Committee are asked to identify who they would wish to be involved in this working group.

7.0 AUDIT AND ACCOUNTS REGULATIONS 2015

- 7.1 The changes reflected in the new 2015 Accounts and Audit Regulations, all of which have now been implemented in the 2017/18 accounts process, are as follows.
 - (a) Certification of the Accounts by the S151 Officer and publication on the authority's website by 31 May from 2017/18.
 - (b) The full SOFA has to be re-certified by the S151 Officer, approved by Members (this Committee), the external audit opinion to be issued and both published by 31 July from 2017/18.
 - (c) Where the Audit of Accounts has not been concluded by 31 July a notice must be put on the authority's website stating that it has not been able to publish the statement of accounts and the reasons for this and then subsequently publish the accounts as soon as reasonably practical after the receipt of any report from the auditor.

(d) The public's right of objection and inspection of the accounts and questioning of the auditor is through a single 30 working day period including the first 10 working days of June.

(e) The SOFA must be available for public access for a period of not less than 5 years.

8.0 ANNUAL GOVERNANCE STATEMENT

8.1 The draft SOFA includes the draft Annual Governance Statement (AGS). Potential changes to the Statement will be considered by a Governance sub group with a final version of the AGS being submitted to this Committee on 26 July 2018 when it is asked to formally approve the final SOFA.

9.0 RECOMMENDATION

9.1 That Members consider the draft Statement of Final Accounts for 2017/18 in advance of the accounts being audited and resubmitted to the Audit Committee on 26 July 2018 for formal approval.

9.2 That Members approve creation and identify members of a working group as set out in **paragraph 6.9**

GARY FIELDING

Corporate Director – Strategic Resources

County Hall
Northallerton

21 June 2018

STATEMENT OF FINAL ACCOUNTS
Brief Explanation of Contents

(a) Narrative Statement

The purpose of this statement is to act as a guide to the most significant matters impacting on the County Council's finances. It gives provides commentary on the County Councils financial performance and value for money in its use of resources.

(b) Independent Auditor's Report

The report explains the auditors' responsibilities in relation to the Statement of Accounts. It also expresses an opinion on the Accounts and shows how this opinion was reached. The report also gives a value for money opinion in terms of the arrangements for securing economy, efficiency and effectiveness, (currently not included in draft SOFA).

(c) Statement of Responsibilities for the Statement of Accounts

This statement outlines the County Council's responsibilities for the Accounts under local government legislation and any other requirements. It also details the legal and professional responsibility for the Accounts of the Corporate Director – Finance and Central Services (i.e. Section 151 officer).

(d) Statement of Accounting Policies

This statement explains the principles, bases, conventions and rules applied by the County Council in preparing the Statement of Accounts.

(e) Expenditure and Funding Analysis

This statement demonstrates how the funding available to the County Council for the year has been used in providing services in comparison with those resources consumed or earned by the County Council

(f) Comprehensive Income and Expenditure Statement

This shows the Net Cost of the Services provided by the County Council and how this has been financed from general government grants and local tax payers. This Statement shows the accounting cost in the year of providing services in accordance with specified accounting principles, rather than the amount to be funded from taxation.

(g) Movement in Reserves Statement

This Statement shows the movement in the different reserves held by the County Council over the year. The Statement is analysed into usable reserves, those that can be applied to fund expenditure or reduce local taxation, and other unusable reserves.

(h) Balance Sheet

This is a statement of the overall financial position of the County Council at the end of the year and shows the Balances and Reserves at the County Council's disposal, its long term indebtedness and the fixed and net current assets employed in its operations.

(i) Cash Flow Statement

The Cash Flow Statement shows the changes in cash and cash equivalents of the County Council during the financial year. The Statement shows how the County Council generates and uses cash and cash equivalents by classifying cash flows as operating, investing and financing activities.

(j) Notes to the Core Financial Statements

These notes provide further details and explanation of the figures included in the Core Financial Statements.

(k) Group Accounts

The County Council conducts some of its activities through partnerships and separate undertakings. Some of these are not directly reflected in the statements (e) – (i) above due to legal and regulatory reasons. These Group Accounts are required to present a full picture of the County Council's economic activities and financial position in order to aid the primary financial statements.

(l) North Yorkshire Pension Fund Accounts

The Accounts show the income and expenditure of the North Yorkshire Pension Fund together with the financial position of the Fund on 31 March 2017.

(m) Annual Governance Statement

This statement sets out the framework within which financial control and corporate governance is managed and reviewed by the County Council and the main components of the system. It also reports on significant identified weaknesses and the actions undertaken to rectify these.

(n) Glossary of terms

APPENDIX B

MAIN DIFFERENCES BETWEEN THE MANAGEMENT ACCOUNTS AND THE PUBLISHED STATUTORY ACCOUNTS

1.0 CAPITAL CHARGES

In the SOFA, the County Council is required to adopt CIPFA's Capital Accounting Regulations which means that each service has to reflect a depreciation charge for the assets they use (land, building, plant and machinery etc.) Adjustments are also made for the following other types of capital charge:

- impairment of non-current (fixed) assets
- revaluation losses from the revaluation of property
- changes in the market value of Investment Properties
- amortisation of intangible assets
- revenue expenditure from capital under statute (capital expenditure that does not result in a County Council asset)

These capital charges replace the minimum revenue provision (MRP) for debt repayment which is included in the management accounts, and charged against the County Council's budget requirement. The MRP is therefore not charged to the Comprehensive Income and Expenditure Statement. Similarly, capital expenditure which is funded directly by the General Fund (funded by Council Tax, General Revenue Grant and Business Rates) is not charged to the Comprehensive Income and Expenditure Statement.

Capital charges are off-set by capital grants and contributions (which are used to fund expenditure on non-current (fixed assets)). These contributions are credited in full to the Comprehensive Income and Expenditure Statement in the year where the terms and conditions of these contributions have been satisfied but this treatment does not impact on the management accounts of the County Council. Where the conditions of these capital grants have not been met at year-end, the grant is held in the balance sheet as 'Capital Grant Unapplied'.

2.0 TRANSFERS TO AND FROM RESERVES

Transfers into, and expenditure funded from, reserves are not considered part of the net cost of services and are therefore not reflected at all within the Income and Expenditure Statement.

3.0 EMPLOYER'S PENSION FUND CONTRIBUTIONS AND ADJUSTMENTS INVOLVING THE PENSION FUND RESERVE

Accounting for retirement benefits (IAS 19) requires that employer's contributions to pension schemes, reflected in service accounts should only consist of 'current service' costs. As the actual contributions made to the North Yorkshire Pension Fund by the County Council include an element of back-funding to recover the Pension Fund deficit, the service expenditure figures reported in the SOFA have to be adjusted to reflect the current service cost as calculated by the Fund actuary.

In addition, the Comprehensive Income and Expenditure Statement also includes, as part of operating expenditure, the net impact of the notional return (County Council share) of the Pension Fund assets and the increase in accrued future pension liabilities.

The required changes also reflect the inclusion of the attributable share of Pension Fund assets and liabilities in the County Council's Balance Sheet. This reflects the County Council's commitment to the Pension Fund but does not mean however that legal title or obligation has passed from the trustees of the Pension Fund to the employer.

4.0 COUNCIL TAX AND BUSINESS RATES (COLLECTION FUND) ACCOUNTING

The County Council's Income and Expenditure Statement includes the Authority's share of the carried forward Council Tax and Business Rates Collection Fund surpluses and deficits of each of the seven District Councils at the year end. This is in place of the estimated sums at the previous year end that have been paid over to the County Council during the year and used for Budget/Council Tax setting purposes in future years.

5.0 HOLIDAY AND FLEXI PAY ACCRUAL

The County Council has to charge the Income and Expenditure Statement with an estimate of accrued and untaken Annual Leave and Flexi Leave at 31 March. This figure includes a substantial figure for untaken Teacher's (and other schools-based staff) holiday pay, in relation to the days worked and taken as holiday in the Spring Term at each school. This adjustment is purely notional and does not impact on the County Council's budget requirement or level or working balances (GWB).

6.0 GAINS AND LOSSES ON THE DISPOSAL ON NON-CURRENT (FIXED) ASSETS

An example of this would be where a School acquires Academy status and there is an automatic transfer of the ownership of the Land and Building of the school premises to the School's Board of Governors for nil value. Such a notional loss does not, however, impact on the day to day management accounts or level of general working balances.

7.0 OTHER DIFFERENCES

Certain other transactions such as interest earned and paid, precept payments to other bodies etc. are not considered as part of the net cost of services and are required to be shown as separate items below service expenditure totals in the Income and Expenditure account. Similarly some Government Grants and Funding sources are required to be shown as overall general funding, rather than being included in the Income and Expenditure Statement as Service income.

NORTH YORKSHIRE COUNTY COUNCIL

DRAFT STATEMENT OF ACCOUNTS 2017/18

CONTENTS

	Page
NARRATIVE REPORT	4
INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS	15
STATEMENT OF RESPONSIBILITIES FOR THE STATEMENT OF ACCOUNTS.....	19
STATEMENT OF ACCOUNTING POLICIES.....	20
EXPENDITURE AND FUNDING ANALYSIS	34
COMPREHENSIVE INCOME AND EXPENDITURE STATEMENT 2017/18	36
MOVEMENT IN RESERVES STATEMENT	38
BALANCE SHEET AS AT 31ST MARCH 2018	40
CASH FLOW STATEMENT – YEAR ENDED 31ST MARCH 2018.....	42
NOTES TO THE CORE FINANCIAL STATEMENTS.....	44
1. PRIOR PERIOD ADJUSTMENTS.....	44
2. ACCOUNTING STANDARDS THAT HAVE BEEN ISSUED BUT HAVE NOT YET BEEN ADOPTED.....	44
3. CRITICAL JUDGEMENTS IN APPLYING ACCOUNTING POLICIES	44
4. ASSUMPTIONS MADE ABOUT THE FUTURE AND OTHER MAJOR SOURCES OF UNCERTAINTY	45
5. EXPENDITURE AND FUNDING ANALYSIS	46
6. TRADING ACTIVITIES.....	49

7. COUNCIL TAX INCOME	50
8. NON-DOMESTIC RATES	50
9. GRANT INCOME	51
10. PENSION ARRANGEMENTS	53
11. AUDIT FEES	58
12. PRIVATE FINANCE INITIATIVE (SERVICE CONCESSIONS).....	58
13. LEASES.....	62
14. RELATED PARTY TRANSACTIONS.....	63
15. POOLED FUNDS.....	65
16. DISCLOSURE OF REMUNERATION	66
17. EXIT PACKAGES / TERMINATION BENEFITS.....	69
18. MOVEMENT IN PROPERTY, PLANT AND EQUIPMENT	70
19. VALUATION OF NON-CURRENT ASSETS	72
20. DISPOSAL OF PROPERTY, PLANT AND EQUIPMENT	72
21. MAJOR AREAS OF CAPITAL SPENDING.....	73
22. CAPITAL EXPENDITURE, CAPITAL FINANCING AND THE CAPITAL FINANCING REQUIREMENT	74
23. LONG TERM CREDITORS.....	75
24. INTANGIBLE ASSETS	75
25. INVESTMENT PROPERTY	76
26. HERITAGE ASSETS	77
27. CURRENT ASSETS HELD FOR SALE	77
28. CASH AND CASH EQUIVALENTS.....	78
29. LONG TERM INVESTMENTS.....	78
30. LONG TERM DEBTORS.....	79
31. SHORT TERM DEBTORS.....	80
32. SHORT TERM CREDITORS.....	80
33. PROVISIONS.....	81
34. USABLE RESERVES	83
35. UNUSABLE RESERVES	85
36. MATERIAL CONTINGENT LIABILITIES.....	88
37. EVENTS AFTER THE BALANCE SHEET DATE	89
38. DEDICATED SCHOOLS GRANT	90

39. FINANCIAL INSTRUMENTS.....	90
GROUP ACCOUNTS	101
NORTH YORKSHIRE PENSION FUND.....	119
ANNUAL GOVERNANCE STATEMENT	149
GLOSSARY OF TERMS	180

Contact us

North Yorkshire County Council, County Hall, Northallerton, North Yorkshire, DL7 8AD

Our Customer Service Centre is open Monday to Friday 8.00am – 5.30pm (closed weekends and bank holidays). Tel: **01609 780780**

Or visit our website at: www.northyorks.gov.uk

If you would like this information in another language or format such as Braille, large print or audio, please ask us.

Tel: 01609 780780 Email: customer.services@northyorks.gov.uk



NARRATIVE REPORT

INTRODUCTION

1. The County Council's accounts for the year ended 31st March 2018 are presented in the format laid down in *The Code of Practice on Local Authority Accounting in the United Kingdom 2017/18 (The Code)*: issued by the Chartered Institute of Public Finance and Accountancy and in accordance with the International Accounting Standards Board framework for the preparation and presentation of financial statements as interpreted by the code. The Code is based upon International Financial Reporting Standards (IFRS).
 - (a) **the Narrative Report**; the purpose of this Report is to act as a guide to the most significant matters impacting on the County Council's finances. It gives an indication of where the County Council's money comes from, what it is spent on and what services it provides as well as its financial position and assisting in the interpretation of the accounting statements
 - (b) **the Independent Auditor's Report**; this explains the auditor's responsibilities in relation to the Statement of Accounts. It also expresses an opinion on the Accounts and shows how this opinion was reached. The report also gives a conclusion on value for money in terms of the arrangements for securing economy, efficiency and effectiveness
 - (c) **the Statement of Responsibilities for the Statement of Accounts**; this outlines the County Council's responsibilities for the Accounts under local government legislation and any other requirements. It also shows the legal and professional responsibility for the Accounts of the Corporate Director – Strategic Resources
 - (d) **the Statement of Accounting Policies**; which explains the principles, bases, conventions and rules applied by the County Council in preparing the Statement of Accounts
 - (e) **the Expenditure and Funding Analysis**; this demonstrates how the funding available to the County Council for the year has been used in providing services in comparison with those resources consumed or earned by the County Council
 - (f) **the Comprehensive Income and Expenditure Statement**; this shows the Net Cost of the Services provided by the County Council and how this has been financed from general government grants and local tax payers. This statement shows the accounting cost in the year of providing services in accordance with generally accepted accounting principles, rather than the amount to be funded from taxation
 - (g) **the Movement in Reserves Statement**; this statement shows the movement in the different reserves held by the County Council over the year. The statement is analysed into usable reserves, those that can be applied to fund expenditure or reduce local taxation, and other unusable reserves
 - (h) **the Balance Sheet**; this is a statement of the financial position of the County Council and shows the Balances and Reserves at the County Council's disposal, its long term indebtedness and the long term and net current assets employed in its operations
 - (i) **the Cash Flow Statement**; this statement shows the changes in cash and cash equivalents of the County Council during the financial year. The statement shows how the County Council generates and uses cash and cash equivalents by classifying cash flows as operating, investing and financing activities
 - (j) **notes to the Core Financial Statements**; these provide further details and explanation of the figures included in the Core Financial Statements

- (k) **Group Accounts;** the County Council conducts some of its activities through partnerships and separate undertakings. Some of these are not directly reflected in the statements (e) – (i) above due to legal and regulatory reasons. These Group Accounts are required to present a full picture of the County Council's economic activities and financial position in order to aid the primary financial statements
- (l) **the North Yorkshire Pension Fund Accounts;** which show the income and expenditure of the North Yorkshire Pension Fund together with the financial position of the Fund on 31st March 2018
- (m) **the Annual Governance Statement;** this sets out the framework within which financial control and corporate governance is managed and reviewed by the County Council and the main components of the system. It also reports on significant identified weaknesses and the actions undertaken to rectify these.

SUMMARY OF REVENUE SPENDING

2. The main components of the final Revised Budget for 2017/18 and a comparison with the actual position are set out below:-

	Final Revised Budget £m	Actual £m	Variation £m
Directorate Net Expenditure			
Children and Young People's Service	68.4	70.9	2.5
Business and Environmental Services	68.4	67.0	(1.4)
Health and Adult Services	144.1	144.1	0.0
Central Services	57.3	56.6	(0.7)
Corporate Miscellaneous	23.0	15.1	(7.9)
	<u>361.2</u>	<u>353.7</u>	<u>(7.5)</u>
Financed by:			
Revenue Support Grant	19.1	19.1	0.0
Business Rates (Central Government)	44.7	44.7	0.0
Business Rates (District Councils)	17.9	17.4	(0.5)
Precept Income (including arrears)	274.5	274.8	0.3
Transitional Grant	3.0	3.0	0.0
Contribution from Reserves	2.0	2.2	0.2
	<u>361.2</u>	<u>361.2</u>	<u>0.0</u>
	<u>0.0</u>	<u>7.5</u>	<u>7.5</u>
General Working Balance			
Start of Year	27.3	27.3	0.0
(Deficit) / Surplus in Year	0.0	7.5	7.5
Transfer to Earmarked Reserves	0.0	0.0	0.0
Transfers (to) / from Strategic Capacity Reserve	0.0	(7.5)	(7.5)
Closing Balance	<u>27.3</u>	<u>27.3</u>	<u>(0.0)</u>

The spending, financing and surplus figures reported above are also not the same as those reported in the Comprehensive Income and Expenditure Statement. This is because of a number of statutory accounting transactions that are required to be reflected in the Comprehensive Income and Expenditure Statement. A brief reconciliation of the two sets of figures are as follows:-

	Net Expenditure £m	Funding £m	Net £m
County Council's Actual Directorate Net	353.7	(361.2)	(7.5)
Different treatment of some Government Funding	12.7	(12.7)	0.0
Other required accounting entries reflected in the Income and Expenditure Statement			
- Capital Accounting	114.8	(63.4)	51.4
- Collection Fund Accounting	0.0	2.1	2.1
- Holiday Pay Accounting	(0.3)	0.0	(0.3)
- Pension Accounting	8.7	0.0	8.7
- Movement in Earmarked Reserves	8.5	2.3	10.8
Net expenditure / funding and surplus per Comprehensive Income and Expenditure Statement	498.1	(432.9)	65.2

WHAT THE MONEY IS SPENT ON AND HOW IT IS FINANCED

3. The following table sets out how the money was spent:-

	£m	%
Children and Young People's Service	522.4	54
Business and Environmental Services	133.8	14
Health and Adult Services	240.9	25
Central Services	68.3	7
Corporate Miscellaneous	1.0	0
Gross Cost of Services	966.4	100
Precepts Paid to Other Authorities	0.7	
Interest Payable	15.0	
Capital Adjustment Account Movements	(51.4)	
IAS 19 Pension Adjustments *	2.5	
Reserve Movements	(3.3)	
Loss on Disposal of Fixed Assets	80.9	
Accumulated Absences Adjustment	0.3	
= Actual Spending financed from Income, Government Grants, Council Tax, Business Rates and other Government funding	1,011.1	

* This figure represents the Actual Employer Contributions made to the Pension Fund, less the current service costs (as determined by the County Council's actuary) less Early Retirement costs.

4. The following table sets out the sources of finance:-

	£m	%
Government Specific Grants		
- Dedicated Schools Grant	318.8	32
- Other Specific Grants	85.3	8
Council Tax from District Council Collection Funds	274.8	27
Fees and Charges etc.	168.0	17
Uniform Business Rates proceeds	62.0	6
Government Revenue Support Grant	19.1	2
Capital Grants	63.4	6
Other General Government Funding	15.7	2
Interest and Investment Income	2.8	0
Corporate Trading Account Surplus	0.7	0
Dividends Received	0.5	0
	<u>1,011.1</u>	<u>100</u>

5. The County Council employed 11,954 full time equivalent staff at the end of the financial year and a breakdown across Service Directorates is as follows:

	No.
Central Services	1,513
North Yorkshire Education Service	930
Children and Young People's Service	
Schools	6,343
Other	<u>1,132</u>
	7,475
Business and Environmental Services	505
Health and Adult Services	<u>1,531</u>
	<u>11,954</u>

CAPITAL EXPENDITURE

6. In 2017/18 the County Council spent £105.5m on capital expenditure and a comparison with the original and revised Capital Plan is set out below:-

	Original Budget £m	Revised Budget £m	Actual £m
Capital Plan	106.5	118.8	103.5
Other expenditure on fixed assets funded directly from the revenue budget	0.4	0.4	2.0
	<u>106.9</u>	<u>119.2</u>	<u>105.5</u>

Actual Capital Plan spending was therefore £103.5m compared with an Original Capital Plan of £106.5m approved in February 2017 and a Revised Capital Plan of £118.8m approved in February 2018.

In addition, £2.0m was spent on Fixed Assets from Directorate revenue budgets, principally on plant and equipment. The above Capital expenditure was funded as follows:-

	£m	%
Borrowing		
- from external sources	0	0
- from internal sources (cash balances)	3.6	3
Grants from Government Departments	85.2	81
Contributions from External Bodies	5.8	5
Capital Receipts from Sale of Assets etc.	2.0	2
Direct Revenue Funding	6.9	7
	<u>103.5</u>	<u>98</u>
Expenditure on Fixed Assets funded directly from Revenue Budgets	2.0	2
	<u>105.5</u>	<u>100</u>

7. The major part of this capital expenditure related to spending on programmes in Children and Young People's Service and Business and Environmental Services. There were no large individual schemes.

8. Total outstanding borrowing for capital purposes as at 31st March 2018 was £302.9m, which includes both external borrowing and borrowing from internal sources and consists of the following:-

	£m
External Borrowing	
Public Works Loans Board (PWLB)	267.5
Other Institutions	20.0
Total External Borrowing	<u>287.5</u>
Temporary Borrowing from Internal Cash Balances	15.4
Total Capital Spending funded by borrowing	<u>302.9</u>
PFI and Leases	209.4
Total Borrowing	<u>512.3</u>

The Capital Financing Requirement (CFR) at 31st March 2018 was £512.3m which includes the Capital Borrowing Requirement of £302.9m reported above together with other long term Private Finance Initiative (PFI) and finance lease liabilities of £209.4m.

LOCAL GOVERNMENT PENSION FUND

9. This Statement of Accounts includes a section on the Accounts of the North Yorkshire Pension Fund. The impact of the County Council's participation in this Fund is reflected in the County Council's Accounts based upon the requirements of IAS 19 Employee Benefits. IAS 19 requires that pension costs are recorded in the year in which the benefit entitlements are earned by the employees rather than the year in which the pensions and employers' contributions are actually paid. Also, any net liability arising from a deficit on the Pension Fund should be reflected on the Balance Sheet as calculated under the prevailing market conditions.
10. The results of the 2016 Triennial Valuation were produced in 2016/17 when the Actuary completed a detailed analysis of the Fund's liabilities. These results have been used as the basis for the IAS 19 calculations from 2016/17 and to determine employer contribution rates from 2017/18 to 2019/20. In the years between each Triennial Valuation, approximations are used to calculate the IAS 19 figures, as permitted in the guidance.

Assets increased in value by 9.7% over the year, principally due to strong global equity returns. In relation to the funding level reported in the 31st March 2017 Accounts, liabilities increased by 6.7%. Full details of the management of the Fund and its investment performance are available in the Annual Report of the Fund.

11. The total reported pension liability of the County Council has decreased over the year from £464.0 to £452.0m. This decrease, £12.0m, is due to changes to the assumptions used by the Actuary.

The North Yorkshire Pension Fund has an investment strategy in place to address its funding deficit. At the 2016 Triennial Valuation the appropriate employer contributions were set which included deficit contributions for the first three (2017/18, 2018/19 and 2019/20) of the remaining 24 years of the deficit recovery plan.

Due to its nature, the liability will not occur immediately as it represents benefit payments to pensioners over their lifetime. As a significant proportion of the membership is still actively contributing to the Fund which means that liabilities will be spread in excess of 50 years.

CHANGES IN ACCOUNTING POLICY

12. There have been no significant changes in Accounting Policy for the 2017/18 Accounts.

CHANGES TO THE STATEMENT OF ACCOUNTS

13. For 2017/18, there are only relatively minor presentational changes reflected in this year's Statement of Accounts as there were no significant updates arising from the 2017 Code of Practice on Local Authority Accounting. The main change being the introduction of the Expenditure and Funding Analysis statement, which sets out how the funding available to the County Council for the year has been used in providing services.

MATERIAL CONTINGENT LIABILITIES

14. The County Council has identified areas where a present or past obligation has resulted in the possibility of a future liability being incurred:-
 - Deprivation of Liberty Safeguards; and
 - Long Term Waste Management Contract.

The nature and expected financial implications of these events have resulted in the inclusion in the Notes to the Core Financial Statements in Note 36 Material Contingent Liabilities.

GROUP ACCOUNTS

15. The 2017/18 Code of Practice requires all Local Authorities to consider their relationships with associated companies, strategic partnerships, joint ventures and any other service delivery vehicles and to produce Group Accounts where a significant exposure to economic benefits or financial risks can be established.

Work has been undertaken to document all the entities connected with the County Council and their financial relationship. Following Chartered Institute of Public Finance and Accountancy (CIPFA) guidance on Group Accounts, it has been established that the County Council has group relations with six bodies:-

- Align Property Partners Limited (formerly known as NY Property Services Limited);
- Brierley Homes Limited;

- First North Law Limited;
- NYnet Limited;
- SJB Recycling Limited;
- Veritau Limited;
- Yorkshire Purchasing Organisation; and
- Yorwaste Limited.

Two of these bodies have been consolidated into the financial statements of the County Council and a full set of equivalent “group” financial statements have been produced. The Companies that have been consolidated and have a major impact on the County Council’s financial results are in relation to:-

- NYnet Limited, a company providing a broadband infrastructure in North Yorkshire; and
- Yorwaste Limited, a subsidiary waste disposal company.

Align Property Partners Limited, SJB Recycling Limited, Veritau Limited, First North Law Limited and Brierley Homes Limited have not been included in the 2017/18 Group Accounts as their values do not materially impact on the group financial position.

Yorkshire Purchasing Organisation are not consolidated into the financial statements as the County Council does not exert a significant level of influence over their activities.

The full set of Group Accounts and the financial implications are seen on pages 101 to 118.

THE COUNCIL PLAN

16. The Council Plan 2018-22 details how we intend to adapt to meet the challenges up until 2022. It sets out our vision and values and describes a three pronged approach - to provide leadership, enable individuals, families and communities to do the best for themselves, and to ensure the delivery of our own high quality services.

The plan identifies four key ambitions for 2022:-

- Every child and young person has the best possible start in life;
- Every adult has a longer, healthier and independent life;
- North Yorkshire is a place with a strong economy and a commitment to sustainable growth that enables our citizens to fulfil their ambitions and aspirations; and
- We are a modern council which puts our customers at the heart of what we do.

The plan describes how the Council needs to continue to change, details some of our recent achievements and sets out our priorities for action for the next four years. It also details where our funding comes from and what it is spent on.

PERFORMANCE AND BUDGET MONITORING

17. Reports are submitted on a Quarterly Basis (30th June, 30th September, 31st December and 31st March) to the County Council’s Executive on Performance and Budget Monitoring issues. The key issues covered in these Reports can be summarised as follows (alongside a very brief summary of the position to date as at 31st March 2018):-

Performance

North Yorkshire County Council has well developed performance and financial processes which maintain rigour around delivering outcomes within a sustainable fiscal environment. Our Internal

Performance Management Framework has been refreshed with a more rigorous focus on delivery of ambitions set out in our Council Plan. Each quarter, the Executive receive an update on Corporate Performance, but with an in depth focus on one of our four ambitions. Our approach to assessing and delivering Value for Money has also developed. During 2018/19 we will focus on analysing performance and spend against class leading peers, our Better Efficiency through Sustainable Transformation (BEST) programme.

Revenue Budget 2017/18

A bottom line net saving of £7.5m has been achieved. A simplified approach to reserves was agreed by County Council in 2015/16 which sees the GWB held at “policy” level and any unallocated balance in excess of this level is transferred to “Strategic Resources”. The £7.5m operational underspend, therefore, increases the Strategic Resources reserve. Total usable reserves at 31st March 2018 were £213.7m consisting of the GWB of £27.3m, Strategic Resources of £48.7m and other earmarked reserves of £137.7m.

Capital Expenditure and Financing

Gross Capital spend of £103.5m was £15.3m below the last Capital Plan update of £118.8m in January 2018 and £3.0m below the Original Plan in February 2017. After accounting for £9.9m less capital income however there was a net capital underspend of £5.4m. Allowing for corporate capital plan variations of £1.4m, an adjusted net underspend of £4.0m is being carried over into 2017/18. Financing of the Capital spend included £0.5m capital receipts resulting from the sale of land and property. After utilising other capital income the balancing figure of £3.6m has increased the level of internal borrowing.

Annual Treasury Management

Long Term external debt reduced from £309.0m as at 31st March 2017 to £287.5m at 31st March 2018, through scheduled loan repayments and no new external borrowing being taken. The average interest rate of this debt was 4.39% at 31st March 2018. The total borrowing requirement in the year was £2.4m which increased the total internal capital financing to £15.4m at 31st March 2018. The total underlying borrowing need at 31st March 2018 was therefore £302.9m consisting of £287.5m external debt and £15.4m internally financed capital debt. For cash invested in 2017/18, the average rate of interest achieved was 0.49% which outperformed the average 7-day market rate of 0.22% and the average bank rate of 0.35%. The average daily balance loaned out was £337.2m with the balance at 31st March 2018 being £294.8m of which £88.1m belonged to other organisations who are part on the County Council’s investment pool arrangements.

STRATEGIC DOCUMENTS

18. The County Council produces a number of key cross-cutting strategic documents which can be accessed at www.northyorks.gov.uk and provide more strategic context to the annual Statement of Financial Accounts:-

Policy or Plan	Purpose of Policy or Plan
Constitution	Sets out how the County Council operates, how decisions are made and the procedures which are followed to ensure that these are efficient, transparent and accountable to local people. It also details our policy framework which includes documents which are approved by the full County Council.
A Plan for Economic Growth 2017	Outlines the County Councils vision for economic growth and identifies its role in supporting this aspiration. Economic growth can lead to a better quality of life for people wishing to live and work in North Yorkshire.
The Council Plan	This is the cornerstone of the County Councils policy framework. It provides the basis for all that the County

	Council does and for the many other plans and strategies that must be produced. It will help shape the County Councils budgets.
Medium Term Financial Strategy	Sets out how resources will be put in place to support the delivery of the Council Plan and to enable priorities and service objectives to be achieved.
Children and Young People's Plan: Young and Yorkshire 2	For all children, young people and their families living in North Yorkshire. The plan sets out the County Councils vision and priorities.
Transformation Plan for Children and Young People's Emotional and Mental Health	For children and young people's emotional and mental health, working in partnership with local clinical commissioning group.
Strategy for School Improvement	Strategy and support for partnership working with schools and settings to improve outcomes for all children and young people.
Corporate Equality Policy Statement	The County Council is committed to equality and to making fair treatment an important part of everything which the County Council does. This statement sets out how the County Council will achieve these aims.
Joint Health and Wellbeing Strategy	Produced by the Health and Wellbeing Board. Explains what health and wellbeing priorities the board has set in order to tackle identified needs. It is not about taking action on everything at once, but about setting priorities for joint action and making a real impact on people's lives.
Closing the Gap in Early Years	A strategy for all early years providers, practitioners and local authority services working with young children from 0-5 years.
Local Development Framework	The County Council, as the minerals and waste planning authority for the parts of the County outside the Yorkshire Dales and North York Moors National Parks, has a statutory duty to prepare a Minerals and Waste Development Framework, containing proposals and policies to guide minerals and waste planning decisions.
Local Transport Plan	Set of documents that the Government requires all local transport authorities to produce. The plan sets out the County Councils plans and strategies for maintaining and improving all aspects of the local transport system over a set period of time.
Let's Talk Less Rubbish Waste Strategy	This strategy sets out how waste in York and North Yorkshire will be dealt with in the next 20 years.

The County Council must also abide by the Freedom of Information Act 2000 – which intends to promote openness and accountability among public bodies by ensuring that people have rights of access to information that is held by them.

RISKS AND UNCERTAINTIES AFFECTING THE COUNTY COUNCIL

19. This note identifies the principal risks and uncertainties that are likely to impact on the County Council together with the main trends and factors likely to affect future development, performance and the position of the County Council. Many of these are financial and relate to the ability of the County Council to be able to provide statutorily required services and meet public expectation against a background of reducing financial resources.

Key risks to the financial position of the County Council as identified in the February 2018 Budget / MTFS report are broken down into 2 key areas – corporate risks and more specific service pressures:-

Corporate risks include:-

- the failure to successfully implement the 2020 North Yorkshire Change Programme and Modern Council ways of working resulting in inability to meet financial savings requirements, suboptimal decision making and poorer quality of services;
- inadequate funding available to the County Council to discharge its statutory responsibilities and to meet public expectation for the remainder of the decade resulting in legal challenge, unbalanced budget and public dissatisfaction;
- ineffective information governance arrangements lead to unacceptable levels of unauthorised disclosure of personal and sensitive data, poor quality or delayed responses to Freedom of Information requests, and inability to locate key data upon which the County Council relies resulting in loss of reputation, poor decision making, fine, etc;
- the failure to take advantage of Devolution opportunities in North Yorkshire resulting in reduced investment and impact on the growth and jobs across the whole of North Yorkshire;
- the failure to successfully secure commercial opportunities within the County Council resulting in lost net income to support budget savings, unresilient service, unskilled and insecure workforce;
- a major corporate Health and Safety failure resulting in injuries, claims, reputational and service delivery impact and possible prosecution;
- the under achievement of savings 2018 to 2021/22;
- further reduction in funding from Central Government;
- risk of adverse weather conditions;
- increase in unfunded responsibilities;
- acceleration of inflation above assumptions within the MTFS for supplies and services and pay awards; and
- potential shortfall on Council Tax yield and collection of Business Rates based upon MTFS assumptions;

Service Specific Issues include:-

- the major failure of a provider/key providers within the care market resulting in the County Council being unable to meet service user needs. This could be caused by economic performance or resource capabilities including recruitment and retention. The impact could include loss of trust in the Care Market, increased budgetary implications and issues of service user safety;

- the failure to assess and manage the combined effects of changes in the national school policy and funding framework, demographics (both rising and falling as a result of housing market changes) and national and local political circumstances, resulting in a fragmentation of the network of services for children, growing numbers of unsustainable and/or failing schools, insufficient school places, fragmentation due to academisation, increased public dissatisfaction, and loss of confidence in the County Council as local authority;
- the failure to deliver Partnership and Integration plans by 2020 with the NHS, in the context of managing plans and failure to develop and implement new models of care. This could result in a negative impact on Devolution proposals, fragmentation of NY partnership planning and delivery arrangements, increased costs and inconsistent / poorer service delivery to local people;
- the failure to have a robust Safeguarding service in place results in risk to vulnerable children, adults and families and not protecting them from harm;
- the failure to deliver the ambition of Sustainable Economic Growth through the delivery of the right housing, transport, and connectivity infrastructure, whilst protecting the outstanding environment and heritage, and within the context of two-tier local government structure and wider macro-economic policy and processes. This results in an inability to attract, retain and grow businesses, increase the house building rate, raise living standards and increase spending power;
- potential increase in Looked After Children (LAC);
- potential increase in demand for Adult Social Care; and
- erosion of Dedicated Schools Grant to underpin council services to schools

Other key risks identified in the County Council's Corporate Risk Register and Statements of Assurance are:-

- failure to integrate Public Health, Social Care and NHS Commissioning, and where appropriate, integrate primary and community health provision to secure comprehensive, joined up services for people in their own homes and communities;
- market failure leading to cost pressures in the County Council supply chain;
- ineffective information governance arrangements;
- increased complexity and uncertainty in school organisation and funding arrangements; and
- failure to keep up with demand for services in light of challenging budgets and availability of staff.

Gary Fielding
Corporate Director – Strategic Resources
Central Services
County Hall
Northallerton

30th May 2018



4 blank pages

STATEMENT OF RESPONSIBILITIES FOR THE STATEMENT OF ACCOUNTS

The County Council is required to:

- (a) make arrangements for the proper administration of its financial affairs and to ensure that one of its officers has the responsibility for the administration of those affairs. In this authority, that officer is the Corporate Director – Strategic Resources;
- (b) manage its affairs to secure economic, efficient and effective use of resources and to safeguard its assets; and
- (c) approve the Statement of Accounts.

The Corporate Director – Strategic Resources is responsible for the preparation of the authority's Statement of Accounts in accordance with proper practices set out in the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom ('the Code').

In preparing this Statement of Accounts, the Corporate Director – Strategic Resources has:

- (a) selected suitable accounting policies and then applied them consistently;
- (b) made judgements and estimates that were reasonable and prudent; and
- (c) complied with the local authority Code.

The Corporate Director – Strategic Resources has also:

- (a) kept proper accounting records which were up to date; and
- (b) taken reasonable steps for the prevention and detection of fraud and other irregularities.

CERTIFICATE OF THE CORPORATE DIRECTOR – STRATEGIC RESOURCES

I certify that the Statement of Accounts 2017/18 presents a true and fair view of the financial position of the County Council and the North Yorkshire Pension Fund at the accounting date and their income and expenditure for the year ended 31st March 2018.

Gary Fielding
Corporate Director – Strategic Resources
30th May 2018

Co-signed by,
Richard Flinton
Chief Executive
30th May 2018

CERTIFICATE OF THE AUDIT COMMITTEE

I confirm that these Accounts were approved by the Audit Committee on 26th July 2018 following completion of the External Audit

Chair of the Audit Committee
(to be signed at the 26th July 2018 Audit Committee meeting)

STATEMENT OF ACCOUNTING POLICIES

1. General

The purpose of this statement is to explain the basis for the Recognition, Measurement and Disclosure of transactions and other events in the Accounts.

These Accounts have been prepared in accordance with *The Code of Practice on Local Authority Accounting in the United Kingdom 2017/18 (The Code)*: issued by the Chartered Institute of Public Finance and Accountancy (CIPFA). The Code has adopted International Financial Reporting Standards (IFRS) for financial statements produced since 2010/11. The accounting policies adopted have been used consistently throughout the current and prior period unless stated otherwise. Any significant non-compliance with The Code is disclosed as part of the relevant financial statement.

The Accounts have been prepared on the historic cost basis as modified to include the revaluation of certain long term assets.

The Code requires that a Local Authority's Statement of Accounts are prepared on a Going Concern basis. This means that the accounts are based on the assumption that the County Council will continue in operational existence for the foreseeable future.

2. Property, Plant and Equipment

Recognition

All expenditure on the acquisition, creation or enhancement of Fixed Assets is capitalised on an accruals basis in the Accounts. Expenditure is capitalised, provided that the asset yields benefits to the County Council, for a period of more than one year, and it meets the accepted definition of capital expenditure in line with IAS 16 Property, Plant and Equipment. This excludes expenditure on routine repairs and maintenance which is charged direct to revenue. A de-minimis level of £20k has been adopted by the County Council in relation to capital expenditure.

Measurement

Assets are initially measured at cost, comprising all expenditure directly attributable to bringing the asset into working condition for its intended use. Borrowing costs incurred whilst assets are under construction are not capitalised. Assets are valued on the basis required by the Code and in accordance with the Appraisal and Valuation Standard issued by The Royal Institution of Chartered Surveyors (RICS). Asset Valuations are carried out on an agreed on-going basis by an external land and property consultancy organisation.

Assets are classified into the groupings required by The Code with assets being valued on the following basis:-

- Land and Buildings (other property) are included in the Balance Sheet at fair value in their existing use, net of any subsequent depreciation. Fair value is determined as the amount that would be paid for the asset in its existing use (existing use value) for assets for which there is an active market (e.g. offices) and Depreciated Replacement Cost (DRC) for assets for which there is not an active market (e.g. schools). Where there is an active market, fair value is defined as the price that would be received to sell an asset in an orderly transaction between market participants at the measurement date. Land and Buildings are re-valued sufficiently regularly to ensure that their carrying amount is not materially different from their fair value at the year end, but as a minimum every five years;
- Assets surplus to requirements are those assets that do not fall into any of the prior categories and are valued at fair value;

- Vehicles, Plant and Equipment are carried at historic cost net of any depreciation as a proxy for fair value;
- Assets under the course of construction are measured at historic cost; and
- Infrastructure assets, (mainly roads), are included in the Balance Sheet at historical cost, net of depreciation.

A full Revaluation of Property is undertaken on a five year “rolling programme”. A desk top review of property not being revalued in any given year is also undertaken annually to ensure valuations reflect a true and fair view of the carrying value of assets at the Balance Sheet date.

A Revaluation Reserve for those Assets recorded at fair value is held in the Balance Sheet made up of unrealised revaluation gains relating to individual Assets, with movements in valuations being managed at an individual asset level. Any decreases in value of an asset are recorded against the revaluation reserve to the extent that a balance of accumulated gains is recorded against the individual asset. Where the decrease in value is in excess of any balance held within the Revaluation Reserve the reduction is then charged to the relevant service line within the Comprehensive Income and Expenditure Statement.

The Revaluation Reserve contains revaluation gains recognised since 1st April 2007 only, the date of this reserve’s formal implementation. Gains arising before that date were subsequently consolidated into the Capital Adjustment Account. Movement in the valuations of properties do not impact upon the General Working Balance and are not a charge or credit to Council Tax.

Impairment

Assets are assessed at each year end as to whether there is any indication that an asset may be impaired. Where indications exist and any possible differences are estimated to be material, the recoverable amount of the asset is estimated and, where this is less than the carrying amount of the asset, an impairment loss is recognised for the shortfall.

Where impairment losses are identified, they are accounted for by:-

- where there is a balance of revaluation gains for the asset in the Revaluation Reserve, the carrying amount of the asset is written down against that balance (up to the amount of the accumulated gains); or,
- where there is no balance in the Revaluation Reserve or an insufficient balance, the carrying amount of the asset is written down against the relevant service line(s) in the Comprehensive Income and Expenditure Statement.

Where an impairment loss is reversed subsequently, the reversal is credited to the relevant service line(s) in the Comprehensive Income and Expenditure Statement, up to the amount of the original loss, adjusted for depreciation that would have been charged if the original loss had not been recognised.

Disposal and Non-Current Assets Held for Sale

When it becomes probable an Asset will be sold rather than the County Council recovering the economic value through its continuing use, it is reclassified as an Asset Held for Sale. Assets Held for Sale are marketed with the expectation of disposal within 12 months of the financial period end.

The asset is revalued before reclassification and then measured at fair value less costs to sell. Where there is a subsequent decrease to fair value less costs to sell, the loss is charged to Other Operating Expenditure in the Comprehensive Income and Expenditure Statement. Gains in fair value are recognised only up to the amount of any previous losses recognised in the Surplus or Deficit on Provision of Services. Depreciation is not charged on Assets Held for Sale.

Receipts from the disposal of Assets are accounted for on an accruals basis. When an asset is disposed of, the value of the asset in the Balance Sheet is written off to the Other Operating Expenditure line of the Comprehensive Income and Expenditure Statement, as is the disposal receipt. These amounts are not a charge or receipt to Council Tax as the cost of Fixed Assets is fully provided for under separate arrangements for capital financing. The asset value written off is appropriated to the Capital Adjustment Account, the capital receipt to the Usable Capital Receipts Unapplied Reserve, via the Movement in Reserve Statement. Any revaluation gains that have accumulated in the revaluation reserve are transferred to the Capital Adjustment Account.

Capital Receipts have been used to finance capital expenditure based on the policy of the County Council.

Depreciation

Depreciation is provided for on all Property, Plant and Equipment with a finite useful life (this can be determined at the time of acquisition or revaluation) according to the following policy:-

- Property assets are split into three specific components; Land (which is not depreciated), the Main Structure of the Building and the Mechanical and Electrical Services of the Building. Each component is depreciated separately at rates representative of their estimated remaining useful lives;
- Infrastructure is depreciated over a 40 year period; and
- Vehicles, Plant, Furniture and Equipment are depreciated over a number of years depending on the nature of the asset. This is normally six years.

Depreciation is calculated on a straight-line basis with no residual value being assumed. Depreciation has been charged in the year of asset acquisition and also in the year of revaluation.

Depreciation is charged to the Comprehensive Income and Expenditure Statement but does not impact on Council Tax and is written off to the Capital Adjustment Account via the Movement in Reserves Statement. Where non-current assets have been re-valued the excess depreciation, above the historic cost depreciation, is transferred from the Revaluation Reserve to the Capital Adjustment Account.

3. Heritage Assets

Heritage Assets are non-current assets that are intended to be preserved in trust for future generations because of their historical, artistic, scientific, technological, geophysical or environmental qualities. They are held and maintained principally for their contribution to knowledge and culture.

The County Council does not currently have any Heritage Assets held within the Balance Sheet.

It is anticipated that any acquisition of Heritage Assets will be made by donation. Where an item is donated and it is deemed appropriate, valuations will be sought from an independent external valuer.

Heritage Assets are measured at valuation where available and the asset is recognised within the Balance Sheet. Valuations are reviewed with sufficient frequency to ensure measurement remains current.

Where the County Council considers that obtaining full valuations for assets would involve a disproportionate cost in comparison to the benefits to the users of the financial statements the asset is not recognised in the Balance Sheet, but included in the accounts as a disclosure.

Where Heritage Assets are held within the Balance Sheet, the carrying amounts will be reviewed where there is evidence of impairment i.e. where an item has suffered physical deterioration or breakage or where doubts arise to authenticity. Any impairment is recognised in accordance with the County Council's general policies on impairment.

If it is agreed to dispose of any Heritage Assets the proceeds are accounted for in accordance with the County Council's general provisions relating to the disposal of Property, Plant and Equipment. Disposal proceeds are disclosed separately in the notes to the financial statements and are accounted for in accordance with statutory accounting requirements for capital receipts.

Heritage Assets are not subject to depreciation as they are considered to have indefinite lives.

4. Investment Property

Investment Properties are those that are used solely to earn rentals and/or for capital appreciation. The definition is not met if the property is used in any way to facilitate the delivery of services or production of goods or is held for sale.

Investment Properties are measured at fair value, based on the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Properties are not depreciated but are revalued annually according to market conditions at the year end. Gains and losses on revaluation are posted to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement. The same treatment is applied to gains and losses on disposal. However, revaluation and disposal gains and losses are not permitted by statutory arrangements to have an impact on the General Working Balance. The gains and losses are therefore transferred out of the General Working Balance in the Movement in Reserves Statement and allocated to the Capital Adjustment Account.

Rentals received in relation to Investment Properties are credited to the Financing and Investment Income line and result in a gain for the General Working Balance.

5. Intangible Assets

Intangible Assets represent Non-Current Assets that do not have physical substance, but are identifiable and are controlled by the County Council through custodial or legal rights. All purchased Intangible Assets are capitalised at historical cost in line with The Code.

In line with other Non-Current Assets, their useful economic life is determined based on the length of time that the benefit will accrue to the County Council. Based on the best estimate of the useful economic life, the intangible asset is charged to the relevant service lines within the Comprehensive Income and Expenditure Statement over this period. This is between three and 25 years on a straight line basis.

6. Charges to Revenue

Service Revenue Accounts, Support Services and trading accounts are charged with the following amounts to record the real cost of holding Fixed Assets throughout the year:-

- depreciation attributable to the assets used by the relevant service;
- impairment losses attributable to non-current assets used by the service; and
- amortisation of intangible assets attributable to the service.

The County Council does not raise Council Tax to cover depreciation, impairment loss or amortisations. The County Council does, however, make an annual provision from revenue to reduce its borrowing requirement (equal to approximately 4% of the Capital Financing Requirement). Depreciation, impairment losses, amortisation and gains or losses on the disposal of assets are therefore written out of the General Working Balance via the Movement in Reserves Statement, by way of an adjusting transaction within the Capital Adjustment Account.

7. Revenue Expenditure Funded from Capital under Statute

Revenue Expenditure Funded from Capital under Statute represents expenditure which may be properly capitalised, but which does not result in the creation of any Fixed Asset to the County Council. In line with the guidance contained in the Code, this expenditure is written off to the relevant service within the Comprehensive Income and Expenditure Statement in the year the expenditure is incurred, because the County Council does not control the economic benefits arising from this expenditure.

8. Long Term Investments

Shareholdings in associated companies are valued at historic cost based on the acquisition price paid. They continue to be valued based on Historic Cost because they are not available-for-sale and do not have a quoted market price in an active market because their fair value cannot be determined reliably and there are no future plans to sell these Investments in Group Companies.

Other long term investments, in the form of deposits with banks / building societies, are valued at amortised cost using the effective interest rate method. This is in accordance with IAS 39 and the requirement for financial assets to be classified as loans and receivables if they have fixed or determinable payments and are not quoted in an active market (e.g. stock market).

9. Accruals of Income and Expenditure

The revenue and capital accounts of the County Council are, in general, maintained on an accruals basis in accordance with recognised accounting policies. The Accounts reflect sums due to or incurred by the County Council during the year, whether or not the amount has actually been received or paid in the year. Appropriate provision has been made, therefore, for Creditors and Debtors at 31st March 2018.

Activity is accounted for in the year that it takes place, not simply when cash payments are made or received. In particular:-

- revenue from the sale of goods is recognised when the County Council transfers the significant risks and rewards of ownership to the purchaser and it is probable that economic benefits or service potential associated with the transaction will flow to the County Council;
- revenue from the provision of services is recognised when the County Council can measure reliably the percentage of completion of the transaction and it is probable that economic benefits or service potential associated with the transaction will flow to the County Council;
- supplies are recorded as expenditure when they are consumed - where there is a gap between the date supplies are received and their consumption, they are carried as inventories on the Balance Sheet;
- expenses in relation to services received (including services provided by employees) are recorded as expenditure when the services are received rather than when payments are made;

- interest receivable on investments and payable on borrowings is accounted for respectively as income and expenditure on the basis of the effective interest rate for the relevant financial instrument rather than the cash flows fixed or determined by the contract unless the difference is immaterial; and
- where revenue and expenditure have been recognised but cash has not been received or paid, a Debtor or Creditor for the relevant amount is recorded in the Balance Sheet. Where debts may not be settled, the balance of Debtors is written down and a charge made to revenue for the income that might not be collected.

10. Grants

Revenue grants are accrued and credited to income in the period in which the conditions of the grant have been complied with and there is reasonable assurance that the grant or contribution will be received. Where this is in advance of the related expenditure being incurred an Earmarked Reserve is credited to reflect the expenditure commitments in future years. Where the grant or contribution is for capital purposes then the grant income is recognised in the year it is received, although this is subject to any outstanding conditions having been met. Capital Grant income recognised in the Comprehensive Income and Expenditure Statement in advance of the related expenditure is transferred to the Capital Grants Unapplied Reserve. Amounts in the Capital Grants Unapplied Reserve are transferred to the Capital Adjustment Account once they have been applied to fund capital expenditure.

Monies advanced as grants and contributions for which conditions have not been satisfied are carried on the Balance Sheet as Creditors (Income in Advance).

This accounting treatment for grants is in accordance with IAS 20 Accounting for Government Grant.

11. VAT

Income and Expenditure transactions exclude any amounts relating to VAT as all VAT collected is payable to HM Revenue & Customs and all VAT paid is recoverable from them.

12. Leases

The County Council, as lessee, has entered into leasing arrangements of both an Operating and Finance Lease nature. Where under IAS 17 Leases it is judged that substantially all of the risks and rewards incidental to the ownership of an asset have been transferred, then the lease is classified as a Finance Lease. A Finance Lease gives rise to the recognition of the Fixed Asset on the Balance Sheet together with a corresponding liability for future payments. Rental payments made under a Finance Lease are apportioned between a charge to write down the lease liability within the Balance Sheet and an element for finance charges, this is based upon the original rent payable on the lease agreement.

The County Council acts as the lessor on a number of properties under Operating Lease arrangements (a lease which is not classified as a Finance Lease as described above). Rental income is credited to the cost of services on a straight-line basis over the period of the lease.

The County Council has reviewed its operational contractual arrangements to determine whether any embedded leasing of assets exists within these types of arrangements.

13. Private Finance Initiative (PFI) and Service Contracts

PFI contracts are fixed term agreements whereby the County Council receives a service from a PFI contractor and the responsibility for making available the Fixed Assets needed to provide the services passes to the PFI contractor. These Fixed Assets are deemed to be owned by the County Council because:-

- the County Council control the services that are provided under its PFI schemes for the duration of the fixed term contract; and
- ownership of the Assets pass to the County Council at the end of the contract for no additional charge.

If the PFI arrangement meets the above two criteria, it is the Accounting Policy of the County Council to carry the Assets used under this type of contract onto its Balance Sheet. In addition the County Council recognises a liability for amounts due to the PFI operator to pay for those assets for the duration of the PFI Contract.

The Assets associated with PFI Contracts, which are recognised on the Balance Sheet are depreciated and revalued in the same way as all other Property, Plant and Equipment directly owned by the County Council.

The amounts payable to the PFI contractor on an annual basis for the provision of services are referred to as Unitary Charges. The Unitary Charge is split into the following elements:-

- payment for the provision of day-to-day services during the year. These are charged to the relevant directorate service headings in the Comprehensive Income and Expenditure Statement;
- payment towards reducing the liability associated with the cost of the Asset. This is included within the annual Minimum Revenue Provision which the County Council sets aside to repay external debt and liabilities; and
- interest charges on the outstanding Balance Sheet liability which are charged against Interest Payable in the Comprehensive Income and Expenditure Statement.

14. Financial Instruments

A Financial Instrument is defined as: “any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another”. Although this covers a wide range of items, the main implications are in terms of investments and borrowings.

As reflected in The Code, accounting standards on Financial Instruments IAS 32, 39 and IFRS 7 cover the concepts of recognition, measurement, presentation and disclosure.

A financial asset or liability should be recognised on the Balance Sheet when, and only when, the holder becomes a party to the contractual provision of the instrument.

Financial liabilities and assets are initially measured at fair value less transaction costs and carried at their amortised cost. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Annual charges to the Financing and Investment line in the Comprehensive Income and Expenditure Statement for interest payable and receivable are based on the carrying amount of the liability, multiplied by the effective rate of interest for the instrument. For the borrowings and investments of the County Council, this means that the amount included in the Balance Sheet is the outstanding principal repayable plus accrued interest to the end of the financial year. Interest

charged to the Comprehensive Income and Expenditure Statement is the effective amount payable for the year in the loan agreement (which is not necessarily the cash amount payable).

When long term borrowing is reviewed for rescheduling opportunities, the early repayment results in gains and losses (discounts and premiums) which are credited or debited to the Financing and Investment Income and Expenditure line of the Comprehensive Income and Expenditure Statement. If the County Council decides to write off these gains or losses on early repurchase / settlement then this can be done over 10 years or over the life of the new loan or over a shorter more prudent time scale. The Comprehensive Income and Expenditure Statement is charged with one year related costs with the rest being taken to the Financial Instruments Adjustment Account in the Balance Sheet via the Movement in Reserves Statement - General Working Balance. The accounting policy is to charge gains and losses to Net Operating Expenditure in the year of repurchase / settlement.

The County Council has the power to advance loans to Voluntary Organisations at less than market rates (soft loans). When soft loans are made, a loss is recorded in the Comprehensive Income and Expenditure Statement, charged to the relevant service, for the present value of the interest that will be foregone over the life of the instrument, resulting in a lower amortised cost than the outstanding principal. Interest is credited at a marginally higher effective rate of interest than the rate receivable from the Voluntary Organisations, with the difference serving to increase the amortised cost of the loan in the Balance Sheet. Statutory provision requires that the impact of soft loans on the General Working Balance is the interest receivable for the financial year. The reconciliation of amounts debited and credited to the Comprehensive Income and Expenditure Statement to the net gain required against the General Working Balance is managed by a transfer to or from the Financial Instruments Adjustment Account in the Movement in Reserves Statement.

15. Inventories

Inventories have generally been included in the Accounts at weighted average cost price. Any obsolete and slow moving items are written off during the year and netted off against the value of the inventories shown in the Balance Sheet. No amounts are included for such items as inventories at Health and Adult Services residential homes, and inventories at special schools and outdoor education centres. It is considered that exclusion of these items does not have a material effect on the values stated.

16. Allocation of Support Services Costs

The costs of Support Services provided by Corporate Service Units have been allocated to the relevant Traded Services largely on the basis of the estimated time spent by officers. A proportion of the costs relating to the Central Services Directorate have been charged to the North Yorkshire Pension Fund in respect of the administration of the Fund.

17. Provisions, Contingent Liabilities and Contingent Assets

Provisions

Provision has been made against relevant services within the Comprehensive Income and Expenditure for liabilities that have been incurred by the County Council, but where the amounts or dates on which they will arise are uncertain.

Provisions are required to be recognised when the County Council has a present obligation, as a result of a past event, where it is probable that a transfer of economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation, (IAS 37 Provisions, Contingent Liabilities and Contingent Assets).

When expenditure is incurred to which the provision relates, it is charged directly against the provision in the Balance Sheet and not against the Comprehensive Income and Expenditure Statement.

The estimated value and timing of settlements are reviewed at the end of each financial year. Where it becomes more likely than not that a transfer of economic benefits will not now be required (or a lower settlement than anticipated is made), the provision is reversed and credited back to the relevant service within the Income and Expenditure Statement.

Where some or all of the payment required to settle a provision is expected to be met by another third party (e.g. from an insurance claim), this is only recognised as income in the relevant service Revenue Account if it is virtually certain that reimbursement will be received if the obligation is settled.

Contingent Liabilities

A Contingent Liability arises where an event has taken place that gives the County Council a possible obligation whose existence will only be confirmed by the occurrence or otherwise of uncertain future events not wholly within the control of the County Council. Contingent Liabilities also arise in circumstances where a provision would otherwise be made but either it is not probable that an outflow of resources will be required or the amount of the obligation cannot be measured reliably. Contingent Liabilities are not recognised in the Balance Sheet but disclosed in a Note to the Core Financial Statements.

Contingent Assets

A Contingent Asset arises where an event has taken place that gives the County Council a possible asset whose existence will only be confirmed by the occurrence or otherwise of uncertain future events not wholly within the control of the County Council. Contingent Assets are not recognised in the Balance Sheet but disclosed in a Note to the Core Financial Statements where it is probable that there will be an inflow of economic benefits or service potential.

18. Reserves

The County Council maintains a General Fund Working Balance and also holds reserves earmarked for specific purposes which are detailed in note 37 to the Notes to the Core Financial Statements. These reserves together with the Capital Grant Unapplied Reserve and Capital Receipts Unapplied Reserve are deemed to be distributable reserves, which can be utilised to support future expenditure.

Under arrangements for Local Management of Schools (LMS), budget allocations are made to individual establishments at the start of each financial year. Any under-spends or over-spends against budget allocations are carried forward into the following financial year's budget allocation by way of the LMS reserve.

When expenditure to be financed from a reserve is incurred, it is charged to the appropriate Service Income and Expenditure heading in that year and represents a charge against the Net Cost of Services. The reserve is then appropriated back into the General Fund Balance statement so that there is no net charge against Council Tax for the expenditure.

Non-distributable (unusable) reserves include the Revaluation Reserve, the Capital Adjustment Account, the Pension Reserve, the Accumulated Absences Reserve and the Collection Fund Adjustment Account Reserve. These represent "technical non-cash" reserves which are maintained to manage the accounting processes and other statutory accounting adjustments under regulations. These reserves do not represent usable resources available to the County Council or impact upon the level of local taxation and are not able to be utilised in support of service delivery.

19. Pensions

The pension liabilities of the County Council are to be accounted for using IAS 19 principles. The County Council participates in three different pension schemes which meet the needs of employees in particular services. The three schemes are:-

- The Local Government Pension Scheme, administered by the County Council;
- The Teachers' Pension Scheme administered by Capita on behalf of the Department for Education; and
- The NHS Pension Scheme administered by the NHS Business Services Authority on behalf of the Department of Health.

All three schemes provide members with defined benefits related to pay and service. However, the arrangements for the teachers' scheme and the NHS scheme mean that liabilities for these benefits cannot be identified specifically to the County Council. These schemes are therefore accounted for as if they are defined contribution schemes and no future liability for future payments or benefits is recognised in the Balance Sheet.

The Local Government Pension Scheme

The Local Government Scheme is accounted for as a defined benefit pension scheme. In line with the accounting policies outlined in The Code, the County Council has complied with the requirements of IAS 19 Employee Benefits and in particular:-

- the assets of each scheme are measured at fair value;
- the attributable liabilities of each scheme are measured on an actuarial basis;
- quoted securities and unitised securities are measured at current bid-price, unquoted securities are measured using a professional estimate;
- the scheme liabilities are discounted at a rate based upon long dated, AA rated, corporate bonds which reflects the time value of money and the characteristic of the liability;
- the deficit in the scheme is the shortfall of the value of assets over the present value of liabilities;
- the interest cost is the allowance for one year's worth of the discount on the liabilities "unwinding" as the liabilities at the start of the period are one year closer to payment;
- the current service cost is the amount of money required at the beginning of the period to meet the cost of benefits accruing during the period;
- remeasurement of liabilities arises from changes in financial assumptions and demographic assumptions, as well as adjustments following the detailed analysis at each triennial valuation;
- settlements and curtailments are the increase or decrease in liabilities arising from current decisions where the effect relates to years of service earned in earlier years and is charged or credited to the Net Cost of Services in the Comprehensive Income and Expenditure Statement as part of Non Distributed Costs;
- interest on assets is the expected one year's growth of the assets held at the start of the year;
- remeasurement of assets reflects the difference between actual and expected growth of assets over the year, as well as adjustments following each triennial valuation; and
- administration expenses are the costs of running the Fund attributable to the Council.

In assessing liabilities for retirement benefits at 31st March 2018 for 2017/18 Statement of Accounts, the Actuary assumed a discount rate of 0.5% real (2.6% actual), a rate based upon the current rate of return on a high quality corporate bond of equivalent currency and term to scheme liabilities. For the 2016/17 Statement of Accounts, the Actuary advised that a rate of 0.6% real (2.6% actual) was appropriate.

20. Trust Funds Administered by the County Council

Trust Funds administered by the County Council have not been included in the Balance Sheet, in accordance with the provisions of The Code.

21. Group Accounts

The County Council has financial relationships with a number of entities and partnerships and, as a result, is required to prepare Group Accounts in addition to its main financial statements. In preparing Group Accounts the County Council has followed CIPFA guidance and in general, the following policies have been applied:-

- all financial relationships within the scope of Group Accounts have been assessed;
- subsidiary company statutory accounts have been prepared under UK GAAP, this may give rise to inconsistent accounting treatments to those applied within the County Council's accounts. Where material difference in the accounting treatment applied within subsidiaries are identified the subsidiary accounts are aligned with the accounting policies of the County Council prior to consolidation;
- Associates and Joint Ventures have been accounted for in line with the provisions of IAS 28 Investment in Associates and IAS 31 Interest in Joint Ventures;
- simple investments have been left at their historic value in the County Council's Balance Sheet; and
- financial interests that do not have a material impact on the Group Accounting Statements have not been consolidated.

22. Council Tax and Non-Domestic Rates (NDR) Income

The Local Government Finance Act 2012 introduced a business rates retention scheme from 1st April 2013 that enables local authorities to retain a proportion of non-domestic rates generated in their area.

The Code of Practice on Local Authority Accounting provides guidance on how local authorities account for both Council Tax and NDR Income. Billing authorities in England maintain a separate fund for the collection and distribution of Council Tax and NDR and calculate surpluses or deficits on each.

The Billing Authority collects and distributes Council Tax on behalf of itself and other major preceptors such as the County Council and NDR on behalf of itself, the Government, the County Council and the Fire Authority. The collection of Council Tax and NDR by a Billing Authority is in substance an agency arrangement, and the cash collected by Billing Authorities belongs proportionately to the billing authority and other organisations mentioned above.

Council Tax and NDR income collected by Billing Authorities are credited to the relevant Collection Fund on an annual basis. The amount credited to the General Fund under statute for Council Tax is the County Council's precept or demand for the year, plus the authority's share of the surplus (or

deficit) on the Council Tax Collection Fund for the previous year. The amount credited to the General Fund under statute for NDR is the County Council's share of estimated NDR income for the year, plus the authority's share of the NDR surplus (or deficit) on the Collection Fund for the previous year.

The Comprehensive Income and Expenditure Statement shows the value of accrued Council Tax and NDR Income in a financial year rather than the current year's actual income plus or minus the previous year's share of each Billing Authority's Collection Fund surplus or deficit on both Council Tax and NDR.

The difference between accrued income for Council Tax and NDR and actual income received does not impact on the General Working Balance or the Revenue Budget of the County Council in 2017/18, and is taken to the Collection Fund Adjustment Account in the Balance Sheet and included as a reconciling item in the Movement in Reserves Statement - General Working Balance.

The County Council also makes provision for the following values in its Balance Sheet at the year end for the following:-

- Debtor provision for the County Council's share of Council Tax and NDR arrears;
- Provision for bad debts of Debtors in relation to Council Tax and NDR arrears and appeals and backdated appeals for NDR;
- Creditor provision for Council Tax and NDR over-payments and pre-payments; and
- Creditor or Debtor provision where the billing authority has under or over collected Council Tax in-year against what it actually paid over to the County Council in 2017/18.

23. Cash and Cash Equivalents

Cash Equivalents are short term investments that are of a highly liquid nature. The County Council has deemed that deposit held within call accounts and other short term investments that have a deposit term of one month or under and are held for the purposes of meeting short term cash commitments are categorised as Cash Equivalents.

In the Cash Flow Statement, Cash and Cash Equivalents are shown net of bank overdrafts that are repayable on demand where there is a right of offset.

24. Short Term Compensated Employee Benefits

The County Council in accordance with IAS 19 makes accruals for short term employee compensated absences such as untaken holiday pay and accumulated flexi time at the period end. These balances are recognised as Provisions and under statutory guidance an offsetting balance is included within the reserves section of the Balance Sheet.

Short term employee benefits are those due to be settled within 12 months of the year end. They include such benefits as wages and salaries, paid annual leave and paid sick leave, bonuses and non-monetary benefits for current employees and are recognised as an expense for services in the year in which employees render service to the County Council. An accrual is made for the cost of holiday entitlements (or any form of leave e.g. time off in lieu, flexi balances) earned by employees but not taken before the year end which employees can carry forward into the next financial year. The accrual is charged against the Provision of Services, but then reversed out through the Movement in Reserves Statement so that holiday benefits are ultimately charged to revenue in the financial year in which the holiday absence occurs.

25. Exceptional items

When items of income and expenditure are material, their nature and amount is disclosed separately, either on the face of the Comprehensive Income and Expenditure Statement or in the Notes to the Core Financial Statements, depending on how significant the items are to an understanding of the County Council's financial performance.

26. Prior Period Adjustments, Changes in Accounting Policies and Estimates and Errors

Prior period adjustments may arise as a result of a change in accounting policies or to correct a material error. Changes in accounting estimates are accounted for prospectively, i.e. in the current and future years affected by the change and do not give rise to a prior period adjustment.

Changes in accounting policies are only made when required by proper accounting practices or the change provides more reliable or relevant information about the effect of transactions, other events and conditions on the Council's financial position or financial performance. Where a change is made, it is applied retrospectively (unless stated otherwise) by adjusting opening balances and comparative amounts for the prior period as if the new policy had always been applied.

Material errors discovered in prior period figures are corrected retrospectively by amending opening balances and comparative amounts for the prior period. Generally, the majority of prior period items arise from corrections and adjustments that are the natural result of estimates inherent in the accounting process. Such adjustments constitute normal transactions in the year in which they are identified, and are accounted for accordingly.

27. Events After the Balance Sheet Date

Events after the balance sheet date are those events, both favourable and unfavourable, that occur between the end of the reporting period and the date when the Statement of Accounts is authorised for issue. Two types of events can be identified:-

- those that provide evidence of conditions that existed at the end of the reporting period - the Statement of Accounts is adjusted to reflect such events; and
- those that are indicative of conditions that arose after the reporting period - the Statement of Accounts is not adjusted to reflect such events, but where a category of events would have a material effect, disclosure is made in the notes of the nature of the events and their estimated financial effect.

Events taking place after the date of authorisation for issue are not reflected in the Statement of Accounts.

28. Jointly Controlled Operations and Jointly Controlled Assets

Jointly controlled operations are activities undertaken by the County Council in conjunction with other ventures that involve the use of the assets and resources of the ventures rather than the establishment of a separate entity. The County Council recognises in its Balance Sheet the assets that it controls and the liabilities that it incurs and debits and credits the Comprehensive Income and Expenditure Statement with the expenditure it incurs and the share of income it earns from the activity of the operation.

Jointly controlled assets are items of Property, Plant or Equipment that are jointly controlled by the County Council and other venturers, with the assets being used to obtain benefits for the ventures. The joint venture does not necessarily involve the establishment of a separate entity. The County Council accounts for only its share of the jointly controlled assets, the liabilities and expenses that

it incurs on its own behalf or jointly with others in respect of its interest in the joint venture and income that it earns from the venture.

29. Schools

The Code of Practice on Local Authority Accounting in the United Kingdom (The Code) confirms that the balance of control for Local Authority maintained schools (i.e. those categories of school identified in the School Standards and Framework Act 1998, as amended) lies with the Local Authority. The Code also stipulates that those schools' assets, liabilities, reserves and cash flows are recognised in the Local Authority financial statements (and not the Group Accounts). Therefore schools' transactions, cash flows and balances are recognised in each of the financial statements of the County Council as if they were the transactions, cash flows and balances of the County Council.

EXPENDITURE AND FUNDING ANALYSIS

	Net Expenditure £000	Further Movement to Earmarked Reserves £000	Net Expenditure Chargeable to the General Fund £000	Adjustments between the Funding and Accounting Basis £000	Net Expenditure the Comprehensive Income and Expenditure Statement £000
Children and Young People's Service	70,862	13,355	84,217	31,993	116,210
Business and Environmental Services	67,053	1,662	68,715	13,413	82,128
Health and Adult Services	144,132	(5,309)	138,823	4,612	143,435
Central Services	56,579	2,871	59,450	8	59,458
Corporate Miscellaneous	15,078	(3,293)	11,785	(18,741)	(6,956)
NYES (formerly SmartSolutions)	0	(775)	(775)	775	0
Net Cost of Services	353,704	8,511	362,215	32,060	394,275
Other Operating Income and Expenditure	0	0	0	81,569	81,569
Financing and Investment Income & Expenditure	0	0	0	22,266	22,266
Taxation and non specific income and Expenditure	(361,154)	2,268	(358,886)	(73,965)	(432,851)
(Surplus) or Deficit	(7,450)	10,779	3,329	61,930	65,259
 Opening General Fund Balance			(216,986)		
Less/Plus Surplus or (Deficit) on General Fund in Year			3,329		
Closing General Fund Balance at 31st March 2018			(213,657)		
 General Working Balance			(27,270)		
Earmarked Reserves			(186,387)		
			(213,657)		

The Expenditure and Funding Analysis demonstrates how the funding available to the County Council for the year has been used in providing services in comparison with those resources consumed or earned by authorities in accordance with generally accepted accounting practices. This statement also shows how this expenditure is allocated for decision making purposes between the County Council's directorates. Income and expenditure accounted for under generally accepted accounting practices is presented more fully in the Comprehensive Income and Expenditure Statement.

Further details can be seen in Note 5 to the Core Financial Statements (page 46).

EXPENDITURE AND FUNDING ANALYSIS FOR 2016/17

	Net Expenditure £000	Further Movement to Earmarked Reserves £000	Net Expenditure Chargeable to the General Fund £000	Adjustments between the Funding and Accounting Basis £000	Net Expenditure in the Comprehensive Income and Expenditure £000
Children and Young People's Service	67,709	12,332	80,041	52,451	132,492
Business and Environmental Services	64,849	6,158	71,007	13,687	84,694
Health and Adult Services	145,982	3,957	149,939	3,484	153,423
Central Services	59,641	33	59,674	526	60,200
Corporate Miscellaneous	22,424	(19,208)	3,216	(14,401)	(11,185)
SmartSolutions	0	(480)	(480)	480	0
Net Cost of Services	360,605	2,792	363,397	56,227	419,624
Other Operating Income and Expenditure	0	0	0	57,481	57,481
Financing and Investment Income & Expenditure	0	0	0	25,744	25,744
Taxation and non specific income and Expenditure	(361,202)	632	(360,570)	(98,918)	(459,488)
(Surplus) or Deficit	(597)	3,424	2,827	40,534	43,361
 Opening General Fund Balance			(219,813)		
Less/Plus Surplus or (Deficit) on General Fund in Year			2,827		
Closing General Fund Balance at 31st March 2017			(216,986)		
 General Working Balance			(27,270)		
Earmarked Reserves			(189,716)		
			(216,986)		

COMPREHENSIVE INCOME AND EXPENDITURE STATEMENT 2017/18

Year to 31st March 2017				Year to 31st March 2018			
Expenditure £000	Income £000	Net £000		Expenditure £000	Income £000	Net £000	
548,610	(416,118)	132,492	Children and Young Peoples Service	522,441	(406,231)	116,210	
131,668	(46,974)	84,694	Business and Environmental Services	133,751	(51,623)	82,128	
240,093	(86,670)	153,423	Health and Adult Services	240,937	(97,502)	143,435	
67,115	(6,915)	60,200	Central Services	68,304	(8,846)	59,458	
690	(11,875)	(11,185)	Corporate Miscellaneous	963	(7,919)	(6,956)	
988,176	(568,552)	419,624	Cost of Services	966,396	(572,121)	394,275	
			Other Operating Expenditure				
		56,858	Loss on Disposal of Property, Plant and Equipment (note 20)			80,917	
		0	Impairment of Assets Held for Sale (note 27)			0	
		623	Precepts of Local Precepting Authorities			652	
		57,481				81,569	
			Financing and Investment Income and Expenditure				
		14,270	Interest payable and similar charges (note 39b)			15,009	
		(2,019)	Interest receivable and similar income (note 39b)			(1,843)	
		(995)	Investment Properties; revaluation and impairment (note 25)			(1,453)	
		(90)	(Surplus)/Deficit of trading activities (note 6)			(720)	
		14,578	Net interest on the net defined pension benefit liability / (asset) (note 10)			11,273	
		25,744				22,266	
			Taxation and Non-Specific Grant Income (Analysis)				
		(258,967)	Council Tax Income (note 7)			(272,423)	
		(62,180)	Non-Domestic Rates Income (note 8)			(62,248)	
		(54,512)	Non-Ringfenced Government Grants (note 9)			(34,772)	
		(83,829)	Capital Grants (note 9)			(63,408)	
		(459,488)	Taxation and Non-Specific Grant Income			(432,851)	
		43,361	(Surplus) or Deficit on Provision of Services			65,259	

COMPREHENSIVE INCOME AND EXPENDITURE STATEMENT (continued)

Year to 31st March 2017			Year to 31st March 2018			
Expenditure £000	Income £000	Net £000		Expenditure £000	Income £000	Net £000
		43,361	(Surplus) or Deficit on Provision of Services			65,259
	0		(Surplus) / Deficit on revaluation of Property, Plant and Equipment			0
	(39,559)		Impairment (gains) / losses on non-current assets charged to the Revaluation Reserve			(80,389)
	10,124		Remeasurements of the Net Defined Benefit Liability			(20,394)
	(29,435)		Other Comprehensive Income and Expenditure			(100,783)
		13,926	Total Comprehensive Income and Expenditure			(35,524)

This Statement shows the economic cost in the year of providing services in accordance with generally accepted accounting practices, rather than the amount to be funded from taxation. Authorities raise taxation to cover expenditure in accordance with regulations; which is different from the accounting cost. The taxation position is shown in the Movement in Reserves Statement. The Comprehensive Income and Expenditure Statement reconciles the year on year change in the net assets and Reserves held in the Balance Sheet.

The statement is divided into two sections; the Surplus or Deficit on the Provision of Services and the Other Comprehensive Income and Expenditure. The Surplus or Deficit on the Provision of Services represents the IFRS-based accountancy cost of delivering services by the County Council.

Other Comprehensive Income and Expenditure includes movements in the fair value of assets and actuarial movements on pension balances that are not reflected within the Surplus or Deficit of Provision of Services. All the results described above derive from continuing activities of the organisation.

MOVEMENT IN RESERVES STATEMENT

	General Working Balance £000	Earmarked Reserves £000	Capital Receipts Unapplied Reserve £000	Capital Grants Reserve £000	Total Usable Reserves £000 (note 34)	Total Unusable Reserves £000 (note 35)	Total Authority Reserves £000
Movement in Reserves during 2017/18							
Balance at 31st March 2017	(27,270)	(189,716)	(1,618)	(35,630)	(254,234)	(759,116)	(1,013,350)
Comprehensive Expenditure and Income	65,259	0	0	0	65,259	(100,783)	(35,524)
Adjustments between accounting basis and funding basis under regulations	(61,930)	0	0	11,085	(50,845)	50,845	0
Net (Increase) / Decrease before Transfers to Earmarked Reserves	3,329	0	0	11,085	14,414	(49,938)	(35,524)
Transfers (to) / from Earmarked Reserves	(3,329)	3,329	0	0	0	0	0
(Increase) / Decrease in Year	0	3,329	0	11,085	14,414	(49,938)	(35,524)
Balance at 31st March 2018	(27,270)	(186,387)	(1,618)	(24,545)	(239,820)	(809,054)	(1,048,874)

MOVEMENT IN RESERVES STATEMENT (continued)

	General Working Balance £000	Earmarked Reserves £000	Capital Receipts Unapplied Reserve £000	Capital Grants Reserve £000	Total Usable Reserves £000 (note 34)	Total Unusable Reserves £000 (note 35)	Total Authority Reserves £000
Movement in Reserves during 2016/17							
Balance at 31st March 2016	(27,270)	(192,543)	0	(27,304)	(247,117)	(780,159)	(1,027,276)
Comprehensive Expenditure and Income	43,361	0	0	0	43,361	(29,435)	13,926
Adjustments between accounting basis and funding basis under regulations	(40,534)	0	(1,618)	(8,326)	(50,478)	50,478	0
Net (Increase) / Decrease before Transfers to Earmarked Reserves	2,827	0	(1,618)	(8,326)	(7,117)	21,043	13,926
Transfers (to) / from Earmarked Reserves	(2,827)	2,827	0	0	0	0	0
(Increase) / Decrease in Year	0	2,827	(1,618)	(8,326)	(7,117)	21,043	13,926
Balance at 31st March 2017	(27,270)	(189,716)	(1,618)	(35,630)	(254,234)	(759,116)	(1,013,350)

This Statement shows the movement in the year on the different reserves held by the County Council, analysed into “Usable Reserves” (i.e. those that can be applied to fund expenditure or reduce local taxation) and other reserves. The “(Surplus) or Deficit on the provision of services” line shows the true economic cost of providing the County Council’s services, more details of which are shown in Comprehensive Income and Expenditure Statement. These are different from the statutory amounts required to be charges to the General Working Balance for Council Tax setting. The “Net increase /decrease before transfers to earmarked reserves” line shows the statutory General Working Balance before any discretionary transfers to or from earmarked reserves undertaken by the County Council.

BALANCE SHEET AS AT 31ST MARCH 2018

31st March 2017 £000		31st March 2018 £000
1,495,797	Property, Plant and Equipment (note 18)	1,718,121
35,722	Investment Property (note 25)	36,459
8,616	Intangible Assets (note 24)	7,422
9,018	Long Term Investments (note 29)	14,018
16,053	Long Term Debtors (note 30)	20,942
1,565,206	Long Term Assets	1,796,962
276,218	Short Term Investments (note 39a)	248,883
1,695	Inventories	1,897
77,381	Short Term Debtors (note 31)	105,681
49,260	Cash and Cash Equivalents (note 28)	49,867
170	Assets held for sale (note 27)	170
404,724	Current Assets	406,498
(100,454)	Short Term Borrowing (note 39a)	(93,116)
(90,233)	Short Term Creditors (note 32)	(83,197)
(193)	PFI Liability repayable within 12 months (note 12)	(4,225)
(9)	Finance Lease repayable within 12 months (note 13)	(10)
(2,599)	Provisions to be used within 12 months (note 33)	(2,804)
(2,707)	Capital Grant Receipts in Advance (note 9)	(12,308)
(196,195)	Current Liabilities	(195,660)
(3,004)	Long Term Creditors (note 23)	(2,863)
(3,988)	PFI Liability repayable in excess of 12 months (note 12)	(204,062)
(1,068)	Finance Lease repayable in excess of 12 months (note 13)	(1,058)
(7,870)	Provisions to be used in excess of 12 months (note 33)	(9,492)
(463,951)	Pensions Liability (note 10)	(452,301)
(277,531)	Long Term Borrowing (note 39a and 39d)	(285,079)
(2,973)	Capital Grant Receipts in Advance (note 9)	(4,071)
(760,385)	Long Term Liabilities	(958,926)
1,013,350	Net Assets	1,048,874

BALANCE SHEET AS AT 31ST MARCH 2018 (continued)

31st March 2017 £000		31st March 2018 £000
	Usable Reserves	
27,270	General Working Balance (note 34a)	27,270
189,716	Earmarked Reserves (note 34b)	186,387
1,618	Capital Receipts Unapplied Reserve (note 34c)	1,618
35,630	Capital Grant Unapplied Reserve (note 34d)	24,545
254,234	Total Usable Reserves	239,820
	Unusable Reserves	
280,141	Revaluation Reserve (note 35a)	334,296
5,614	Collection Fund Adjustment Account (note 35b)	3,480
0	Financial Instruments Adjustment Account	0
(9,424)	Accumulated Absences Account (note 35c)	(9,105)
(463,951)	Pension Reserve (note 35d)	(452,301)
946,736	Capital Adjustment Account (note 35e)	932,684
759,116	Total Unusable Reserves	809,054
1,013,350	Total Reserves	1,048,874

The Balance Sheet is a statement of the financial position of the County Council as at the Balance Sheet date. It shows the assets and liabilities of the County Council; the net assets on the Balance Sheet are matched by reserves held by the County Council. The first category of reserves are usable reserves. These are reserves that the County Council may use to provide services subject to the need to maintain a prudent level of reserves and any statutory limitations on their use. The second category of Unusable Reserves are those that arise from statutory accounting requirements and are not available to be used for service provision.

CASH FLOW STATEMENT – YEAR ENDED 31ST MARCH 2018

31st March 2017 £000		31st March 2018 £000
(43,361)	Net Surplus / (Deficit) on the Provision of Services - See Comprehensive Income and Expenditure Statement	(65,259)
	Adjust net surplus / (deficit) on the provision of services for non cash movements	
51,639	Depreciation / Amortisation (note 34a)	51,650
27,764	Impairment and revaluations charged to the provision of services (note 34a)	16,259
6,260	Movement in Creditors (notes 23 and 32)	(7,177)
(13,244)	Movement in Debtors (notes 30 and 31)	(28,300)
(614)	Movement in Inventories	(202)
2,723	Movement in Provisions (note 33)	1,827
16,904	Pensions Liability (note 10)	8,744
65,832	Carrying Amount of Non-current Assets sold (note 34a)	82,947
0	Other non-cash items charged to the provision of services	0
157,264		125,748
	Adjust for items included in the net deficit on the provision of services that are investing and financing activities	
(83,829)	Grants received for investment purposes (note 9)	(63,408)
(2,008)	Proceeds from the sale of property and other assets (note 22a)	(455)
(85,837)		(63,863)
28,066	Net cash flows from Operating Activities	(3,374)

CASH FLOW STATEMENT (continued)

31st March 2017 £000		31st March 2018 £000
28,066	Net cash flows from Operating Activities	(3,374)
	Investing Activities	
(86,650)	Purchase of Property, Plant and Equipment and Intangible Assets (note 22a)	(84,141)
(54,335)	Purchase of Short Term and Long Term investments	0
2,008	Proceeds from the Sale of Property (and other Assets) (note 22a)	455
0	Proceeds from Short Term and Long Term Investments	22,335
86,962	Other receipts for investing activities	69,218
(52,015)	Net cash flows from Investing Activities	7,867
	Financing Activities	
19,228	Cash receipts of Short and Long Term Borrowing	21,832
(6,967)	Other receipts from Financing Activities	(1,575)
(280)	Repayment of the outstanding liability of Finance Lease and similar arrangements (notes 12 and 13)	(2,521)
(7,612)	Repayment of Short and Long Term Borrowing	(21,443)
(173)	Other payments for Financing Activities	(179)
4,196	Net cash flows for Financing Activities	(3,886)
(19,753)	Net (Decrease) / Increase in Cash and Cash Equivalents	607
69,013	Cash and Cash Equivalents at the beginning of the reporting period	49,260
49,260	Cash and Cash Equivalents at the end of the reporting period	49,867
(19,753)		607

The Cash Flow statement shows the changes in cash and cash equivalents of the County Council during the reporting period. The statement shows how the County Council generates and uses Cash and Cash Equivalents by classifying cash flows as operating, investing and financing activities. The amount of net cash flows arising from operating activities is a key indicator of the extent to which the operations of the County Council are funded by way of taxation and grant income or income generated from services provided by the County Council. Investing activities represent the extent to which cash outflows have been made for resources which are intended to contribute to the County Council's future service delivery. Cash flows arising from financing activities are useful in predicting claims on future cash flows by providers of borrowing to the County Council.

NOTES TO THE CORE FINANCIAL STATEMENTS

1. Prior Period Adjustments

There have been no prior period adjustments.

2. Accounting Standards that have been issued but have not yet been adopted

CIPFA has announced that they will adopt 'IFRS 9 – Financial Instruments' and 'IFRS 15 – Revenue from Contracts with Customers' from 2018/19. The introduction of IFRS 9 will have implications for the classification and measurement of financial assets. This will result in new classifications of financial assets including Amortised Cost, Fair Value through Profit and Loss (FVPL) and Fair Value through Other Comprehensive Income (FVOCI) and the removal of the current classifications of Assets Held for Trading and Assets Held for Sale. As the re-measurement of certain financial assets may result in accounting for losses and gains in a local authority's General Fund, the Ministry for Housing, Communities and Local Government has recently contacted s151 Officers asking for evidence to support a statutory override to the implementation of certain elements of IFRS 9; this situation will be closely monitored. The impact of the introduction of 'IFRS 15 – Revenue from Contracts with Customers' on the accounts of local authorities will be mitigated as the CIPFA Code of Practice is clear that tax arising under regulation or legislation (including NNDR and Council Tax) does not fall under the scope of IFRS 15. Local Authorities will need to ensure that they have explained all sources of income sufficiently, giving due consideration to materiality. The County Council will need to consider IFRS 15 when preparing group accounts; consolidation adjustments may be required as accounting regulations that subsidiaries adhere to (FRS 102) may be different to that of IFRS 15 in terms of the timing and measurement of income.

CIPFA are considering the implications of adopting IFRS16 – Leases but this will not occur until 2019/2020.

3. Critical Judgements in applying Accounting Policies

In applying the accounting policies as set out at the Statement of Accounting Policies the County Council has had to make critical judgements about complex transactions and those involving uncertainty about future events:-

- in the current economic environment there continues to be a degree of uncertainty about future levels of funding for local government. The County Council continues to review the provision of services by the Authority, in response to known and forecast future funding reductions;
- the County Council, via its external valuer, has conducted an impairment review on land and property assets not being revalued in 2017/18. As a result of this impairment review, it has been concluded no material impairment has occurred;
- 29 schools transferred to Academy Status in 2017/18. It is the County Council's policy to exclude academy schools from its Balance Sheet as it does not retain sufficient control over the schools service provision to warrant the recognition of the school as an asset. Typically the land and buildings of schools that transfer to academy status are transferred to the Academy Trust under a 125 year lease at a peppercorn rent. Further schools may transfer to Academy Status in 2018/19;
- the County Council does not recognise the Property of Voluntary-aided and Voluntary-controlled Schools (except where title of the land and buildings is held by the County Council) located on

the Balance Sheet. It has been determined that this property is held by the Trustees of the relevant schools;

- the County Council has made estimates of the net pay liability to pay pensions which depend on a number of complex judgments and projections supported by the actuary, which include; the discount rate at which salaries are projected to increase, changes in retirement ages, mortality rates and expected future returns on Pension Fund Assets;
- the County Council carries its investments in its Group Companies at historic cost and does not re-value these investments on an annual basis because they are neither marketable or available-for-sale equity; nor is it possible to obtain a reliable market estimate of the net worth of the investments;
- to reflect the current economic and financial climate, the County Council has determined its Bad Debt Provision based on a range of factors including the aged-profile of debtors and recent changes to payment profile of debtors;
- judgement is required to determine whether the County Council can be reasonably assured that the conditions of grant and contribution income received have been met before recognising them as income in the Comprehensive Income and Expenditure Statement. Where conditions require specified expenditure to have taken place, the grant monies will not be recognised until this has happened. Equally where conditions specify that a grant or contribution must be repaid in the event of non-expenditure, the income is not recognised until the conditions of the grant have been met; and
- the IFRS Code requires the County Council to consider the classification of leases between the categories of finance and operating on an annual basis. The distinction between the two categories is not clearly defined by the IFRS Code and an element of judgement is required to make the assessment in line with best practice.

4. Assumptions Made About the Future and Other Major Sources of Uncertainty

The Statement of Accounts contains estimated figures that are based upon assumptions made by the County Council about the future or that are otherwise uncertain. Estimates are made taking into account historical experience, current trends and other relevant factors.

Pension Liability

Estimation of the net liability to pay pensions depends upon a number of complex judgements relating to the discount rate used, the rate at which salaries are projected to increase, mortality rates and expected returns on pension fund assets. A firm of consulting actuaries is engaged by the County Council to provide expert advice about the assumptions to be applied, these assumptions may be adjusted on a yearly basis.

A sensitivity analysis around certain assumptions has identified the following changes to the pension deficit of £452m would occur if alternative assumptions were to be applied:-

- a +0.1%pa change in the discount rate to be applied would reduce the pension deficit by £31.8m;
- a +0.1%pa change in pension payments inflation would increase the deficit by £25.9m;
- a +0.1%pa pay growth would increase the deficit by £6.4m; and
- an additional 1 year increase in life expectancy would increase the deficit by £50.4m.

A negative change would result in the above movements being reversed.

Property, Plant and Equipment

Assets are depreciated over the useful economic life that the asset (or components of the assets where appropriate) will be operational. The useful economic life of an individual asset is dependent upon maintaining an appropriate level of repair and maintenance expenditure on that asset. Should insufficient expenditure be incurred to properly maintain an asset then it may be the case that the useful economic life of that asset is reduced; this might give rise to an impairment or accelerated depreciation being required.

5. Expenditure and Funding Analysis

	Adjustments for Capital Purposes £000	Net change for the Pensions Adjustments £000	Other Differences £000	Total Adjustments £000
Adjustments from General Fund to arrive at the Comprehensive Income and Expenditure Statement amounts				
Children and Young People's Service	39,482	(2,527)	(4,962)	31,993
Business and Environmental Services	23,156	(229)	(9,514)	13,413
Health and Adult Services	5,330	(636)	(82)	4,612
Central Services	(105)	(589)	702	8
Corporate Miscellaneous	42	1,725	(20,508)	(18,741)
NYES	3	(273)	1,045	775
Net Cost of Services	67,908	(2,529)	(33,319)	32,060
Other Operating Income and Expenditure	80,917	0	652	81,569
Financing and Investment Income and Expenditure	0	11,273	10,993	22,266
Taxation and non specific income and Expenditure	0	0	(73,965)	(73,965)
Difference between General Fund surplus or deficit and Comprehensive Income and Expenditure Statement Surplus or Deficit on the Provision of Services	148,825	8,744	(95,639)	61,930

Comparative Movements in 2016/17

	Adjustments for Capital Purposes £000	Net change for the Pensions Adjustments £000	Other Differences £000	Total Adjustments £000
Adjustments from General Fund to arrive at the Comprehensive Income and Expenditure Statement amounts				
Children and Young People's Service	54,317	173	(2,039)	52,451
Business and Environmental Services	21,877	157	(8,347)	13,687
Health and Adult Services	3,576	363	(455)	3,484
Central Services	207	438	(119)	526
Corporate Miscellaneous	142	1,000	(15,543)	(14,401)
NYES	14	195	271	480
Net Cost of Services	80,133	2,326	(26,232)	56,227
Other Operating Income and Expenditure	56,858	0	623	57,481
Financing and Investment Income and Expenditure	0	14,578	11,166	25,744
Taxation and non specific income and Expenditure	0	0	(98,918)	(98,918)
Difference between General Fund surplus or deficit and Comprehensive Income and Expenditure Statement Surplus or Deficit on the Provision of Services	136,991	16,904	(113,361)	40,534

Segmental Income

Income received on a segmental basis is analysed below:-

	2017/18 £000	2016/17 £000
Services		
Children and Young People's Service	(400,559)	(410,969)
Business and Environmental Services	(53,270)	(40,312)
Health and Adult Services	(99,746)	(87,908)
Central Services	(16,071)	(12,990)
Corporate Miscellaneous	(26,126)	(32,364)
NYES	(55,170)	(54,144)
Total income analysed on a segmental basis	<u>(650,942)</u>	<u>(638,687)</u>

Expenditure and Income Analysed by Nature

	2017/18 £000	2016/17 £000
Expenditure		
Employee benefits expenses	456,619	473,227
Other services expenses	438,716	431,228
Depreciation, Amortisation, Impairment	84,431	98,060
Interest payments	15,694	14,989
Precepts and levies	652	623
Loss on the disposal of assets	80,917	56,858
Total expenditure	<u>1,077,029</u>	<u>1,074,985</u>
Income		
Fees, charges and other service income	(155,497)	(136,693)
Interest and investment income	(2,528)	(2,738)
Income from council tax, non domestic rates income	(334,671)	(321,147)
Government grants and contributions	(518,818)	(570,891)
Investment Properties	(256)	(155)
Total income	<u>(1,011,770)</u>	<u>(1,031,624)</u>
(Surplus) or Deficit on the Provision of Services	<u>65,259</u>	<u>43,361</u>

6. Trading Activities

The County Council operates a number of trading services that are required to operate in a commercial environment and balance their budget by generating income from other parts of the County Council, particularly schools, or other organisations. Details of those services with a turnover of greater than £2m are as follows:-

Service	2017/18			2016/17		
	Total Cost £'000	Total Income £'000	Net Profit / (Loss) £'000	Total Cost £'000	Total Income £'000	Net Profit / (Loss) £'000
Broadband	1,855	1,177	(678)	1,458	1,186	(272)
Building Cleaning Services	7,878	8,465	587	7,716	7,761	45
County Caterers Service	18,079	18,431	352	17,315	17,645	330
Maintenance and Servicing Scheme	3,504	3,654	150	3,740	3,844	104
Music Service	1,854	1,813	(41)	2,078	2,004	(74)
Property	2,709	2,698	(11)	3,257	3,260	3
Outdoor Learning Service	2,348	2,097	(251)	2,436	2,495	59
Schools ICT Service	3,996	4,079	83	3,929	4,049	120
Staff Absence Scheme	3,825	3,963	138	4,001	3,962	(39)
Other Services (< £2 Million individually)	8,181	8,626	445	7,680	7,938	258
Total Results for Trading Units	<u>54,229</u>	<u>55,003</u>	<u>774</u>	<u>53,610</u>	<u>54,144</u>	<u>534</u>

During 2017/18, the Council's traded services, including insurance offered to schools, operated under the brand of North Yorkshire Education Service (NYES). This is an in-house arrangement which reflects a governance and reporting structure whereby such services are held accountable by a Board, chaired by the County Council's Chief Executive.

The expenditure figures reported above reflect accounting adjustments made in respect of the use of assets and borrowing costs. This has the effect of marginally reducing costs reported in the Council's management accounts and consequently increases the above reported surplus or decreases the deficit of the Trading operation.

Trading operations are incorporated into the Comprehensive Income and Expenditure Statement. Some trading operations are an integral part of the County Council's services to the public, whilst others are support services to the Council's activities e.g. Cleaning. Where the trading activities are not integral to the Council's service obligations, the net financial position of the trading operations are identified within the Financing and Investment Income section of the Comprehensive Income and Expenditure Statement.

	31st March 2018 £000	31st March 2017 £000
Net surplus included within Cost of Services	54	444
Net surplus / (deficit) credited to Financing and Investment Income and Expenditure	720	90
Net surplus / (deficit) on trading operations	<u>774</u>	<u>534</u>

7. Council Tax Income

Council Tax Income totalled £272.4m (£259.0m in 2016/17) consisting of:-

	2017/18 £000	2016/17 £000
Precept Income for year	271,549	256,499
Collection Fund surplus from previous years	3,226	3,480
Collection Fund Adjustment	(2,352)	(1,012)
	<u>272,423</u>	<u>258,967</u>

The precept income from Council Tax is equivalent to a basic amount of £1,189.50 for an average band D property.

8. Non-Domestic Rates

	2017/18 £000	2016/17 £000
Non-Domestic Rating Income for year from Districts	17,806	18,331
Collection Fund deficit from previous years	(428)	(1,045)
Business Rates Retention Scheme funding from Government	44,652	42,943
Collection Fund Adjustment	218	1,951
	<u>62,248</u>	<u>62,180</u>

9. Grant Income

The County Council credited the following grants and contributions to the Comprehensive Income and Expenditure Statement.

Credited to Taxation and Non-specific Grant Income

Non-Ringfenced Government Grants	2017/18		2016/17	
	£000	£000	£000	£000
Government Revenue Support Grant		19,119		37,372
Other Government Funding				
- Rural Services Delivery Grant	6,648		8,234	
- Transitional Grant	2,962		2,992	
- New Homes Bonus	2,212		2,708	
- Business Rates Reliefs	2,329		2,043	
- Private Finance Initiative	704		704	
- Local Services Support	645		315	
- Returned New Homes Bonus Topslice	153	15,653	144	17,140
		<u>34,772</u>		<u>54,512</u>

Capital Grants	2017/18	2016/17
	£000	£000
Local Transport Plan	31,323	31,406
School Condition Grant	8,535	10,091
Local Growth Deal Grant	8,027	11,333
National Productivity Investment Fund Grant	3,604	0
Devolved Formula Capital Grant	2,932	0
DfT Pothole Grant	2,534	0
Basic Need Grant	0	18,554
Bedale Bypass Section 31	0	2,727
Other Capital Grants / Contributions	6,453	9,718
Total	<u>63,408</u>	<u>83,829</u>

Revenue Grants Credited to Services	2017/18	2016/17
	£000	£000
Dedicated Schools Grant	318,787	329,804
Public Health	22,331	23,095
Education Funding Agency	14,029	15,118
Pupil Premium	13,476	14,428
Universal Infant Free School Meals	5,838	6,412
Physical Education & School Sport	3,850	2,562
Skills Funding Agency	3,498	3,198
3 & 4 Yr Old Extended Entitlement Early Roll Out	2,718	0
Adult Social Care Support Grant	2,434	0
Education Services Support	1,750	6,309
Partners in Practice Grant	947	3,969
Other Grants	14,457	9,731
Total	<u>404,115</u>	<u>414,626</u>

The County Council has received a number of grants and contributions that have yet to be recognised as income as they have conditions attached to them that will require the grant to be returned if those conditions are not met. The balances at the year-end are as follows:-

Capital Grants and Contributions Received in Advance

	31st March 2018 £000	31st March 2017 £000
To be used within 1 year		
Local Growth Fund Grant	4,138	0
Pothole Action Fund Grant	4,047	0
National Productivity Investment Fund Grant	1,500	0
Other	1,286	2,412
Early Years Capital Grant	799	0
Dalton Bridge	538	0
Bedale Aiskew Leeming Bypass	0	295
Total	12,308	2,707

To be used in excess of 1 year

Private Contributions	2,858	0
Schools Devolved Capital Grant	1,176	1,479
Other	37	1,494
Total	4,071	2,973

Capital Grants Credited to Services

	31st March 2018 £000	31st March 2017 £000
Local Growth Fund	10,838	13,369
Basic Need Grant	1,926	1,573
Other	354	585
School Condition Grant	3,405	2,400
Total	16,523	17,927

10. Pension Arrangements

As part of the terms and conditions of employment, the County Council offers retirement benefits to its employees. Although these benefits will not actually be payable until employees retire, the County Council has a commitment to make the payments that need to be disclosed at the time that employees earn their future entitlement.

The County Council participates in three different pension schemes:-

- Local Government Pension Scheme, for employees other than teachers, administered by North Yorkshire County Council. This is a funded defined benefit scheme, meaning that the County Council and employees pay contributions into a fund, calculated at a level intended to balance pension liabilities with investment assets;
- Teachers' Pension Scheme, sponsored by the Department for Education (DfE). This is an unfunded defined benefit scheme, meaning that there are no investment assets built up to meet the pension liabilities, and cash has to be generated to meet actual pension payments as they eventually fall due. The Actuary is unable to individually allocate a share of assets to scheme participants; this scheme is treated on the same basis as a defined contributions scheme for the purposes of these accounts.

Any discretionary enhancements to benefits awarded by the County Council remain the liability of the County Council and are paid monthly in addition to the pension paid by the DfE. These costs are accounted for on a defined benefit basis and are identified separately within the following report.

- NHS Pension Scheme, administered by the NHS Business Service Authority. This is an unfunded defined benefit scheme that the Council is required to account for as if it were a defined contribution scheme. This is because the Council's obligation is limited to paying contributions as they fall due, with no obligation to pay future benefits. Contributions paid in 2017/18 were £81k (2016/17 £76k).

The County Council recognises the cost of retirement benefits in the Net Cost of Services when they are earned by employees, rather than when the benefits are eventually paid as pensions. However, the charge the County Council is required to make against council tax is based on the cash payable in the year, so the real cost of retirement benefits is reversed out (transferred) in the Movement in Reserves Statement - General Working Balance.

The following transactions have been made in the Comprehensive Income and Expenditure Statement for 2017/18:-

	Local Government Pension Scheme		Teachers' Pension Scheme		Total	
	2017/18	2016/17	2017/18	2016/17	2017/18	2016/17
	£000	£000	£000	£000	£000	£000
Comprehensive Income and Expenditure Statement						
Net Cost of Service						
Current Service Cost	40,924	43,306	0	0	40,924	43,306
Past Service Cost (including curtailments)	967	225	0	0	967	225
Settlement Costs	0	0	0	0	0	0
Financing and Investment Income and Expenditure						
Net Interest Expense	11,001	14,245	272	333	11,273	14,578
Total post employment Benefits charged to the (Surplus) / Deficit on the Provision of Services	52,892	57,776	272	333	53,164	58,109
Other Post Employment Benefits charged to the Comprehensive Income and Expenditure Statement						
Remeasurement of the net defined benefit liability	(23,731)	8,562	3,337	1,562	(20,394)	10,124
Total Post Employment Benefits charged to the Comprehensive Income and Expenditure Statement	29,161	66,338	3,609	1,895	32,770	68,233
Movement in Reserves Statement						
Reversal of Net Charge to the (Surplus) / Deficit on Provision of Services	(52,892)	(57,776)	(272)	(333)	(53,164)	(58,109)
Actual amount charged against the General Fund Balance in the Year						
Employers' contributions payable to scheme	43,271	40,424				
Retirement benefits payable to pensioners			1,149	781		
					44,420	41,205

A comparison between the Net Cost of Service and the actual amount charged against the General Fund Balance in year shows that the costs disclosed for services are £5,979k lower than the amount charged against the General Fund. This is as a result of the following:

- The County Council's contributions of £43,271k to the Local Government Pension Scheme being replaced with a current service cost of £40,166k. This (£3,105k) adjustment equates to a 7.2% decrease in employers pension costs;
- in addition, under IAS 19, the unfunded liability arising from enhanced teachers pensions requires that the cost of benefits paid in the year (£1,149k) is removed from the net cost of services as it relates to periods of service prior to 2017/18;
- a past service cost including curtailments and settlements of £967k relating to decisions taken on in previous financial years; and
- administration expenses of £758k.

Assets and Liabilities in Relation to Post-employment Benefits

Reconciliation of present value of the scheme liabilities (defined benefit obligation)

	Funded Liabilities Local Government Pension Scheme		Unfunded Liabilities Discretionary Benefits	
	2017/18 £m	2016/17 £m	2017/18 £m	2016/17 £m
Opening balance at 1st April	(1,611.7)	(1,360.3)	(11.0)	(9.9)
Current Service Cost	(40.9)	(43.3)	0.0	0.0
Interest Cost	(41.5)	(47.0)	(0.3)	(0.3)
Contributions by scheme participants	(11.5)	(11.4)	0.0	0.0
Remeasurement liabilities	(38.0)	(192.5)	(3.3)	(1.6)
Benefits Paid	44.4	43.0	1.1	0.8
Settlements / Curtailments	(1.0)	(0.2)	0.0	0.0
Closing Balance at 31st March	<u>(1,700.2)</u>	<u>(1,611.7)</u>	<u>(13.5)</u>	<u>(11.0)</u>

Reconciliation of the fair value of the scheme assets

	Funded Liabilities Local Government Pension Scheme		Unfunded Liabilities Discretionary Benefits	
	2017/18 £m	2016/17 £m	2017/18 £m	2016/17 £m
Opening balance at 1st April	1,158.8	933.3	0.0	0.0
Interest on Plan Assets	30.5	32.8	0.0	0.0
Remeasurement assets	61.7	183.9	0.0	0.0
Employer Contributions	43.3	40.4	1.1	0.8
Contributions by scheme participants	11.5	11.4	0.0	0.0
Settlements	0.0	0.0	0.0	0.0
Benefits Paid	(44.4)	(43.0)	(1.1)	(0.8)
Closing Balance at 31st March	<u>1,261.4</u>	<u>1,158.8</u>	<u>0.0</u>	<u>0.0</u>

The actual return on the scheme assets in the year was £92.2m (2016/17 £216.7m).

The liabilities show the underlying commitments that the County Council has in the long-run to pay for retirement benefits. The total net liability of £452.3m has a sustained impact on the net worth of the County Council.

However, statutory arrangements for funding the deficit mean that the financial position in relation to pensions remains healthy because:-

- the deficit on the local government scheme will be made good by setting appropriate contribution rates over the remaining working life of employees, as assessed by the scheme actuary; and
- finance is only required to be raised to cover the teachers' pension enhancements when the pensions are actually due to be paid.

Basis for estimating Assets and Liabilities

Liabilities have been assessed on an actuarial basis using the projected unit method, an estimate of the pensions that will be payable in future years dependent on assumptions about mortality rates, salary levels etc. The liabilities have been assessed by AON, an independent firm of actuaries and the main assumptions used in their calculations have been:-

	31st March 2018 %	31st March 2017 %
Rate of CPI inflation	2.1	2.0
Rate of increase in salaries	3.4	3.3
Rate of increase in pensions	2.1	2.0
Rate for discounting schemes liabilities	2.6	2.6
Proportion of employees opting to take a commuted lump sum (not Teachers Scheme)	50.0	50.0
	Years	Years
Post retirement mortality assumptions		
- Male future pensioner aged 65 in 20 years' time	25.1	25.0
- Female future pensioner aged 65 in 20 years' time	28.7	28.6
- Male current Pensioner aged 65	22.9	22.8
- Female current Pensioner aged 65	26.4	26.3

Changes in the Local Government Pension Scheme permit employees retiring to take an increase in their lump sum payment on retirement in exchange for a reduction in their future annual pension. On the advice of our actuaries we have assumed that 50% of employees retiring will take advantage of this change to the pension scheme. When first introduced, there was a significant "one-off" reduction in the County Council's liabilities which was reflected as a change in accounting policies as it affected all accrued liabilities. In subsequent years the impact of commutation is considerably smaller as it only relates to liabilities arising in the year and is included under Past Service Costs/Gains.

Assets in the North Yorkshire Pension Fund are valued at fair value, principally market value for investments. The County Council's share of the assets totals £1,278.2m at 31st March 2018 (£1,158.8m at 31st March 2017). The assets consist of the following categories, by proportion of the total assets held by the Fund. There are no assets in place to cover the teachers enhanced pension liability.

The overall expected rate of return on assets is based on the strategic asset allocation of the Fund as follows:-

	31st March 2018 %	31st March 2017 %
Equity investments	64.8	65.4
Government Bonds	16.5	14.2
Corporate Bonds / Other Bonds	0.0	3.1
Property	8.0	8.5
Other	10.5	8.7
Cash / Liquidity Assets	0.2	0.1
	<u>100.0</u>	<u>100.0</u>

Surplus / (Deficit) in the Scheme

	2017/18 £m	2016/17 £m	2015/16 £m	2014/15 £m	2013/14 £m
Present Value of defined benefit obligations	(1,713.7)	(1,622.7)	(1,370.2)	(1,406.6)	(1,110.4)
Fair Value of Scheme Assets	<u>1,261.4</u>	<u>1,158.8</u>	<u>933.3</u>	<u>922.5</u>	<u>792.9</u>
Deficit in the Scheme	<u>(452.3)</u>	<u>(463.9)</u>	<u>(436.9)</u>	<u>(484.1)</u>	<u>(317.5)</u>

Actuarial Gains and Losses

The actuarial gains / (losses) identified as movements on the Pensions Reserve in 2017/18 can be analysed into the following categories, measured as absolute amounts and as a percentage of assets or liabilities at 31st March 2018:-

	2017/18		2016/17		2015/16		2014/15		2013/14	
	£m	%	£m	%	£m	%	£m	%	£m	%
Experience adjustments on scheme assets	61.7	4.8	183.9	15.9	(30.3)	3.3	88.7	9.6	(1.4)	(0.2)
Experience adjustments on scheme liabilities	8.8	0.5	(129.5)	(8.0)	(16.3)	1.2	0.0	0.0	107.8	9.8
	<u>70.5</u>		<u>54.4</u>		<u>(46.6)</u>		<u>88.7</u>		<u>106.4</u>	

Further details are contained in the Statement by Consulting Actuary, copies of which are available on request from Central Services, County Hall, Northallerton, DL7 8AD.

The estimated amount of contributions expected to be paid to the Scheme during the 2018/19 financial year is £36.2m.

Teachers employed by the County Council are members of the Teachers' Pension Scheme, administered by Capita. It provides teachers with defined benefits upon their retirement, and the County Council contributes towards the costs by making contributions based upon a percentage of members' pensionable salaries. The policy of offering enhancements to the retirement benefits of

teachers ceased in 1996/97, however, the cost of enhancements awarded prior to that date will continue to be met until those pensions cease to be paid.

In 2017/18 the County Council paid £22.4m to the Teachers' Pension Agency as a contribution towards teachers' pension costs, which represents an average 16.4% of teachers' pensionable pay. The figures for 2016/17 were £24.2m and 16.4% from September 2016 (16.4% between April and August 2016).

The scheme is a defined benefit scheme. Although the scheme is unfunded, Teachers' Pensions use a notional fund as the basis for calculating the employers' contribution rate paid by local education authorities. However, it is not possible for the County Council to identify a share of the underlying liabilities in the scheme attributable to its own employees.

The County Council is unable to identify the deficit of the Teachers' Pension Scheme as Central Government suspended all actuarial valuations whilst the scheme was re-designed as part of public sector pensions reform. The primary purpose of these valuations is to set the contribution rate.

The County Council is responsible for the costs of any additional benefits awarded upon early retirement outside of the terms of the teachers' scheme. These benefits are fully accrued in the pensions liability as described above.

Assumptions for the Teachers' Pension Scheme are broadly in line with those for the Local Government Pension Scheme.

11. Audit Fees

In 2017/18 the County Council incurred the following fees relating to external audit:-

	2017/18 £000	2016/17 £000
Fees payable to the External Auditor with regard to :-		
External audit service carried out by appointed auditor	94	94
Certification of grant claims and returns	4	10
Other Services (KPMG)	(14)	3
	<u>84</u>	<u>107</u>

12. Private Finance Initiative (Service Concessions)

In April 2002 the County Council commenced payments on a Private Finance Initiative (PFI) scheme which provides for four replacement primary schools at Barby CP, Brotherton and Byram PS (both near Selby), Kirby Hill CE (near Boroughbridge) and Ripon Cathedral CE. The contract is for 25 years.

Brotherton and Byram CPS converted to academy status on 1st August 2015. As a result, the building value of the school has been removed from the County Council Balance Sheet.

Two of the schools, Kirby Hill CEPS and Ripon Cathedral CEPS, are voluntary controlled schools. On expiry of the private finance initiative in 2027 these two school buildings will transfer to the respective trustees of each of the schools. However, to reflect the substance of the transaction

and to give consistency in approach to the PFI scheme the building values for these two schools are retained on the County Council balance Sheet along with that of Barlby CPS.

The associated liability for all of the schools is shown as a finance lease within the accounts.

In March 2018, the County Council commenced payments on a Private Finance Initiative scheme in conjunction with York City Council, for a Waste treatment plant provided by Amey CESPA, AWPR Ltd. The payments made by North Yorkshire County Council represent 79% of the scheme, with 21% attributable to York City Council. The contract is for 25 years.

During the term of the contract, the provider is required to make facilities available in line with the agreement with approved variations adjusted through the payment mechanism where appropriate.

Upon expiry the facility will be handed to the County Council in good working order. The associated asset has been recognised within Property, Plant & Equipment within the accounts, along with liabilities due over the term of the contract.

Value of PFI Assets

	2017/18			2016/17		
	Schools £000	Waste £000	Total £000	Schools £000	Waste £000	Total £000
Opening Balance	4,144	0	4,144	3,223	0	3,223
Depreciation	(223)	0	(223)	(196)	0	(196)
Additions	0	206,617	206,617	0	0	0
Revaluations	810	0	810	1,117	0	1,117
Disposals	0	0	0	0	0	0
Closing Balance	<u>4,731</u>	<u>206,617</u>	<u>211,348</u>	<u>4,144</u>	<u>0</u>	<u>4,144</u>

Forming part of the above balance are the two voluntary controlled schools which have a net book value of £2,490k (£2,182k 2016/17). This represents the fair value of the County Council's interest in the remaining term of the contract; on the expiry of the PFI arrangement in 2027, the buildings of the two voluntary controlled schools revert to the trustees of the those schools.

Value of PFI Liabilities

	2017/18			2016/17		
	Schools £000	Waste £000	Total £000	Schools £000	Waste £000	Total £000
Opening Balance	4,181	0	4,181	4,453	0	4,453
Payments/Repayments	(193)	(2,318)	(2,511)	(272)	0	(272)
Additions	0	206,617	206,617	0	0	0
Closing Balance	<u>3,988</u>	<u>204,299</u>	<u>208,287</u>	<u>4,181</u>	<u>0</u>	<u>4,181</u>

Payments due to be made under PFI Contracts

	Repayment of leasing liability		Deferred Revenue		Payment of Interest		Lifecycle Costs		Provisions of Services		Total	
	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000
Within 1 year												
Schools	315		0		360		0		469		1,144	
Waste	<u>1,959</u>	2,274	<u>1,951</u>	1,951	<u>16,535</u>	16,895	<u>0</u>	0	<u>10,128</u>	10,597	<u>30,573</u>	31,717
More than 1 year												
within 2-5 years												
Schools	1,569		0		1,130		0		1,875		4,574	
Waste	<u>12,909</u>	14,478	<u>7,804</u>	7,804	<u>63,233</u>	64,363	<u>500</u>	500	<u>41,112</u>	42,987	<u>125,558</u>	130,132
within 6-10 years												
Schools	2,104		0		491		111		1,869		4,575	
Waste	<u>17,399</u>	19,503	<u>9,755</u>	9,755	<u>70,879</u>	71,370	<u>8,546</u>	8,657	<u>60,006</u>	61,875	<u>166,585</u>	171,160
within 11-15 years												
Schools	0		0		0		0		0		0	
Waste	<u>20,544</u>	20,544	<u>9,755</u>	9,755	<u>61,239</u>	61,239	<u>20,144</u>	20,144	<u>68,452</u>	68,452	<u>180,134</u>	180,134
within 16-20 years												
Schools	0		0		0		0		0		0	
Waste	<u>47,579</u>	47,579	<u>9,755</u>	9,755	<u>44,156</u>	44,156	<u>9,300</u>	9,300	<u>77,730</u>	77,730	<u>188,519</u>	188,519
within 21-25 years												
Schools	0		0		0		0		0		0	
Waste	<u>54,986</u>	54,986	<u>9,905</u>	9,905	<u>14,381</u>	14,381	<u>11,545</u>	11,545	<u>84,634</u>	84,634	<u>175,451</u>	175,451
Total												
Schools		3,673		0		1,621		111		3,744		9,149
Waste		<u>153,416</u>		<u>46,973</u>		<u>253,888</u>		<u>50,035</u>		<u>331,935</u>		<u>836,248</u>
		<u>157,089</u>		<u>46,973</u>		<u>255,509</u>		<u>50,146</u>		<u>335,679</u>		<u>845,397</u>

Payments due to be made under PFI Contracts - Comparative Movements in 2016/17

	Repayment of leasing liability		Deferred Revenue		Payment of Interest		Lifecycle Costs		Provisions of Services		Total	
	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000
Prior Year 2016/17												
Within 1 year												
Schools	193		0		378		111		462		1,144	
Waste	<u>0</u>	193	<u>0</u>	0	<u>0</u>	378	<u>0</u>	111	<u>0</u>	462	<u>0</u>	1,144
More than 1 year												
Schools	3,988		0		1,981		111		4,212		10,292	
Waste	<u>0</u>	3,988	<u>0</u>	0	<u>0</u>	1,981	<u>0</u>	111	<u>0</u>	4,212	<u>0</u>	10,292
	<u>4,181</u>		<u>0</u>		<u>2,359</u>		<u>222</u>		<u>4,674</u>		<u>11,436</u>	

Values given are based upon current prices with no assumed inflation in future years. A Government grant of £704k towards the overall costs of the schools PFI has also been credited in year to the Comprehensive Income and Expenditure Statement under Non-Ringfenced Government Grants. This value of this grant will remain at £704k until the end of the contract in 2027.

13. Leases

Finance Leases

Arising from conversion to IFRS the County Council has a number of arrangements that are considered to be finance leases. These leases are in relation to buildings and vehicles, the rental payments under these arrangements in the year were £169k (£169k in 2016/17).

The County Council had commitments at the 31st March 2018 to make payments under these leases in future financial years in settlement of the outstanding lease obligation together with future financing costs payable whilst the lease obligation remains outstanding.

	31st March 2018 £000	31st March 2017 £000
Within 1 year	10	9
Between 2 - 5 years	49	45
Later than 5 years	1,009	1,023
	<u>1,068</u>	<u>1,077</u>

If the County Council made the minimum lease payments instead of the payments set out in the agreements entered in to by the County Council then it would incur a further £2,485k (£2,581k in 2016/17) of finance costs over the remaining life of the lease that would fall due in the following years:

	Minimum Lease Payments 31st March 2018 £000	31st March 2017 £000
Within 1 year	105	105
Between 2 - 5 years	420	420
Later than 5 years	3,029	3,134
	<u>3,554</u>	<u>3,659</u>

The following net value of assets held under finance leases are shown on the Balance Sheet.

	£000	£000
Property	<u>1,028</u>	<u>1,044</u>

Operating Leases

The County Council utilised assets held under operating leases for Land and Buildings and Vehicles, Plant and Equipment. Payments made during the year amount to £1,013k (£1,037k in 2016/17) in respect of Land and Building leases and £2,689k for Vehicles, Plant and Equipment (£2,746k in 2016/17).

The County Council had commitments at the 31st March 2018 to make payments under operating leases in future financial years, comprising the following elements:-

	31st March 2018 £000	31st March 2017 £000
Within 1 year	3,117	3,221
Between 2 - 5 years	5,894	5,502
Later than 5 years	5,889	6,215
	<u>14,900</u>	<u>14,938</u>

The capital value of these operating leases is not shown on the Balance Sheet.

The County Council acted as lessor and sub-lessor for various properties under cancellable agreements, these primarily comprise of County Farms and highway maintenance depots operated under a service agreement with Ringway Infrastructure Service Limited.

Rental receipts for Land and Buildings received during the year amount to £448k (£540k in 2016/17).

14. Related Party Transactions

The Accounting Code of Practice requires the disclosure of all material transactions undertaken by the County Council with a related party during the year. IAS 24 Related Party disclosures was introduced to ensure that financial statements highlight any material transactions between an organisation and its related parties. These are bodies or individuals that have the potential to control or influence the County Council or to be controlled or influenced by the County Council. It should be noted that information on other related parties such as Central Government, the Pension Fund and other precepting bodies is disclosed elsewhere in the Accounts.

Members of the Council have direct control over the County Council's financial and operating policies. During 2017/18, funding of £171,133 was provided to organisations in which one member had an interest. Contracts were entered into in full compliance with the County Council's constitution. In these instances, the payments were made with proper consideration of declarations of interest. The relevant members did not take part in any discussion or decision relating to the funding. Details of all relationships are recorded in the Register of Members' Interest.

Officers have day to day control of the running of the County Council's affairs. No material related party transactions occurred with Officers in 2017/18. However, it should be noted that the Corporate Director – Strategic Resources is Treasurer to the North Yorkshire Pension Fund and the Assistant Director –Strategic Resources is Treasurer to the North York Moors National Park Authority.

Companies and Joint Ventures

The County Council has a substantial interest in the following companies:-

- | | |
|-----------------------------------|---|
| - Align Property Partners Limited | - owning 100% of the share capital |
| - Brierley Homes Limited | - owning 100% of the share capital |
| - First North Law Limited | - owning 100% of the share capital |
| - NYnet Limited | - owning 100% of the share capital |
| - SJB Recycling Limited | - owning 78% of the issued share capital |
| - Veritau Limited | - owning 50% of the share capital |
| - Yorwaste Limited | - owning 78% of the issued share capital. |

The transactions between the County Council and those companies where a material group relationship has been identified are eliminated in the Group Accounts financial statements.

There is also a group relationship with Yorkshire Purchasing Organisation (YPO) but, as there is not a significant level of control nor material expenditure, no consolidation adjustments have been undertaken within the Group Account statements on the grounds of it being a simple investment.

Align Property Partners Limited:

The total value of services provided by Align Property Partners Limited in 2017/18 to the County Council was £3,368k (£676k in 2016/17), and at 31st March 2018 the trading creditor balance was £222k (£77k in 2016/17). The County Council provided services to Align Property Partners Limited totalling £474k (£45k in 2016/17) of which £56k was outstanding as at 31st March 2018.

The County Council provided a loan facility to Align Property Partners Limited of up to £500k of which £Nil was taken up at 31st March 2018 and therefore £Nil interest was paid to the County Council in 2017/18.

Brierley Homes Limited:

The total value of services provided by Brierley Homes Limited in 2017/18 to the County Council was £Nil (£Nil in 2016/17) and at 31st March 2018 the trading creditor balance was £Nil (£Nil in 2016/17). The County Council provided services to Brierley Homes Limited totalling £148k (£Nil in 2016/17) of which £43k was outstanding as at 31st March 2018.

The County Council provided a loan facility to Brierley Homes Limited of up to £2.8m of which £327k was taken up as at 31st March 2018 and therefore £5k interest was paid to the County Council in 2017/18.

First North Law Limited:

First North Law Limited did not provide any services in 2017/18 to the County Council. The County Council provided services to First North Law Limited totalling £23k (£Nil in 2016/17) of which £22k was outstanding as at 31 March 2018.

The County Council provided a loan facility to First North Law Limited of up to £250k of which £60k was taken up as at 31st March 2018 and therefore £1k interest was paid to the County Council in 2017/18.

NYnet Limited:

The total value of services provided by NYnet Limited in 2017/18 to the County Council was £2,909k (£3,025k in 2016/17), and at 31st March 2018 the trading creditor balance was £78k (£54k in 2016/17).

The County Council provided services to NYnet Limited totalling £337k (£99k in 2016/17), of which £171k was outstanding as at 31st March 2018.

The County Council provided a loan facility to NYnet Limited of up to £10m in 2017/18 of which £372k was taken up at 31st March 2018. Interest of £18k on this loan was paid to the County Council in 2017/18. The loan balance at 31st March 2017 was £1,947k.

£8,113k due to the County Council from NYnet which relates to unspent funding is included in outstanding Debtors as at 31 March 2018.

SJB Recycling Limited:

There have been no transactions between SJB Recycling Limited and the County Council during 2017/18.

Veritau Limited:

The total value of services provided by Veritau Limited in 2017/18 to the County Council was £555k (£535k in 2016/17) and at 31st March 2018 the trading creditor balance was £Nil.

The County Council provided services to Veritau Limited totalling £12k (£10k in 2016/17) and at 31st March 2018, £4k was outstanding.

Yorwaste Limited:

The total value of services, including landfill tax provided by Yorwaste Limited in 2017/18 to the County Council was £26,349k (£24,490k in 2016/17) and as at 31st March 2018 the trading creditor balance was £6,944k (£4,782k in 2016/17).

The County Council provided services to Yorwaste Limited totalling £3,773k (£693k in 2016/17) of which £2,889k (£586k in 2016/17) was outstanding as at 31st March 2018.

The County Council provided a loan to Yorwaste Limited of £7,198k of which interest was received by the County Council of £281k in 2017/18.

Yorwaste Limited did not pay the County Council a dividend in 2017/18 (£Nil in 2016/17).

Yorkshire Purchasing Organisation (YPO):

The County Council made payments to YPO in 2017/18 totalling £18.2m (£17.7m in 2016/17).

A dividend of £583k (£612k in 2016/17) in relation to YPO's 2017 trading activities is reflected in the County Council's 2017/18 Accounts.

Other Related Party Transactions

The following material transactions, (over £1m), with other related parties arose, which are not disclosed elsewhere in the Statement of Accounts:-

Revenue and Capital contributions received towards jointly funded schemes; NHS bodies within North Yorkshire totalling £20.2m (£18.3m in 2016/17) and made payments totalling £1.2m (£1.2m 2016/17).

The County Council provided the North Yorkshire Pension Fund administrative and support services totalling £1.3m in 2017/18.

15. Pooled Funds

Under Section 75 of the Health Act 2006, the County Council has undertaken joint working arrangements with appropriate NHS bodies. Pooled funds enable the County Council to address specific local health issues.

The formation of a Pooled Fund does not create a separate legal entity. The County Council is involved in three distinct areas of pooled funds - the Intermediate Care (Whole Systems) Pooled Fund, Equipment Pooled Fund and the Better Care Pooled Fund. Where the County Council acts as the 'host', the County Council has responsibility for the financial administration of the pool. All contributions by the County Council toward pooled funds have been included within the Net Cost of Services in the Comprehensive Income and Expenditure Statement.

The Intermediate Care (Whole Systems) Pooled Fund and Equipment Pooled Fund have not been itemised below as their values do not materially impact on the overall position.

The Better Care Fund (BCF)

The BCF formally operated for the first time in 2015/16 involving the County Council, District Councils and Clinical Commissioning Groups (CCGs) that operate within the North Yorkshire Area.

The aim of the fund is to create closer integration between health and social care to improve outcomes for patients, service users and carers. The County Council is the host for the pooled fund for all areas of the County.

The Improved Better Care Fund (IBCF) was first announced in the 2015 Spending Review and is paid as a direct grant to local government, with a condition that it is pooled into the local BCF plan. The IBCF grant allocations were increased in the 2017 Spring Budget. According to the grant determination, the funding can be spent on three purposes:

- Meeting adult social care needs;
- Reducing pressures in the NHS, including supporting more people to be discharged from hospital when they are ready; and
- Ensuring that the local social care provider markets is supported.

There is no requirement to spend across all three purposes, or to spend a set proportion on each. The table below shows committed funds against planned IBCF and BCF schemes. Any unspent but committed funds at the year-end have been held as a reserve.

	CCG's	NYCC	MHCLG	NY District Councils	Total 2017/18	Total 2016/17
	£000	£000	£000	£000	£000	£000
Contributions	37,322	0	13,166	0	50,488	40,276
Expenditure						
Schemes/Additional Costs	23,644	0	0	0	23,644	23,337
Protection of Social Care	0	13,678	0	0	13,678	12,000
Disabled Facilities Grant	0	0	0	3,858	3,858	3,538
Improve BCF Schemes	0	9,308	0	0	9,308	0
Social Care Grant	0	0	0	0	0	0
Care Act	0	0	0	0	0	1,401
Total Expenditure	<u>23,644</u>	<u>22,986</u>	<u>0</u>	<u>3,858</u>	<u>50,488</u>	<u>40,276</u>

16. Disclosure of Remuneration

Regulations require the County Council to disclose the number of staff receiving payments, including taxable benefits, of more than £50k in the relevant financial year.

The number of employees who receive remuneration of over £50k are as follows. Please note that these figures include (i) teachers employed directly by a school's governing body rather than by the local authority (ii) the senior employees as identified at the end of this note:-

Band (£)	2017/18			2016/17		
	Teachers	Other	Total	Teachers	Other	Total
50,000 - 54,999	131	50	181	134	73	207
55,000 - 59,999	59	28	87	103	26	129
60,000 - 64,999	55	17	72	48	16	64
65,000 - 69,999	23	5	28	30	6	36
70,000 - 74,999	13	6	19	16	5	21
75,000 - 79,999	8	6	14	9	6	15
80,000 - 84,999	7	3	10	3	1	4
85,000 - 89,999	2	2	4	2	3	5
90,000 - 94,999	1	4	5	0	0	0
95,000 - 99,999	1	0	1	2	0	2
100,000 - 104,999	2	1	3	3	3	6
105,000 - 109,999	1	0	1	2	0	2
110,000 - 114,999	0	1	1	0	1	1
115,000 - 119,999	0	2	2	1	2	3
120,000 - 124,999	0	2	2	1	1	2
125,000 - 129,999	0	1	1	0	0	0
130,000 - 134,999	0	0	0	0	1	1
135,000 - 139,999	0	0	0	0	0	0
140,000 - 144,999	0	0	0	0	0	0
145,000 - 149,999	0	0	0	0	0	0
150,000 - 154,999	0	0	0	0	0	0
155,000 - 159,999	0	0	0	0	0	0
160,000 - 164,999	0	0	0	0	0	0
165,000 - 169,999	0	0	0	0	0	0
170,000 - 174,999	0	1	1	0	1	1
	<u>303</u>	<u>129</u>	<u>432</u>	<u>354</u>	<u>145</u>	<u>499</u>

The Regulations also require the County Council to disclose the individual remuneration details of senior employees, under the following categories:

- salary, fees and allowances;
- bonuses;
- expenses allowance;
- compensation for loss of employment;
- employer's pension contribution;
- any other emoluments.

The regulations also require that persons whose salary is in excess of £150k per annum must be identified by name and that certain senior employees whose salary is £50k or more per year but less than £150k, must be listed individually by way of job title. Unless otherwise stated, none of the senior officers received fees, bonuses or compensation for loss of employment or any other emoluments in 2017/18 or 2016/17.

Role	2017/18				2016/17				
	Salary, Fees and Allowance	Expense Allowances	Pension Contributions	Total Remuneration	Salary, Fees and Allowance	Expense Allowances	Compromise Agreements	Pension Contributions	Total Remuneration
Chief Executive (Richard Flinton)	172,463	0	26,475	198,938	170,756	0	0	24,589	195,345
* Corporate Director of Children and Young People's Services	85,163	8,697	13,073	106,933	0	0	0	0	0
* Corporate Director of Children and Young People's Services	55,247	0	8,481	63,728	130,574	0	0	18,894	149,468
Corporate Director of Health and Adult Services	125,521	0	19,269	144,790	120,527	0	0	17,356	137,883
Corporate Director of Business and Environmental Services	120,459	0	18,562	139,021	119,266	0	0	17,263	136,529
Corporate Director (Strategic Resources)	120,459	0	18,492	138,951	119,266	0	0	17,240	136,506
Director of Public Health	115,864	0	16,732	132,596	102,920	0	0	14,788	117,708
Assistant Chief Executive (Business Support)	108,658	0	16,063	124,721	103,204	115	0	14,608	117,927
Assistant Chief Executive (Legal and Democratic Services)	104,235	0	16,048	120,283	103,204	0	0	14,861	118,065
** Assistant Chief Executive (Customer Services)	11,339	0	1,889	13,228	13,730	0	0	1,732	15,462

* There was a change in post holder for Corporate Director of Children and Young People's Service in July 2017.

** This post was created in partnership with Selby District Council from 28th October 2013. The post represents 20% of the partnership costs at an annualised salary of £20,415 for NYCC. This post was vacant between 1st April 2017 and 17th September 2017.

17. Exit Packages / Termination Benefits

Details of the Exit Packages / Termination Benefits paid out to employees who were made redundant during the year are set out in the table below.

The table shows the total number of compulsory and other voluntary redundancies / departures and their total cost. This is broken down into incremental bands of £20k up to £100k and bands of £50k thereafter. The total costs shown include payments made to the employees plus payments made to the relevant pension funds to compensate for “strain on the fund” costs resulting from the employees exit and resulting pension entitlements.

The table covers all employees of the County Council, including school teachers employed directly by the school’s governing body rather than by the Local Authority.

Exit Package Cost Band (£)	Number of Compulsory Redundancies		Number of other Departures Agreed		Total Number of Exit Packages by Cost Band		Total Cost of Exit Packages in each Band	
	2017/18	2016/17	2017/18	2016/17	2017/18	2016/17	2017/18	2016/17
							£000	£000
1-19,999	25	34	65	187	90	221	562	1,421
20,000-39,999	0	4	12	25	12	29	315	742
40,000-59,999	0	1	5	3	5	4	232	189
60,000-79,999	1	0	0	0	1	0	61	0
80,000-99,999	1	0	0	0	1	0	96	0
	<u>27</u>	<u>39</u>	<u>82</u>	<u>215</u>	<u>109</u>	<u>254</u>	<u>1,266</u>	<u>2,352</u>

18. Movement in Property, Plant and Equipment

Movements on Property, Plant and Equipment during the year 2017/18.

	Land and Building £000	Vehicles, Plant and Equipment £000	Infrastructure £000	Surplus Assets £000	Assets Under Construction £000	Total £000
Cost or Valuation						
As at 1st April 2017	890,297	108,327	791,539	5,035	0	1,795,198
Additions	220,100	2,284	55,329	1	0	277,714
Disposals	(82,050)	(274)	(7,950)	0	0	(90,274)
Transfers	(500)	0	0	500	0	0
Revaluations / (Impairments)						
Recognised in the Revaluation Reserve	82,603	0	0	(1,167)	0	81,436
Recognised in Provision of Services	(29,229)	0	0	(150)	0	(29,379)
As at 31st March 2018	1,081,221	110,337	838,918	4,219	0	2,034,695
Depreciation and Impairments						
As at 1st April 2017	(26,246)	(99,331)	(173,661)	(163)	0	(299,401)
Charge for the Year	(24,967)	(3,413)	(22,009)	(27)	0	(50,416)
Disposals	0	0	7,950	0	0	7,950
Transfers	31	0	0	(31)	0	0
Revaluations / (Impairments)						
Recognised in the Revaluation Reserve	529	0	0	0	0	529
Recognised in Provision of Services	24,614	0	0	150	0	24,764
As at 31st March 2018	(26,039)	(102,744)	(187,720)	(71)	0	(316,574)
Balance Sheet Net Amount as at 31st March 2018	1,055,182	7,593	651,198	4,148	0	1,718,121
Balance Sheet Net Amount as at 31st March 2017	864,051	8,996	617,878	4,872	0	1,495,797

Comparative Movements in 2016/17.

	Land and Building £000	Vehicles, Plant and Equipment £000	Infrastructure £000	Surplus Assets £000	Assets Under Construction £000	Total £000
Cost or Valuation						
As at 1st April 2016	940,776	106,032	737,984	6,358	3,890	1,795,040
Additions	10,585	2,295	63,339	0	0	76,219
Disposals	(62,265)	0	(9,784)	(3,567)	0	(75,616)
Transfers	3,054	0	0	836	(3,890)	0
Revaluations / (Impairments)						
Recognised in the Revaluation Reserve	42,662	0	0	1,603	0	44,265
Recognised in Provision of Services	(44,515)	0	0	(195)	0	(44,710)
As at 31st March 2017	890,297	108,327	791,539	5,035	0	1,795,198
Depreciation and Impairments						
As at 1st April 2016	(29,063)	(95,263)	(162,820)	(195)	0	(287,341)
Charge for the Year	(25,467)	(4,068)	(20,625)	(142)	0	(50,302)
Disposals	1,352	0	9,784	0	0	11,136
Transfers	21	0	0	(21)	0	0
Revaluations / (Impairments)						
Recognised in the Revaluation Reserve	2,263	0	0	0	0	2,263
Recognised in Provision of Services	24,648	0	0	195	0	24,843
As at 31st March 2017	(26,246)	(99,331)	(173,661)	(163)	0	(299,401)
Balance Sheet Net Amount as at 31st March 2017	864,051	8,996	617,878	4,872	0	1,495,797
Balance Sheet Net Amount as at 31st March 2016	911,713	10,769	575,164	6,163	3,890	1,507,699

During 2017/18 the County Council recognised impairment losses of £16.3m in relation to its land and buildings and surplus assets. Impairment losses were recognised within the Comprehensive Income and Expenditure Statement under the following sections.

	2017/18 £000	2016/17 £000
Impairment losses recognised within the (Surplus) / Deficit on Provision of Services	3,255	17,523
Impairment losses recognised in Other Comprehensive Income and Expenditure and taken to the Revaluation Reserve	13,004	10,241
	<u>16,259</u>	<u>27,764</u>

19. Valuation of Non-Current Assets

The County Council carries out a rolling programme that ensures that all Non-Current Assets are required to be measured at Fair Value revalued at least every five years.

Valuations of Land and Buildings were carried out on 1st April 2017 by Align Property Partners Limited, in accordance with the methodologies and bases for estimation set out in the professional standards of the Royal Institution of Chartered Surveyors.

Adult Social Care buildings, Libraries and Registrars Offices were revalued in 2017/18 in accordance with the five year rolling programme. Furthermore, those properties not considered as part of the rolling programme in 2017/18 were subject to a desktop review by Align Property Partners Limited:-

	Land and Buildings £000	Plant and Equipment £000	Infrastructure Assets £000	Surplus Assets £000	Total £000
Valued at Historic Cost	0	7,593	651,198	0	658,791
Valued at current value in :-					
2017/18	67,652	0	0	4,148	71,800
2016/17	316,873	0	0	0	316,873
2015/16	366,855	0	0	0	366,855
2014/15	227,196	0	0	0	227,196
2013/14	76,606	0	0	0	76,606
Total Tangible Fixed Assets	<u>1,055,182</u>	<u>7,593</u>	<u>651,198</u>	<u>4,148</u>	<u>1,718,121</u>

20. Disposal of Property, Plant and Equipment

29 Schools gained Academy status during 2017/18. As a consequence the Land and Building assets of £81.1m relating to the schools was transferred to the relevant Academy Trusts and have now been removed from the County Council's Balance Sheet.

In addition, the Local Authority Accounting Code of Practice requires a 'transfer of assets for no consideration' or 'loss on disposal of fixed assets' charge to be included in the Comprehensive Income and Expenditure Statement.

This exceptional £81.1m loss is purely notional and does not impact on the County Council's General Working Balance or Council Tax levy.

Other disposals in the year resulted in a net profit of £0.2m.

21. Major Areas of Capital Spending

Major areas of capital spending, over £2m during 2017/18 were:-

	Actual £000
Structural Maintenance of Roads & Bridges	50,364
Basic Need Grant Funded Schemes	12,769
Local Growth Deal	10,838
School Condition Schemes - Modernisation	6,214
Capital Maintenance Programme	4,974
Loans to Limited Companies etc.	3,885
New and Replacement Road Lighting	2,826
Self Help Schemes	2,698
Devolved Formula Capital Grant	2,558
	<hr/> 97,124
All spending in areas below £2m	8,389
Total Capital Spending in 2017/18	<hr/> 105,513

Committed Capital Expenditure

The County Council has an approved Capital Plan for 2018/19 of £117.3m. Of this £93.1m is committed expenditure as at 1st April 2018. It should be noted, however, that this figure includes a significant element (£46.6m) relating to a number of general provisions and other schemes where legal contracts had not been exchanged by 31st March 2018.

The remaining £46.5m consisted of the following:-

	Actual £000
Basic Need Schemes	17,488
Modernisation Schemes	17,218
Waste Procurement Project	3,600
Portable Classroom Unit Replacements	2,762
Extra Care Schemes	1,000
New Ways of Working	945
Waste Management Service	786
Super Fast Broadband Scheme	686
School Reorganisation	630
Kex Gill Realignment	486
Children's Centres and Early Years	417
ICT Infrastructure (FCS)	312
Other Schemes	141
	<hr/> 46,471

22. Capital Expenditure, Capital Financing and the Capital Financing Requirement

The total amount of capital expenditure incurred in the year is shown in the next table (including the value of assets acquired under Finance leases and PFI contracts), together with the resources that have been used to finance it. Where capital expenditure is to be financed in future years by charges to revenue as assets are used by the County Council, the expenditure results in an increase in the Capital Financing Requirement (CFR), a measure of the capital expenditure incurred historically by the County Council that has yet to be financed from Revenue. The CFR is analysed in the second part of this note.

(a) Capital Expenditure and its financing

	2017/18 £000	2016/17 £000
Capital Investment		
Property, Plant and Equipment and Loans	88,950	86,960
Investment Properties	0	0
Intangible Assets	40	190
Revenue Expenditure Funded from Capital under Statute	<u>16,522</u>	<u>18,657</u>
	<u>105,512</u>	<u>105,807</u>
Sources of Finance		
Capital receipts	2,030	7,356
Government grants and other contributions	91,016	93,430
Direct Revenue Contributions	8,880	11,332
Increase in underlying need to borrow		
- supported by Government financial assistance	0	0
- unsupported by Government financial assistance	<u>3,586</u>	<u>(6,311)</u>
	<u>105,512</u>	<u>105,807</u>

The difference between the £105.5m capital investment above and the £277.7m additions in note 18 relates to expenditure of £16.5m on Revenue Expenditure Funded from Capital Under Statute, £13.1m of capital expenditure which resulted in no value being added to the County Council's asset base, £4.8m on loans to Limited companies, less £206.6m for the addition of Allerton Waste Recovery Park PPI Scheme.

(b) Capital Financing Requirement (CFR)

	2017/18		2016/17	
	£000	£000	£000	£000
Opening Capital Financing requirement		327,240		352,629
Movement in year				
Increase in underlying need to borrow MRP		3,586		(6,311)
- capital spending funded by borrowing	(22,646)		(18,798)	
- PFI contracts	(2,511)		(272)	
- Finance leases	(9)	(25,166)	(8)	(19,078)
Assets acquired under PFI contracts		206,617		0
Assets acquired under Finance leases		0		0
Closing Capital Financing Requirement		<u>512,277</u>		<u>327,240</u>
Decrease in Capital Financing Requirement		<u>(185,037)</u>		<u>25,389</u>
Closing CFR consists of				
Capital spending funded by borrowing		302,922		321,982
PFI contracts		208,287		4,181
Finance leases		1,068		1,077
CFR at 31st March		<u>512,277</u>		<u>327,240</u>

23. Long Term Creditors

	31st March 2018		31st March 2017	
	£000	£000	£000	£000
Government Entities				
Central Government Bodies	114		0	
Other Local Authorities	0		7	
NHS Bodies	0	114	0	7
General Creditors		2,608		2,885
(including Public Corporations and Trading Funds)				
Income in Advance		141		112
Total Long Term Creditors		<u>2,863</u>		<u>3,004</u>

24. Intangible Assets

An intangible item may meet the definition of an asset when “access to the future economic benefits” is controlled by an authority through custody or legal protection. Examples of this type of expenditure within the County Council's Capital Plan include:-

- Health and Adult Services partnership schemes where the County Council holds nomination rights to services;
- other Health and Adult Services schemes where the County Council receives an on-going benefit through improved service; and
- ICT schemes providing infrastructure services and on-going benefit to the County Council.

Details of Intangible Assets in 2017/18 are as follows:-

	31st March 2018 £000	Charge to Revenue 2017/18 £000	Capitalised 2017/18 £000	31st March 2017 £000
Extra Care and Older Peoples Resources	5,073	(343)	0	5,416
Other	<u>2,349</u>	<u>(890)</u>	<u>39</u>	<u>3,200</u>
	<u>7,422</u>	<u>(1,233)</u>	<u>39</u>	<u>8,616</u>

The movement on Intangible Asset balances during the year is as follows:-

	2017/18 £000	2016/17 £000
Balance at start of year		
Gross carrying amount	21,670	21,479
Accumulated amortisation	<u>(13,054)</u>	<u>(11,716)</u>
	8,616	9,763
Additions	39	190
Amortisation	<u>(1,233)</u>	<u>(1,337)</u>
Balance at end of year	<u>7,422</u>	<u>8,616</u>
Comprising		
Gross carrying amount	21,709	21,669
Accumulated amortisation	<u>(14,287)</u>	<u>(13,053)</u>
	<u>7,422</u>	<u>8,616</u>

25. Investment Property

The County Council has determined that County Farm properties are classified as investment properties. The following table summarises the movement in the fair value of these properties over the year.

	2017/18 £000	2016/17 £000
Balance at start of year	35,722	34,731
Additions (subsequent expenditure)	0	0
Disposals	(623)	0
Net gain from revaluations	<u>1,360</u>	<u>991</u>
Balance at end of year	<u>36,459</u>	<u>35,722</u>

The County Council has no restriction on its ability to realise the value inherent in its investment property or its right to the remittance of income and the proceeds from disposal.

The following items of income and expenditure have been accounted for within the Financing and Investment Income section of the Comprehensive Income and Expenditure Statement, under Investment properties:-

	2017/18 £000	2016/17 £000
Rental Income from Investment Property	(256)	(155)
Direct operating expenses	163	151
Profit on disposal	0	0
Net gain from revaluation	<u>(1,360)</u>	<u>(991)</u>
Total transactions relating to Investment Property	<u>(1,453)</u>	<u>(995)</u>

The County Council has certain contractual obligations in relation to repairing and maintaining these investment properties.

26. Heritage Assets

The County Council does not currently have any Heritage Assets held within the Balance Sheet.

Heritage Assets are non-current assets that are intended to be preserved in trust for future generations because of their historical, artistic, scientific, technological, geophysical or environmental qualities. They are held and maintained principally for their contribution to knowledge and culture.

Heritage Assets are measured at valuation and the asset should be recognised on the Balance Sheet when identified.

An annual review is undertaken across the County Council to identify any Heritage Assets.

The County Council's Records Office hold a large number of archive collections, which are owned by the County Council, which would meet the definition of Heritage Assets and should be classified as such.

A valuation of the items held by the Records Office has never been established and any valuation exercise would be costly and resource intensive. As a result, it was concluded that the cost of obtaining a full valuation of these assets would involve a disproportionate cost in comparison to the benefits to the users of the financial statements. The assets held by the records office are not, therefore, recognised in the Balance Sheet, but included in the accounts as a disclosure.

27. Current Assets Held for Sale

Assets held for Sale are those properties that are currently marketed and it is anticipated will be sold within 12 months of the reporting period.

	2017/18 £000	2016/17 £000
Balance at start of year	170	170
Reclassification as held for sale	0	0
Net (loss) from revaluations	0	0
Disposals	<u>0</u>	<u>0</u>
Balance at end of year	<u>170</u>	<u>170</u>

28. Cash and Cash Equivalents

Cash and Cash Equivalents represents balances held within bank current accounts and short term investments that are of a highly liquid nature and the balance is made up of the following elements:-

	31st March 2018 £000	31st March 2017 £000
Bank current accounts and cash held by the County Council	13,188	21,282
Short term / call deposits	<u>36,679</u>	<u>27,978</u>
Total Cash and Cash Equivalents	<u>49,867</u>	<u>49,260</u>

29. Long Term Investments

The County Council holds long term investments in local authority owned companies as follows:-

	Shareholding		Dividends
	%	£	£
Align Property Partners Limited	100.00	500,000	0
Brierley Homes Limited	100.00	100	0
First North Law Limited	100.00	100	0
NYnet Limited	100.00	0	0
SJB Recycling Limited	77.30	0	0
Veritau Limited	50.00	0	0
Yorwaste Limited	77.30	3,517,524	0

These companies' Profit and Loss Accounts are not included as part of the Comprehensive Income and Expenditure Statement shown on page 34. However, any dividend income received is included as part of the County Council's income for 2017/18. Similarly, these companies' Assets and Liabilities are not included in the County Council's Balance Sheet on pages 40 to 41.

The County Council has determined, however, that it has a group relationship with these two companies and they have therefore been incorporated into its Group Accounts on pages 101 to 118

Brief details of these Companies are as follows:-

Name :- NYnet Limited
Business :- The provision of broadband infrastructure in North Yorkshire

Name :- Yorwaste Limited
Business :- The management, transport and disposal of waste

	NYnet Limited		Yorwaste Limited	
	31st March	31st March	31st March	31st March
	2018	2017	2018	2017
	£000	£000	£000	£000
Net Assets / (Liabilities)	(7,286)	(7,739)	9,538	9,729
Loans from NYCC	372	1,947	7,198	3,700
Dividend Payable	0	0	0	0
Profit / (Loss) for the year :-				
Before Tax and Dividends	453	290	1,063	856
After Tax and Dividend	453	290	787	582

Copies of these companies' Draft Accounts are held by Central Services, County Hall, Northallerton, North Yorkshire, DL7 8AD.

In addition, under its Treasury Management Strategy, the County Council has made one investment for greater than one year which falls into the category of long term investments. This investment is as follows:-

	31st March	31st March
	2018	2017
	£000	£000
Northumberland County Council	0	5,000
Birmingham City Council	5,000	0
Eastbourne Borough Council	5,000	0
	<u>10,000</u>	<u>5,000</u>
Yorwaste Limited	3,518	3,518
Align Property Partners Limited	500	500
Total Long Term Investments	<u>14,018</u>	<u>9,018</u>

30. Long Term Debtors

	31st March	31st March
	2018	2017
	£000	£000
Car Loans	0	0
Loans to Subsidiary Companies	7,957	5,647
Loans to Growing Places Schemes	5,112	4,147
Long Term Payments in Advance	273	137
Long Term Debtors	<u>7,600</u>	<u>6,122</u>
	20,942	16,053
Less: Bad Debts Provision	0	0
	<u>20,942</u>	<u>16,053</u>

Loan balances are increased by any new loans and reduced as a loan is repaid.

31. Short Term Debtors

	31st March 2018		31st March 2017	
	£000	£000	£000	£000
Government Entities				
Central Government Bodies	10,194		9,611	
Other Local Authorities	16,288		14,829	
NHS Bodies	<u>10,244</u>	36,726	<u>9,928</u>	34,368
General Debtors		51,782		43,326
(including Public Corporations and Trading Funds)				
Payments in Advance		<u>28,004</u>		<u>9,591</u>
		116,512		87,285
Less: Bad Debts Provision		<u>(10,831)</u>		<u>(9,904)</u>
Total Short Term Debtors		<u>105,681</u>		<u>77,381</u>

32. Short Term Creditors

	31st March 2018		31st March 2017	
	£000	£000	£000	£000
Government Entities				
Central Government Bodies	11,171		11,889	
Other Local Authorities	6,299		10,568	
NHS Bodies	<u>1,075</u>	18,545	<u>2,962</u>	25,419
General Creditors		54,370		53,509
(including Public Corporations and Trading Funds)				
Income in Advance		<u>10,282</u>		<u>11,305</u>
Total Short Term Creditors		<u>83,197</u>		<u>90,233</u>

33. Provisions

	Changes during the year				To be used			
	Balance as at	Provision	Provision	Provision	Balance as at	Within 1	In excess	Total
	31st March 2017	Made	Used	Written	31st March 2018	year	of 1 year	
	£000	£000	£000	Down	£000	£000	£000	
				£000				£000
Insurance	6,673	2,220	(1,137)	0	7,756	2,585	5,171	7,756
Payments	3,085	2,325	(1,270)	0	4,140	0	4,140	4,140
Other	711	0	(311)	0	400	219	181	400
	10,469	4,545	(2,718)	0	12,296	2,804	9,492	12,296

	Changes during the year				To be used			
	Balance as at 31st March 2016	Provision Made	Provision Used	Provision Written Down	Balance as at 31st March 2017	Within 1 year	In excess of 1 year	Total
	£000	£000	£000	£000	£000	£000	£000	£000
Insurance	4,484	3,610	(1,421)	0	6,673	2,224	4,449	6,673
Payments	2,140	1,520	(575)	0	3,085	0	3,085	3,085
Other	1,122	0	(411)	0	711	375	336	711
	7,746	5,130	(2,407)	0	10,469	2,599	7,870	10,469

Highways Advance Payments

Where building work is undertaken which fronts onto a private street, a deposit under the Advance Payment Code is required from developers in respect of the cost of necessary street works. A provision is maintained in the Accounts representing deposits held where the liability of the developer has not yet been discharged.

Insurance (Claims & Liability)

Self-funding arrangements for employer's, public liability and motor claims have been established and an insurance provision has been created for this purpose. The County Council is unable to accurately determine when the longer term (to be used in excess on one year) provision will be utilised.

Municipal Mutual Insurance (MMI) was the predominant insurer of public sector bodies, including the County Council, until it stopped underwriting operations in 1992. The 1993 implementation of a 'scheme of arrangement' means that these public bodies have an exposure to MMI. Due mainly to subsequent much higher than expected levels of industrial disease type claims, MMI's deteriorating solvency position led to insolvent liquidation. As a result the County Council was liable for an initial 15% levy of claims paid since 1993, which was settled in 2013/14. In addition the County Council is liable to pay a 15% contribution towards all future liability claim payments and thus a residual provision is required which is based on an external review of the historical claims experience.

34. Usable Reserves

Supplementary to the Movement in Reserve Statement the following tables identify detail of the adjustments between the accounting basis and funding basis under regulations by reserve. The reserves are grouped by usable reserves and unusable reserves.

(a) General Working Balance

	2017/18 £000	2016/17 £000
General Working Balance at Start of Period	(27,270)	(27,270)
Comprehensive Income and Expenditure charged to the General Balance	65,259	43,361
Adjustments between accounting basis and funding basis under regulations		
Reversal of items debited or credited to the Comprehensive Income and Expenditure Statement		
Capital Adjustment Account		
Amortisation of Intangible Assets	(1,234)	(1,337)
Charges for depreciation and impairment of non current assets	(50,416)	(50,302)
Revaluation losses on Property, Plant and Equipment	(4,615)	(17,523)
Impairment from Non Enhancing Capital Expenditure	(13,004)	(10,241)
Movements in the value of Investment Properties	1,360	0
Capital Grants and Contributions	79,931	101,756
Revenue Expenditure Funded from Capital under Statute	(16,522)	(18,657)
Carrying Value of non current assets written off on disposal	(82,947)	(65,832)
Pension Reserve		
Reversal of items relating to retirement benefits debited or credited to the Comprehensive Income and Expenditure Statement	(53,164)	(58,109)
Collection Fund Adjustment		
Amount by which council tax income credited to the Comprehensive Income and Expenditure Statement is different from council tax income calculated for the year in accordance with statutory requirements	(2,134)	939
Accumulating Short Term Compensated Absences Account		
Amount by which staff remuneration charged to the Comprehensive Income and Expenditure Statement on an accrual basis is different from that chargeable in the year in accordance with statutory requirements	319	(1,818)
Inclusion of items not debited or credited to the Comprehensive Income and Expenditure Statement		
Capital Adjustment Account		
Statutory Provision for the financing of capital investment	25,166	19,079
Capital Expenditure charged against the General Working Balance	8,880	11,332
Transfer of sale proceeds credited as part of the gain / loss on disposal to the Comprehensive Income and Expenditure Statement	2,030	7,356
Pension Reserve		
Employer pension contributions payable in the year	44,420	41,205
Capital Receipts Reserve	0	1,618
Total of adjustments between accounting basis and funding basis under regulations	(61,930)	(40,534)
Transfers from Earmarked Reserves	(3,329)	(2,827)
General Working Balance at Period End	(27,270)	(27,270)

(b) Earmarked Reserves

	Balance 31st March 2018 £000's	Movement in year 2017/18 £000's	Balance 31st March 2017 £000's	Movement in year 2016/17 £000's	Balance 31st March 2016 £000's
Earmarked for Schools					
Local Management of Schools	18,293	(6,217)	24,510	(9,367)	33,877
Schools Block / DSG	1,320	(5,114)	6,434	(4,416)	10,850
	<u>19,613</u>	<u>(11,331)</u>	<u>30,944</u>	<u>(13,783)</u>	<u>44,727</u>
Retained for Specific Initiatives					
Strategic Resources	48,716	2,499	46,217	10,200	36,017
Highways Maintenance	6,202	(640)	6,842	(3,263)	10,105
Investments	0	(10,000)	10,000	0	10,000
Insurance	5,356	(417)	5,773	(1,789)	7,562
T&C Strategy and Infrastructure	4,241	(547)	4,788	(1,170)	5,958
Superfast Broadband	13,309	1,846	11,463	6,823	4,640
Pending Issues Provision	0	0	0	(4,319)	4,319
Redundancy	2,110	(224)	2,334	(1,703)	4,037
Extra Care	6,762	(1)	6,763	3,363	3,400
Bedale, Aiskew and Leeming Bar Bypass	989	(530)	1,519	(1,444)	2,963
Stronger Communities	2,466	(244)	2,710	(198)	2,908
Health and Social Care Transfer Monies	2,723	1,398	1,325	(1,054)	2,379
NY2020 Programme Support	2,148	(1,045)	3,193	1,031	2,162
Equalisation (CTax & BR)	4,247	1,813	2,434	2,434	0
2020 Property Projects	2,860	(1,509)	4,369	4,369	0
Kex Gill	4,950	4,950	0	0	0
Other Individual Reserves <£2m	18,206	6,191	12,015	(2,753)	14,768
	<u>125,285</u>	<u>3,540</u>	<u>121,745</u>	<u>10,527</u>	<u>111,218</u>
Reserves of Trading and Service Units Smart Solutions					
Trading Reserves	5,303	736	4,567	1,116	3,451
Insurances	4,006	555	3,451	258	3,193
	<u>9,309</u>	<u>1,291</u>	<u>8,018</u>	<u>1,374</u>	<u>6,644</u>
Revenue Grants and Contributions Reserve					
Public Health	6,032	(1,777)	7,809	(1,573)	9,382
CYPS Miscellaneous Grants	9,689	(286)	9,975	2,517	7,458
Civil Parking Enforcement	3,517	(328)	3,845	(989)	4,834
Improved Better Care Fund	5,589	5,589	0	0	0
Care Act	4,383	0	4,383	891	3,492
Other Individual Reserves <£2m	2,970	(27)	2,997	(1,791)	4,788
	<u>32,180</u>	<u>3,171</u>	<u>29,009</u>	<u>(945)</u>	<u>29,954</u>
Total Earmarked Reserves	<u>186,387</u>	<u>(3,329)</u>	<u>189,716</u>	<u>(2,827)</u>	<u>192,543</u>

(c) Capital Receipts Unapplied Reserve

The Capital Receipts Unapplied Reserve records balances of monies received from capital disposals that can be retained for qualifying capital purposes, expenditure of a capital nature or repayment of long term loans.

	31st March 2018 £000	31st March 2017 £000
Opening Balance	1,618	0
Transfer of sale proceeds credited as part of the gains/loss on disposal to the Comprehensive Income and Expenditure Statement	2,030	8,974
Use of the Capital Receipts Unapplied Reserve to finance new expenditure	<u>(2,030)</u>	<u>(7,356)</u>
Closing Balance	<u>1,618</u>	<u>1,618</u>

(d) Capital Grants Unapplied Reserve

The Capital Grants Unapplied Reserve is required under IFRS and IAS 20 Accounting for Government Grants. The reserve holds the balances of capital grants received where the conditions of use have been met but the actual expenditure has not been incurred. This reserve is classified as a usable reserve as the balances held within this account can be utilised to fund future expenditure of a capital nature.

	2017/18 £000	2016/17 £000
Opening Balance	35,630	27,304
Adjustments between accounting basis and funding basis under regulation		
Capital Grants and Contributions Unapplied credited to the Comprehensive Income and Expenditure Statement	79,931	106,089
Application of Capital Grants and Contributions within the period and adjusted through the Capital Adjustment Account	<u>(91,016)</u>	<u>(97,763)</u>
Closing Balance	<u>24,545</u>	<u>35,630</u>

35. Unusable Reserves

(a) Revaluation Reserve

The Revaluation Reserve records the unrealised gains from the revaluation of Property, Plant and Equipment.

	2017/18 £000	2016/17 £000
Opening Balance	280,141	260,831
Asset Revaluation within Other Comprehensive Income and Expenditure Statement including Addition of assets	81,964	46,526
Adjustment between current value depreciation and historic cost depreciation	<u>(7,998)</u>	<u>(6,883)</u>
Write out of revaluation on disposal; Property, Plant and Equipment	<u>(19,811)</u>	<u>(20,333)</u>
Closing Balance	<u>334,296</u>	<u>280,141</u>

The revaluation reserve is built up from individual balances for each asset within the Property, Plant and Equipment categories of assets. No individual asset will have a negative revaluation balance even if the overall reserve is in surplus.

The Reserve contains only revaluation gains accumulated since 1st April 2007, the date that the reserve was created; prior to this date the Capital Adjustment Account was used to record revaluation gains.

Revaluations arising on investment properties are (under IFRS) charged to the Surplus or Deficit on Provision of Services section of the Comprehensive Income and Expenditure Statement as and when they arise. Revaluation values for investment properties are therefore not held within the revaluation reserve.

(b) Collection Fund Adjustment Account

The Collection Fund Adjustment Account represents an Unusable Reserve in the Balance Sheet. The County Council must show the accrued value of Council Tax and Non- Domestic Rates Income relating to the County Council as at 31st March 2018 rather than the actual Council Tax and Non-Domestic Rates paid over by Billing Authorities to the County Council during the Financial Year.

In addition, the County Council is required to show in its Balance Sheet provisions for the following:-

- Debtors for the County Council's share of Council Tax and Non-Domestic Rates arrears at 31st March 2018;
- Provision for bad debts of Debtors in relation to Council Tax and Non- Domestic Rates arrears as at 31st March 2018;
- Income in advance from Council Tax and Non-Domestic Rates payers who have paid their bills early as at 31st March 2018; and
- Creditor provision where the billing authorities have under-collected Council Tax and Non-Domestic Rates Income in-year compared to the value of Council Tax precepts and Non-Domestic Rates actually paid over to the County Council in 2017/18.

The Collection Fund Adjustment Account represents an adjustment between the Council Tax and Non-Domestic Rates collected and paid over to the County Council by billing authorities in 2017/18, and the County Council's accrued actual share of Billing Authority Collection Fund Balances in 2017/18. The Collection Fund Adjustment Account also represents the County Council's actual net share of surplus or deficit in all the billing authorities collection funds combined at the end of 2016/17 and 2017/18 and can be calculated as follows:-

	31st March 2018 £000	31st March 2017 £000
Council Tax		
Debtors	11,445	10,320
Provision for Doubtful Debts	(5,741)	(5,069)
Creditors for Pre-payments and Over-payments	(4,947)	(4,875)
Net Debtors to the Billing Authority	1,460	4,193
Net Creditors to the Billing Authority	0	0
	<u>2,217</u>	<u>4,569</u>
Non-Domestic Rates		
Debtors	610	542
Provision for Doubtful Debts	(292)	(261)
Provision for Appeals	(1,835)	(1,486)
Creditors for Pre-payments and Over-payments	(322)	(418)
Net Debtors / (Creditors) to the Billing Authority	3,102	2,668
	<u>1,263</u>	<u>1,045</u>
Collection Fund surplus	<u>3,480</u>	<u>5,614</u>
Movement in Year		
Council Tax	(2,352)	(1,012)
Non-Domestic Rates	218	1,951
	<u>(2,134)</u>	<u>939</u>

(c) Accumulated Absences Account

The Accumulated Absences Account is used to accrue for short term compensated absences such as holiday pay earned but not taken. This accrual is under statutory provision and does not represent a charge to the General Working Balance; this reserve holds the balance of the accrual within the unusable reserves section of the Balance Sheet.

	2017/18 £000	2016/17 £000
Balance Brought Forward	(9,424)	(7,606)
Movement in Year	319	(1,818)
Closing Balance	<u>(9,105)</u>	<u>(9,424)</u>

(d) Pension Reserve

The Pension Reserve absorbs the timing differences arising from the different arrangements for accounting for post-employment benefits and for funding benefits in accordance with statutory provisions. The County Council accounts for post-employment benefits in the Comprehensive Income and Expenditure Statement as the benefits are earned by employees; however, statutory arrangements require benefits earned to be financed as the County Council makes contributions to the pension fund.

The debit balance on the Pensions Reserve therefore shows a substantial shortfall in the benefits earned by past and current employees and the resources the County Council has set aside to meet them.

	2017/18 £000	2016/17 £000
Opening Balance	(463,951)	(436,923)
Remeasurements of the Net Defined Benefit Liability (Actuarial gains / (losses) on pension assets/liabilities)	20,394	(10,124)
Reversal of items relating to retirement benefits debited or credited to the Comprehensive Income and Expenditure Statement	(53,164)	(58,109)
Employers pension contributions payable in year	44,420	41,205
Closing Balance	<u>(452,301)</u>	<u>(463,951)</u>

(e) Capital Adjustment Account

The Capital Adjustment Account records the historic cost of acquiring, creating or enhancing Fixed Assets, (including depreciation and impairment), over the life of those assets as well as the resources set aside to finance them.

	2017/18 £000	2016/17 £000
Opening Balance	946,736	959,182
Adjustments between accounting basis and funding basis under regulations		
Amortisation of Intangible Assets	(1,234)	(1,337)
Charges for depreciation and impairment of non current assets	(50,416)	(50,302)
Revaluation losses on Property, Plant and Equipment	(4,615)	(18,514)
Impairment from Non Enhancing Capital Expenditure	(13,004)	(10,241)
Movements in the value of Investment Properties	1,360	991
Capital Grants and Contributions	91,016	93,430
Revenue Expenditure Funded from Capital under Statute	(16,522)	(18,657)
Carrying Value of non current assets written off on disposal	(82,947)	(65,832)
Statutory Provision for the financing of capital investment	25,166	19,079
Capital Expenditure charged against the General Working Balance	8,880	11,332
Transfer of sale proceeds credited as part of the gain / loss on disposal to the Comprehensive Income and Expenditure Statement	2,030	7,356
Re-payment of long term loans	(1,575)	(6,967)
Other Reserve Movements		
Adjustment between current value depreciation and historic cost depreciation	7,998	6,883
Write out of revaluation on disposal; Property, Plant and Equipment	19,811	20,333
Closing Balance	<u>932,684</u>	<u>946,736</u>

36. Material Contingent Liabilities

The County Council has identified areas where a present or past obligation has resulted in the possibility of a future liability being incurred.

Due to a number of factors, amounts cannot yet be fully determined and disclosed. In line with accounting guidance (IAS 37) no adjustments have been made within the Balance Sheet for these liabilities.

- Deprivation of Liberty Safeguards

A court Judgment around the definition of what constitutes a Deprivation of Liberty requires reviews of a significant number of care plans of existing clients involving the use of specialist staff and externally purchased expertise at significant cost. The Local Authority is the Supervisory body for authorising a deprivation of liberty in a residential setting and for hospitals and is experiencing a significant increase in the number of referrals seeking authorisation. With regard to those living in supported living accommodation and deprived of their liberty, this can only be authorised by the Court of Protection.

The Judgment also impacts upon the numbers who are likely to be detained under the Mental Health Act 1983 (MHA) which may trigger an increase in the number of individuals requiring aftercare services upon discharge in accordance with section 117 MHA. The Local Authority cannot charge for aftercare services provided in accordance with section 117 MHA and therefore will see a potential impact on income levels and may also find that there is an increase in the number of disputes over a person's residence in relation to their entitlement to 117 aftercare.

There are likely to be significant resource implications for Health and Adult Services and Legal and Democratic Services, along with external specialists and other fees.

- Long Term Waste Management Contract

The County Council has identified an area where a future liability may be incurred around interpretation of the 'Payment Mechanism' in the contract with the provider of the Long Term Waste Management contract at Allerton Park. Due to a number of factors, amounts cannot yet be fully determined. Discussions between the County Council and the provider are ongoing to resolve the interpretation issue.

37. Events after the Balance Sheet Date

Under IAS 10 Events after the Reporting Period, the County Council is required to disclose the date that the financial statements are authorised for issue. This establishes the date after which events will not have been recognised in the Statement of Accounts.

The Draft Statement for 2017/18 was authorised for issue by 30th May 2018 by the Corporate Director – Strategic Resources. The Statement of Accounts is then subject to the External Audit process, before being considered and approved by Audit Committee members on 26th July 2018.

Since the Balance Sheet date six schools have converted to Academy status. Land and building asset values totalling £54.0m will be transferred off the Council's balance sheet in 2018/19 and the Council will no longer receive Dedicated School Grant of around £12.3m.

38. Dedicated Schools Grant

The council's expenditure on schools is funded primarily by grant monies provided by the Education Funding Agency, the Dedicated Schools Grant (DSG). DSG is ring-fenced and can only be applied to meet expenditure properly included in the Schools Budget, as defined in the School Finance and Early Years (England) Regulations 2014. The Schools Budget includes elements for a range of educational services provided on an authority-wide basis and for the Individual Schools Budget, which is divided into a budget share for each maintained school.

Details of the deployment of DSG receivable for 2017/18 are detailed below:-

	Central Expenditure £000	Individual Schools Budgets £000	Total £000
Final DSG for 2017/18 before Academy recoupment			400,586
Academy figure recouped for 2017/18			(82,385)
Total DSG after Academy recoupment for 2017/18			<u>318,201</u>
Plus Brought forward from 2016/17			6,434
Plus Post year end adjustment			0
Less Carry-forward to 2018/19 agreed in advance			<u>(6,434)</u>
Agreed initial budgeted distribution in 2017/18	40,717	277,484	318,201
In year adjustments		(606)	(606)
Final budgeted distribution for 2017/18	<u>40,717</u>	<u>276,878</u>	<u>317,595</u>
Less Actual central expenditure	(45,324)		(45,324)
Less Actual ISB deployed to schools		(277,385)	(277,385)
Net Carry-forward in year	<u>(4,607)</u>	<u>(507)</u>	<u>(5,114)</u>
Net Carry-forward to 2018/19			<u>1,320</u>

In 2017/18, £318,787k has been credited against the Education and Children's Services in the Comprehensive Income and Expenditure Statement.

The net overspend in 2017/18 of £5,114k on central expenditure and ISB has been met by the balance of DSG carried forward from previous years. Following consultation with the Education Partnership, this remaining DSG balance, totalling £1,320k overall will be used exclusively in support of the Schools Budget in 2017/18 and subsequent years.

39. Financial Instruments

Financial Instruments are formally defined as contracts that give rise to a financial asset of one entity and a financial liability or equity instrument of another entity. For the County Council, this definition covers the instruments used in Treasury Management activities, including the borrowing and lending of money and the making of investments.

The County Council has adopted the CIPFA Code of Practice on Treasury Management. This Code sets out a framework of operating procedures to reduce treasury risk and improve understanding and accountability regarding the Treasury position of the County Council.

The CIPFA Code of Practice on Treasury Management requires:-

- a Treasury Management Policy Statement (TMPS) stating the County Council's policies and objectives for its treasury management activities; and
- a framework of Treasury Management Practices (TMPs) setting out the manner in which the County Council will seek to achieve the policies and objectives set out above and prescribing how it will manage and control those activities.

The twelve recommended TMP's are reviewed and updated as and when necessary in the light of regulatory and/or local policy changes and cover the following areas:-

- risk management;
- performance measurement;
- decision-making and analysis;
- approved instruments, methods and techniques;
- organisation, clarity and segregation of responsibilities and dealing arrangements;
- reporting requirements and management information arrangements;
- budgeting, accounting and audit arrangements;
- cash and cash flow management;
- money laundering;
- training and qualifications;
- use of external service providers; and
- corporate governance.

The County Council provides treasury management services to the external bodies listed on page 99 (the external bodies listed as having temporary loans with the County Council) and the loans from them represent working balances which are invested with the County Council.

(a) Categories of Financial Instruments

The following categories of financial instrument are carried in the Balance Sheet.

	Long Term		Short Term	
	31st March 2018 £000	31st March 2017 £000	31st March 2018 £000	31st March 2017 £000
Investments				
Loans and Receivables	14,018	9,018	248,883	276,218
Loans to Limited Companies	7,957	5,647	0	0
Loans to Growing Places Schemes	5,112	4,147	0	0
Other Debtors	7,873	6,259	0	0
	<u>34,960</u>	<u>25,071</u>	<u>248,883</u>	<u>276,218</u>
Borrowings				
PWLB Loans	(265,079)	(267,531)	(4,839)	(24,036)
Market LOBO Loans	(20,000)	(10,000)	(46)	(10,046)
Temporary Loans from External Bodies				
- North Yorkshire Pension Fund	0	0	(12,485)	(8,685)
- Selby District Council	0	0	(54,597)	(36,583)
- North Yorkshire Fire and Rescue Authority	0	0	(8,657)	(9,087)
- North York Moors National Park	0	0	(2,235)	(2,404)
- Yorkshire Dales National Park	0	0	(3,037)	(2,396)
- Peak District National Park	0	0	(7,119)	(7,099)
- National Parks England	0	0	(101)	(118)
	<u>(285,079)</u>	<u>(277,531)</u>	<u>(93,116)</u>	<u>(100,454)</u>
Other Liabilities				
PFI and Finance Leases	<u>204,062</u>	<u>5,056</u>	<u>4,225</u>	<u>202</u>
Creditors	<u>(2,863)</u>	<u>(3,004)</u>	<u>(83,197)</u>	<u>(90,233)</u>

(b) Income, Expense, Gains and Losses

	Financial Liabilities measured at amortised cost		Financial Assets Loans and receivables	
	31st March 2018 £000	31st March 2017 £000	31st March 2018 £000	31st March 2017 £000
Interest expense	15,009	14,270	576	630
Impairment of Assets held for Sale	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
	15,009	14,270	576	630
Interest and similar Income	0	0	(1,948)	(2,196)
Dividends Received	<u>0</u>	<u>0</u>	<u>(471)</u>	<u>(453)</u>
	0	0	(2,419)	(2,649)
Net (gain) / loss for the year	<u>15,009</u>	<u>14,270</u>	<u>(1,843)</u>	<u>(2,019)</u>

(c) Fair Values of Assets and Liabilities

Financial liabilities and financial assets represented by loans and receivables are carried in the Balance Sheet at amortised costs. Their fair value can be assessed by calculating the present value of the cash flows that will take place over the remaining term of the instruments, using the following assumptions:-

- for loans from the Public Works Loan Board, (PWLB), new borrowing rates available from the PWLB have been applied and for other loans payable, current market rates were obtained from the County Council's Treasury Management Advisors, Capita Asset Services;
- for loans receivable, the prevailing benchmark market rates have been used to provide fair value;
- no early repayment or impairment is recognised; and
- the fair value of trade and other receivables is taken to be the invoiced or billed amount.

The fair values calculated are as follows:-

Borrowing Activities

	31st March 2018		31st March 2017	
	Carrying Amount £000	Fair Value £000	Carrying Amount £000	Fair Value £000
PWLB Maturity Loans	260,750	393,679	279,814	364,621
PWLB Annuity Loans	9,168	10,360	11,753	13,493
Market LOBO Loans	20,046	38,223	20,046	29,587
Financial Liabilities	<u>289,964</u>	<u>442,262</u>	<u>311,613</u>	<u>407,701</u>

The fair value of the liabilities is greater than the carrying amount because the County Council's portfolio of loans includes a number of fixed rate loans where the interest rate payable is higher than the rates available for similar loans at the Balance Sheet date. This shows a notional future loss (based on economic conditions at 31st March 2018) arising from a commitment to pay interest to lenders above current market rates.

The fair value of Public Works Loan Board (PWLB) loans of £404.0m measures the economic effect of the terms agreed with the PWLB compared with estimates of the terms that would be offered for market transactions undertaken at the Balance Sheet date. The difference between the carrying amount and the fair value measures the additional interest that the authority will pay over the remaining terms of the loans under the agreements with the PWLB, against what would be paid if the loans were at prevailing market rates.

However, the authority has a continuing ability to borrow at concessionary rates from the PWLB rather than from the markets. A supplementary measure of the additional interest that the authority will pay as a result of its PWLB commitments for fixed rate loans is to compare the terms of these loans with the new borrowing rates available from the PWLB. If a value is calculated on this basis, the carrying amount of £269.9m would be valued at £404.0m. But, if the authority were to seek to realise the projected loss by repaying the loans to the PWLB, the PWLB would raise a penalty charge for early redemption in addition to charging a premium for the additional interest that will not now be paid. The exit price for the PWLB loans including the penalty charge would be £350.4m.

Investment Activities

	31st March 2018		31st March 2017	
	Carrying Amount £000	Fair Value £000	Carrying Amount £000	Fair Value £000
Money Market Loans less than 1 year	248,883	248,798	276,218	276,309
Money Market Loans more than 1 year	10,000	10,028	5,000	5,041
Financial Liabilities	<u>258,883</u>	<u>258,826</u>	<u>281,218</u>	<u>281,350</u>

The fair value of the assets is less than the carrying amount because the County Council's portfolio of investments includes fixed rate loans where the interest rate receivable is lower than the rates available for similar loans at the Balance Sheet date. This results in a notional future loss (based on economic conditions at 31st March 2018) attributable to the commitment to receive interest above current market rates.

In addition the financial assets representing the shareholding in Yorwaste Limited (£3,518k), Align Property Partners Limited (£500k), First North Law Limited (£0.1k), Brierley Homes Limited (£0.1k), SJB Recycling Limited (£0k) and NYnet Limited (£0k) continued to be valued at Historic Cost and have been omitted from the Table above – Investment Activities. These share-holdings are valued at Historic Cost because they do not have a quoted market price in an active market and therefore their fair value cannot be measured reliably. In addition these investments are not classified as "Held for Sale" and therefore in accordance with The Code, can be accounted for at Cost.

(d) Disclosure of nature and extent of risks arising from Financial Instruments

The County Council's activities expose it to a variety of financial risks, the key risks are:

- Credit risk – the possibility that other parties might fail to pay amounts due to the County Council;
- Liquidity risk – the possibility that the County Council might not have funds available to meet its commitments to make payments;
- Re-financing risk – the possibility that the County Council might be required to renew a financial instrument on maturity at disadvantageous interest rates or terms; and
- Market risk – the possibility that financial loss might arise for the County Council as a result of changes in such measures as interest rate movements.

Overall Procedures for Managing Risk

The County Council's overall risk management procedures focus on the unpredictability of financial markets and implementing restrictions to minimise these risks. The procedures for risk management are set out through a legal framework in the Local Government Act 2003 and the associated regulations. These require the County Council to comply with the CIPFA Prudential Code, the CIPFA Treasury Management in the Public Services Code of Practice and Investment Guidance issued through the Act. Overall these procedures require the County Council to manage risk in the following ways:-

- adopt the requirements of the Code of Practice;

- approve annually in advance, prudential indicator limits for the following three years;
- the County Council's overall borrowing limits;
 - its maximum and minimum exposures to fixed and variable rates;
 - its maximum and minimum exposures to the maturity structure of its debt;
 - its maximum annual exposures to investments maturing beyond a year; and
- approve an investment strategy for the forthcoming year setting out its criteria for both investing and selecting investment counterparties in compliance with the Government Guidance.

The Annual Treasury Management Strategy includes these procedures in order to manage the risks of the County Council's financial instrument exposure. It is approved at the County Council's annual council tax setting budget meeting before the beginning of the financial year.

Annual outturn reports are submitted to the Executive for Treasury Management and Prudential Indicators which set out full details of activities and performance during the preceding financial year. In addition, quarterly reports on Treasury Management matters are submitted to the Executive as part of the County Council's Quarterly Performance Monitoring report and periodic meetings are held between the Corporate Director - Strategic Resources, the Chairman of the Audit Committee and the Deputy Leader to discuss issues arising from the day to day management of Treasury Management activities. The Audit Committee is responsible for scrutinising the County Council's Treasury Management activities and receives regular reports and updates on Treasury Management matters.

Credit Risk

Credit risk arises from deposits with banks and financial institutions, as well as credit exposures to the County Council's customers. Deposits are not made with banks and financial institutions unless they meet the minimum requirements of the investment criteria outlined in the treasury management strategy.

The County Council relies on credit ratings and "ratings watch" and "outlook" notices published by the three credit rating agencies (Fitch, Moody's and Standards & Poor's) to establish the credit quality of counterparties and investment schemes. All three credit rating agencies also produce a Sovereign Rating which assesses a country's ability to support a financial institution should they get into difficulty.

No combination of ratings can be viewed as entirely fail-safe and all credit ratings, ratings watches and outlooks are monitored on a daily basis and changes made as appropriate. In addition, the County Council takes into account trends within the Credit Default Swap (CDS) Market. Since they are a traded instrument they reflect the market perception of an institution's credit quality unlike credit ratings which often focus on a longer term view. The County Council also monitors other sources of market intelligence, including the financial press, for rumours and speculation which may impact on organisations which the County Council may invest with.

Further details of the County Council's investment criteria are included in the Annual Treasury Management Strategy, a copy of which is available on the County Council's website, www.northyorks.gov.uk.

In addition, the County Council has set maximum investment limits for each organisation which also reflect that institutions credit worthiness – the higher the credit quality, the greater the

investment limit. These limits also reflect UK Government involvement (i.e. Government ownership or being part of the UK Government guarantee of liquidity).

These limits can be summarised as follows:-

Maximum Investment Limit	Criteria
£75m	– UK "Nationalised" Banks / UK Banks with UK Central Government Involvement
£20m - £75m	- Selected UK "Clearing Banks" and other UK based Banks and Building Societies
£20m - £40m	- High quality Foreign Banks

The County Council's maximum exposure to credit risk in relation to its investments in Banks and Building Societies cannot be assessed generally as the risk of any institution failing to make interest payments or repay the principal sum will be specific to each individual institution. A risk of recoverability applies to all of the County Council's deposits, however, there was no evidence at the 31st March 2018 that this was likely to occur.

The following analysis summarises the County Council's potential maximum exposure to credit risk as at 31st March 2018, based on experience of default assessed by the credit rating agencies and experience of its customer collection levels over the last five financial years, adjusted to reflect current market conditions.

	Amount at 31st March 2018 £000	Historical experience of default %	Historical experience adjusted for market conditions at 31st March 2018 %
Deposits for less than 1 year:-			
Other Local Authorities	114,724	0.0	0.0
Institutions with Fitch Rating Long Term AA and Short Term F1+	3	0.0	0.0
Institutions with Fitch Rating Long Term AA- and Short Term F1+	10,033	0.0	0.0
Institutions with Fitch Rating Long Term A+ and Short Term F1	45,057	0.0	0.0
Institutions with Fitch Rating Long Term A and Short Term F1	89,066	0.0	0.0
Part Nationalised Banks with Fitch Rating Long Term A+ and Short Term F1	0	0.0	0.0
	<u>258,883</u>		
Debtors	<u>105,681</u>		

No breaches of the credit rating criteria occurred during 2017/18 and the County Council does not expect any losses from non-performance by any of the banks or financial institutions in relation to deposits.

The County Council's exposure to credit risk can also be analysed by the Sovereign Rating of the Country in which the financial institution is domiciled as follows:-

	Fitch Sovereign Rating as at 31st March 2018	Amount at 31st March 2018 £000
UK	AA	243,832
Australia	AAA	15,048
Sweden	AAA	<u>3</u>
		<u>258,883</u>

The County Council does not generally allow credit for its trade debtors. Analysis of invoices raised as at 31st March 2018, which are included within the £118.1m Short Term Debtors, can be analysed by past-due and age status as follows:-

	31st March 2018 £m
Less than 1 month	20.1
1 to 2 months	1.1
3 months or more	8.8
	<hr/> 30.0 <hr/>

It is considered that £8.8m of the £30.0m debtors invoice balance is past its due date for payment. The County Council maintains a Bad Debt Provision for debts based on both the age of the debt and the likelihood of a continued dispute or future settlement. No further assessment of the fair value has therefore been made. Amounts are carried on the Balance Sheet at their amounts outstanding and no amounts have been included in the table for the County council's exposure to default.

Liquidity Risk

The County Council manages its liquidity position through the risk management procedures above (the setting and approval of prudential indicators and the approval of the treasury and investment strategy reports), as well as through a comprehensive cash flow management system, as required by the CIPFA Code of Practice. This seeks to ensure that cash is available when needed.

The County Council has ready access to borrowings from the money markets to cover day to day cash flow need, whilst the PWLB and money markets provide access to longer term funds. The Council is also required to provide a balanced budget through the Local Government Finance Act 1992, which ensures sufficient monies are raised to cover annual expenditure. There is, therefore, no significant risk that it will be unable to meet its commitments under financial instruments.

The approved prudential indicators "limits for the maturity structure of debt" and the "limits placed on investments for greater than one year in duration" are the key parameters used to address liquidity risk. The maturity of debt limit is used when carefully planning new loans to be taken and (where it is economic to do so) making early loan repayments. Also the limit placed on investments is monitored when considering cash flow needs and placing funds in the longer term.

Creditors are paid in accordance with suppliers' terms which, for liquidity risk purposes to the County Council, is less than one year and are not shown in the table above. Further analysis of creditors can be found in note 32.

All investment held with banks and financial institutions are due to mature within less than one year.

Refinancing and Maturity risk

The County Council maintains a significant debt and investment portfolio. Whilst the cash flow procedures above are considered against the refinancing risk procedures, longer-term risk to the County Council relates to managing the exposure to replacing financial instruments as they mature. This risk relates to both the maturing of longer term financial liabilities and longer term financial assets.

The approved treasury indicator limits for the maturity structure of debt and the limits placed on investments placed for greater than one year in duration are the key parameters used to address this risk. The County Council approved treasury and investment strategies address the main risks and the treasury team address the operational risks within the approved parameters. This includes:

- monitoring the maturity profile of financial liabilities and amending the profile through either new borrowing or the rescheduling of the existing debt; and
- monitoring the maturity profile of investments to ensure sufficient liquidity is available for the County Council day to day cash flow needs, and the spread of longer term investments provide stability of maturities and returns in relation to the longer term cash flow needs.

The maturity analysis of financial liabilities (borrowing) is as follows:-

	31st March 2018 £000	31st March 2017 £000
Less than one year		
Public Works Loan Board	(4,839)	(24,036)
Market LOBO Loans	(46)	(10,046)
Temporary Loans from External Bodies		
- North Yorkshire Pension Fund	(12,485)	(8,685)
- Selby District Council	(54,597)	(36,583)
- North Yorkshire Fire and Rescue Authority	(8,657)	(9,087)
- North York Moors National Park	(2,235)	(2,404)
- Yorkshire Dales National Park	(3,037)	(2,396)
- Peak District National Park	(7,119)	(7,099)
- National Parks England	(101)	(118)
	<u>(93,116)</u>	<u>(100,454)</u>
Greater than one year		
Public Works Loan Board	(265,079)	(267,531)
Market LOBO Loans	(20,000)	(10,000)
	<u>(285,079)</u>	<u>(277,531)</u>
Analysis of loans by Maturity		
Between one and two years	(26,983)	(2,452)
Between two and five years	(69,596)	(73,240)
Between five and ten years	(10,000)	(23,339)
Between ten and fifteen years	(24,700)	(24,700)
Between fifteen and twenty five years	0	0
Between twenty five and forty years	(138,800)	(138,800)
More than forty years	(15,000)	(15,000)
	<u>(285,079)</u>	<u>(277,531)</u>

Market Risk - Interest rate risk

The County Council is exposed to interest rate movements on its borrowings and investments. Movements in interest rates have a complex impact on the County Council, depending on how variable and fixed interest rates move across differing financial instrument periods. For instance, a rise in variable and fixed interest rates would have the following effects:-

- Borrowings at variable rates
- the interest expense charged to the Comprehensive Income and Expenditure Statement will rise;
- borrowings at fixed rates
- the fair value of the borrowing liability will fall;

- investments at variable rates - the interest income credited to the Comprehensive Income and Expenditure Statement will rise;
- investments at fixed rates - the fair value of the assets will fall.

Borrowings are not carried at fair value on the Balance Sheet, so nominal gains and losses on fixed rate borrowings would not impact on the Comprehensive Income and Expenditure Statement. However, changes in interest payable and receivable on variable borrowings and investments will be posted to the Comprehensive Income and Expenditure Statement and affect the General Working Balance.

The Treasury Management strategy includes sensitivity analysis and the prudential indicators for managing interest rate risk. One of the prudential indicators provides maximum and minimum limits for fixed and variable interest rate exposure. The treasury team also monitors the market and forecasts interest rates to adjust exposures accordingly. For example, during periods of falling interest rates, and where economic circumstances are favourable, fixed rate investments may be taken for longer periods to secure better long term returns.

If all interest rates had been 1.0% higher, with all other variables held constant, the financial effect would be:-

	£000
Increase in interest payable on variable rate borrowings	0
Increase in interest receivable on variable rate investments	2,457
Increase in government grant receivable for financing costs	0
Impact on Comprehensive Income and Expenditure Account	<u>2,457</u>
Decrease in fair value of fixed rate investment assets	<u>(784)</u>
Decrease in fair value of fixed rate borrowing liabilities	<u>(51,376)</u>

The impact of a 1.0% fall in interest rates would be as above but with the movements being reversed.

Market Risk – Price risk

The County Council does not invest in equity shares but does have shareholdings to the value of £3.5m in Yorwaste Limited, £0.5m Align Property Partners Limited, £100 First North Law Limited, £100 Brierley Homes Limited and a nominal value of £1 in NYnet Limited, SJB Recycling Limited and Veritau Limited. These holdings are generally illiquid and therefore are not exposed to losses arising from movements in the prices of these shares.

The shareholdings have arisen as they have been acquired rather than originated by the County Council. These long term investments are as a result of acquisition of specific interest and are not quoted in an active market. The County Council is not exposed to price movements. The value of the above shares are classified as loans and receivables as a reliable fair value cannot be determined.

Further information can be found in note 29 Long Term Investments.

Market Risk – Foreign exchange risk

The County Council has no financial assets or liabilities denominated in foreign currencies and thus has no exposure to loss arising from movements in exchange rates.

GROUP ACCOUNTS

INTRODUCTION

1. The Code of Practice on Local Authority Accounting recognises the wide diversity of service delivery vehicles used nationally by Local Authorities. The County Council produces a consolidated set of Group Accounts to show the totality of its operations in a transparent manner.

The County Council has undertaken significant research to identify and document its relationships with all partners, companies, joint ventures and voluntary organisations. Consideration of issues such as the type of interest, ownership of share capital, membership of appropriate committees, the degree of operational and financial control, access to benefits and exposure to risks have been key elements in this analysis.

SUMMARY OF FINDINGS

2. In the majority of cases the arrangements for accounting for relationships with these organisations are fully covered within the County Council's Comprehensive Income and Expenditure Statement. Similarly any assets and liabilities generated are accounted for within the County Council's Balance Sheet.

As a result there is no 'group' relationship for most of these arrangements.

After consideration of all relevant criteria, the County Council has determined that for 2017/18, it has a group relationship with eight bodies (including their subsidiaries where appropriate):-

- NYnet Limited;
- Align Property Partners Limited;
- Brierley Homes Limited;
- First North Law Limited;
- SJB Recycling Limited;
- Veritau Limited;
- Yorkshire Purchasing Organisation; and
- Yorwaste Limited.

(a) NYnet Limited

NYnet Limited is a company set up by the County Council in February 2007 to provide a world class high speed communication (broadband) infrastructure across North Yorkshire.

The Company has competitively procured a 'next generation broadband network' and sells capacity on that network to public sector organisations (including the County Council) as well as private sector internet service providers (ISP's) who then sell onto the end users of businesses and consumers.

The Company is limited by shares, which are 100% owned by the County Council and is managed by a Board of Directors appointed by the County Council.

NYnet 100 Limited was established in 2011/12 to facilitate and fund on-going developments around the "Connecting North Yorkshire" project, which aims to ensure widespread Broadband availability in the sub-region by 2017. NYnet 100 Limited will receive grant funding and make payments in respect of Connecting North Yorkshire.

The financial results reported are for the entire NYnet sub-group. NYnet 100 Ltd is 100% owned by NYnet Limited.

A working capital loan facility is being provided by the County Council with the sum taken up at 31st March 2018 being £0.4m. This loan is included in the County Council's Balance Sheet as a Long Term Debtor.

NYnet Limited has been consolidated into North Yorkshire County Council's Group Accounts as a consolidated subsidiary.

(b) Align Property Partners Limited

The County Council owns 100% of the issued share capital of Align Property Partners Limited; a company established in 2016 whose principal activities are architectural and property consultancy services. The County Council has provided a loan facility to Align Property Partners Limited for £500k.

Align Property Partners Limited has not been consolidated into North Yorkshire County Council's Group Accounts as its values do not materially impact on the group financial position.

(c) Brierley Homes Limited

The County Council owns 100% of the issued share capital of Brierley Homes Limited; a company established in 2016 whose principal activities are development of building projects, construction of domestic buildings, buying and selling of own real estate and other letting and operating of own or leased real estate. The County Council has provided a loan facility to Brierley Homes Limited of £2.75m.

Brierley Homes Limited has not been consolidated into North Yorkshire County Council's Group Accounts as its values do not materially impact on the group financial position.

(d) First North Law Limited

The County Council owns 100% of the issued share capital of First North Law Limited; a company established in 2016 whose principal activities are the provision of professional legal services. The County Council has provided a loan facility to First North Law Limited for £250k.

First North Law Limited has not been consolidated into North Yorkshire County Council's Group Accounts as its values do not materially impact on the group financial position.

(e) SJB Recycling Limited

The County Council owns 78% of SJB Recycling Limited whose principal activities are the composting and processing of green and wood waste. The remaining shareholder in SJB Recycling Limited is the City of York Council holding 22%. SJB Recycling Limited transferred to the direct ownership of the County Council and City of York Council from Yorwaste Limited, a subsidiary of the County Council.

SJB Recycling Limited has not been included in the 2017/18 Group Accounts as their values do not materially impact on the group financial position.

(f) Veritau Limited

In April 2009 North Yorkshire County Council and the City of York Council worked in partnership to develop a shared service covering all the functions of internal audit, counter fraud and information governance.

The company is wholly owned by both councils, with each council holding 50% of the shares. Veritau Limited has responsibility for carrying out all internal audit, information governance and counter fraud services for the two councils and a number of other District Councils.

Veritau Limited has not been included in the 2017/18 Group Accounts as their values do not materially impact on the group financial position.

(g) Yorkshire Purchasing Organisation (YPO)

Established as a joint committee of Local Authorities in 1974, YPO is a purchasing and supply service for office supplies, stationery and general equipment. The company supplies the constituent 13 member authorities but also schools, the voluntary sector and the general public. YPO operates on a self-financing basis with no subsidies payable by any member authority. Any surpluses are used for dividend payment primarily but with some scope for re-investment.

YPO's year end is 31st December and its audited financial results were an invoiced turnover of £111m resulting in an operating surplus for 2017 of £7.4m. A member's cash dividend was agreed for the year 2017 totalling £7.5m. The County Council received £583k in dividends, calculated on the basis of sales to each local authority. The Organisation has net assets of £14.6m with a general fund working balance in 2017 of £28.3m.

Due to the involvement of all member authorities in the Management Committee and its increasing use of customers outside of the local authority market, the County Council does not exert a significant level of influence over YPO's activities. Analysis of the relationship for group Account purposes concludes that it is equivalent to a simple investment. As the County Council made no original investment in 1974 and has no share capital, no consolidation adjustments are necessary.

(h) Yorwaste Limited

The County Council owns 78% of the issued share capital of Yorwaste Limited; a company established in 1993 whose principal activity is the provision of waste disposal facilities by the operation and management of landfill sites/recycling centres. The remaining shareholder in Yorwaste Limited is the City of York Council holding 22%.

The policies of Yorwaste Limited in relation to Fixed Assets are different to that operated by the County Council. All the company's Fixed Assets are valued at historic cost less depreciation. The useful economic life of each asset is calculated individually with depreciation calculated on a straight line basis taking into account both commercial and technical obsolescence.

The total issued share capital of Yorwaste Limited is £4,526k (a total of 4,526,000 ordinary shares issued at £1 each).

The County Council has provided a loan facility to Yorwaste Limited for £7.2m. This loan is included in the County Councils Balance Sheet as a Long Term Debtor.

Yorwaste Limited has not paid the County Council a dividend in 2017/18 or 2016/17.

Yorwaste Limited has been consolidated into North Yorkshire County Council's Group Accounts as a subsidiary.

On 23 June 2017 Yorwaste purchased Todd Waste Management Group (TWMG) and all trading of TWMG transferred to Yorwaste. Yorwaste own 100% of the share capital of TWMG. In December 2017 Todd Pak Limited (a wholly owned subsidiary of TWMG) transferred from being directly owned by Yorwaste to be a wholly owned subsidiary of SJB Recycling.

FINANCIAL STATEMENTS AND RESULTS

3. The Group Accounts for the County Council are based upon the consolidation of the County Council, NYnet Limited and Yorwaste Limited. It should be noted that although adjustments have been made to facilitate comparability between the sets of Accounts, there is a fundamental difference between the objectives of the organisations with the County Council being a non-profit making body. The figures included are based on Draft Accounts for the two bodies. These companies do not report under IFRS, rather as small unlisted companies, and their accounts are produced under UK GAAP, incorporating FRS 102 in their 2017/18 accounts.

EXPENDITURE AND FUNDING ANALYSIS FOR 2017/18

	Net Expenditure £000	Movement to Earmarked Reserves £000	Net Expenditure Chargeable to the General Fund £000	Adjustments between the Funding and Accounting Basis £000	Net Expenditure in the Comprehensive Income and Expenditure Statement £000
Children and Young People's Service	70,862	13,355	84,217	31,993	116,210
Business and Environmental Services	67,053	1,662	68,715	13,413	82,128
Health and Adult Services	144,132	(5,309)	138,823	4,612	143,435
Central Services	56,579	2,871	59,450	8	59,458
Corporate Miscellaneous	15,078	(3,293)	11,785	(18,741)	(6,956)
NYES	0	(775)	(775)	775	0
NYnet Limited	(484)	0	(484)	0	(484)
Yorwaste Limited	(1,750)	0	(1,750)	0	(1,750)
Net Cost of Services	351,470	8,511	359,981	32,060	392,041
Other Operating Income and Expenditure	0	0	0	81,569	81,569
Financing and Investment Income & Expenditure	719	0	719	22,266	22,985
Taxation and non specific income and Expenditure	(361,154)	2,268	(358,886)	(73,965)	(432,851)
Tax Expenses	276	0	276	0	276
(Surplus) or Deficit	(8,689)	10,779	2,090	61,930	64,020
 Opening Group Balance			(215,458)		
Less/Plus Surplus or (Deficit) on Group in Year			2,090		
Closing Group Balance at 31 March 2018			(213,368)		
 General Working Balance			(27,270)		
Earmarked Reserves			(186,387)		
 Group Reserves			289		
			(213,368)		

EXPENDITURE AND FUNDING ANALYSIS FOR 2016/17

	Net Expenditure £000	Movement to Earmarked Reserves £000	Net Expenditure Chargeable to the General Fund £000	Adjustments between the Funding and Accounting Basis £000	Net Expenditure in the Comprehensive Income and Expenditure Statement £000
Children and Young People's Service	67,709	12,332	80,041	52,451	132,492
Business and Environmental Services	64,849	6,158	71,007	13,687	84,694
Health and Adult Services	145,982	3,957	149,939	3,484	153,423
Central Services	59,641	33	59,674	526	60,200
Corporate Miscellaneous	22,424	(19,208)	3,216	(14,401)	(11,185)
Smart Solutions	0	(480)	(480)	480	0
NYnet Limited	(428)	0	(428)	0	(428)
Yorwaste Limited	(1,434)	0	(1,434)	0	(1,434)
Net Cost of Services	358,743	2,792	361,535	56,227	417,762
Other Operating Income and Expenditure	0	0	0	57,481	57,481
Financing and Investment Income & Expenditure	715	0	715	25,744	26,459
Taxation and non specific income and Expenditure	(361,202)	632	(360,570)	(98,918)	(459,488)
Tax Expenses	275	0	275	0	275
(Surplus) or Deficit	(1,469)	3,424	1,955	40,534	42,489

Opening Group Balance	(217,413)
Less/Plus Surplus or (Deficit) on Group in Year	1,955
Closing Group Balance at 31 March 2017	(215,458)
General Working Balance	(27,270)
Earmarked Reserves	(189,716)
Group Reserves	1,528
	(215,458)

GROUP COMPREHENSIVE INCOME AND EXPENDITURE STATEMENT

Year to 31st March 2017				Year to 31st March 2018			
Expenditure £000	Income £000	Net £000		Expenditure £000	Income £000	Net £000	
548,610	(416,118)	132,492	Children and Young People's Service	522,441	(406,231)	116,210	
131,668	(46,974)	84,694	Business and Environmental Services	133,751	(51,623)	82,128	
240,093	(86,670)	153,423	Health and Adult Services	240,937	(97,502)	143,435	
67,115	(6,915)	60,200	Central Services	68,304	(8,846)	59,458	
690	(11,875)	(11,185)	Corporate Miscellaneous	963	(7,919)	(6,956)	
12,282	(13,716)	(1,434)	Yorwaste	8,456	(10,206)	(1,750)	
890	(1,318)	(428)	NYnet Limited	438	(922)	(484)	
1,001,348	(583,586)	417,762	Cost of Services	975,290	(583,249)	392,041	
			Other Operating Expenditure				
		56,858	Loss on Disposal of Property, Plant and Equipment			80,917	
		0	Impairment of Assets Held for Sale			0	
		623	Precepts of Local Precepting Authorities			652	
		0	Exceptional Items			0	
		<u>57,481</u>				<u>81,569</u>	
			Financing and Investment Income and Expenditure				
		14,696	Interest payable and similar charges			15,396	
		(1,730)	Interest receivable and similar income			(1,511)	
		(995)	Investment Properties; revaluation and impairment			(1,453)	
		(90)	Deficit / (Surplus) on trading activities			(720)	
		<u>14,578</u>	Net interest on the net defined pension benefit liability (asset)			<u>11,273</u>	
		<u>26,459</u>				<u>22,985</u>	
			Taxation and Non-Specific Grant Income (Analysis)				
		(258,967)	Council Tax Income (note 7)			(272,423)	
		(62,180)	Non-Domestic Rates Income			(62,248)	
		(54,512)	Non-Ringfenced Government Grants			(34,772)	
		<u>(83,829)</u>	Capital Grants (note 9)			<u>(63,408)</u>	
		<u>(459,488)</u>				<u>(432,851)</u>	
		42,214	(Surplus) or Deficit on Provision of Services			63,744	

GROUP COMPREHENSIVE INCOME AND EXPENDITURE STATEMENT (continued)

Year to 31st March 2017			Year to 31st March 2018		
Expenditure	Income	Net	Expenditure	Income	Net
£000	£000	£000	£000	£000	£000
		42,214			63,744
		275			276
		0			
		42,489			64,020
		0			0
		(39,559)			(80,389)
		10,124			(20,394)
		(29,435)			(100,783)
		13,054			(36,763)

GROUP MOVEMENT IN RESERVES STATEMENT

	Total Usable Reserves £000	Total Unusable Reserves £000	Total Authority Reserves £000	County Council's Share of Subsidiaries £000	Minority Share of Reserves £000	Total Group Reserves £000
<u>Movement in Reserves during 2017/18</u>						
Balance at 31st March 2017	<u>(254,234)</u>	<u>(759,116)</u>	<u>(1,013,350)</u>	<u>3,695</u>	<u>(2,167)</u>	<u>(1,011,822)</u>
Total Comprehensive Expenditure and Income	65,259	(100,783)	(35,524)	(1,064)	(175)	(36,763)
Adjustments between accounting basis and funding basis under regulations	(50,845)	50,845	0	0	0	0
Net (Increase) / Decrease before Transfers	<u>14,414</u>	<u>(49,938)</u>	<u>(35,524)</u>	<u>(1,064)</u>	<u>(175)</u>	<u>(36,763)</u>
Balance at 31st March 2018	<u>(239,820)</u>	<u>(809,054)</u>	<u>(1,048,874)</u>	<u>2,631</u>	<u>(2,342)</u>	<u>(1,048,585)</u>
<u>Movement in Reserves during 2016/17</u>						
Balance at 31st March 2016	<u>(247,117)</u>	<u>(780,159)</u>	<u>(1,027,276)</u>	<u>4,437</u>	<u>(2,037)</u>	<u>(1,024,876)</u>
Total Comprehensive Expenditure and Income	43,361	(29,435)	13,926	(742)	(130)	13,054
Adjustments between accounting basis and funding basis under regulations	(50,478)	50,478	0	0	0	0
Net (Increase) / Decrease before Transfers	<u>(7,117)</u>	<u>21,043</u>	<u>13,926</u>	<u>(742)</u>	<u>(130)</u>	<u>13,054</u>
Balance at 31st March 2017	<u>(254,234)</u>	<u>(759,116)</u>	<u>(1,013,350)</u>	<u>3,695</u>	<u>(2,167)</u>	<u>(1,011,822)</u>

GROUP BALANCE SHEET AS AT 31ST MARCH 2018

31st March 2017 £000		31st March 2018 £000
1,509,560	Property, Plant and Equipment (note 3)	1,735,669
35,722	Investment Property	36,459
8,616	Intangible Assets	7,422
5,500	Long Term Investments	10,500
4,817	Long Term Debtors	5,259
1,564,215	Long Term Assets	1,795,309
276,516	Short Term Investments	249,148
170	Assets held for sale	170
1,949	Inventories	2,151
85,364	Short Term Debtors (note 5)	115,294
57,250	Cash and Cash Equivalents (note 4)	56,310
314	Current Tax Assets	243
421,563	Current Assets	423,316
(100,454)	Short Term Borrowing	(93,116)
(98,928)	Short Term Creditors (note 6)	(89,357)
(193)	PFI Liability repayable within 12 months	(4,225)
(2,599)	Provisions to be used within 12 months	(2,804)
(9)	Finance Lease repayable within 12 months	(10)
(2,707)	Capital Grant Receipts in Advance	(12,308)
(204,890)	Current Liabilities	(201,820)
(3,004)	Long Term Creditors	(3,039)
(3,988)	PFI Liability repayable in excess of 12 months	(204,062)
(1,068)	Finance Lease payable in excess of 12 months	(1,058)
(463,951)	Pensions Liability	(452,301)
(15,551)	Provisions to be used in excess of 12 months	(16,424)
(278,531)	Long Term Borrowing	(287,265)
(2,973)	Capital Grant Receipts in Advance	(4,071)
(769,066)	Long Term Liabilities	(968,220)
1,011,822	Net Assets	1,048,585
254,234	Usable Reserves	239,820
759,116	Unusable Reserves	809,054
(1,528)	Reserves - Group Entities	(289)
1,011,822	Total Reserves	1,048,585

GROUP CASH FLOW STATEMENT

31st March 2017 £000		31st March 2018 £000
(42,489)	Net Surplus / (Deficit) on the Provision of Services	(64,020)
	Adjust Net Surplus / (Deficit) on the Provision of Services for non cash movements	
54,989	Depreciation / Amortisation	53,309
27,987	Impairment and revaluations charged to the provision of services	16,259
4,664	Movement in Creditors	(9,536)
(11,687)	Movement in Debtors	(29,930)
(622)	Movement in Inventories	(202)
1,434	Movement in Provisions	1,078
16,904	Pensions Liability	8,744
65,832	Carrying Amount of Non-current Assets sold	82,947
672	Other non-cash items charged to the provision of services	(656)
160,173		122,013
	Adjust for items included in the Net Surplus / (Deficit) on the Provision of Services that are investing and financing activities	
(83,829)	Grants received for investment purposes	(63,408)
(2,008)	Proceeds from the sale of property and other assets	(455)
(85,837)		(63,863)
0	Equity Dividends Paid	0
5	Taxation	0
31,852	Net cash flows from Operating Activities	(5,870)
	Investing Activities	
(89,312)	Purchase of Property, Plant and Equipment and Intangible Assets	(84,141)
(54,335)	Purchase of Short Term and Long Term investments	0
2,206	Proceeds from the Sale of Property (and other Assets)	455
0	Proceeds from Short Term and Long Term Investments	22,335
86,962	Other receipts for investing activities	69,218
(54,479)	Net cash flows from Investing Activities	7,867
	Financing Activities	
18,148	Cash receipts of Short and Long Term Borrowing	22,781
(6,967)	Other receipts from Financing Activities	(1,575)
(280)	Repayment of the outstanding liability of Finance Lease and similar arrangements	(2,521)
(7,612)	Repayment of Short and Long Term Borrowing	(21,443)
(173)	Other payments for Financing Activities	(179)
3,116	Net cash flows for Financing Activities	(2,937)
(19,511)	Net Increase / (decrease) in Cash and Cash Equivalents	(940)
76,761	Cash and Cash Equivalents at the beginning of the reporting period	57,250
57,250	Cash and Cash Equivalents at the end of the reporting period	56,310
(19,511)		(940)

NOTES TO THE GROUP STATEMENTS

1. Expenditure and Funding Analysis (Further Analysis)

2017/18

	Adjustments for Capital Purposes £000	Net change for the Pensions Adjustments £000	Other Differences £000	Total Adjustments £000
Adjustments from General Fund to arrive at the Comprehensive Income and Expenditure Statement amounts				
Children and Young People's Service	39,482	(2,527)	(4,962)	31,993
Business and Environmental Services	23,156	(229)	(9,514)	13,413
Health and Adult Services	5,330	(636)	(82)	4,612
Central Services	(105)	(589)	702	8
Corporate Miscellaneous	42	1,725	(20,508)	(18,741)
NYES	3	(273)	1,045	775
NYnet Limited	0	0	0	0
Yorwaste Limited	0	0	0	0
Net Cost of Services	67,908	(2,529)	(33,319)	32,060
Other Operating Income and Expenditure	80,917	0	652	81,569
Financing and Investment Income and Expenditure	0	11,273	10,993	22,266
Taxation and non specific income and Expenditure	0	0	(73,965)	(73,965)
Difference between General Fund surplus or deficit and Comprehensive Income and Expenditure Statement Surplus or Deficit on the Provision of Services	148,825	8,744	(95,639)	61,930

2. The Individual Group Companies together with consolidating adjustment are identified within the following schedules for the Comprehensive Income and Expenditure Statement and the respective Balance Sheets.

Summarised Income and Expenditure Statements for the period to 31st March 2018

	NYCC £000	NYnet Limited £000	Yorwaste Limited £000	Consolidation Adjustments £000	Group £000
Cost of Service	394,275	(484)	(1,750)	0	392,041
Other Operating Expenditure					
Loss on Disposal of Property, Plant and Equipment	80,917	0	0	0	80,917
Impairment of Assets Held for Sale	0	0	0	0	0
Precepts of Local Precepting Authorities	652	0	0	0	652
	<u>81,569</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>81,569</u>
Financing and Investment Income and Expenditure					
Interest payable and similar charges	15,009	31	698	(342)	15,396
Interest receivable and similar income	(1,843)	0	(10)	342	(1,511)
Investment Properties; revaluation and impairment	(1,453)	0	0	0	(1,453)
Surplus of trading activities	(720)	0	0	0	(720)
Net interest on the defined benefit liability (asset)	11,273	0	0	0	11,273
	<u>22,266</u>	<u>31</u>	<u>688</u>	<u>0</u>	<u>22,985</u>
Taxation and Non-Specific Grant Income	(432,851)	0	0	0	(432,851)
(Surplus) / Deficit on Provision of Services	<u>65,259</u>	<u>(453)</u>	<u>(1,062)</u>	<u>0</u>	<u>63,744</u>
Tax Expenses	0	0	276	0	276
Group (Surplus) / Deficit	<u>65,259</u>	<u>(453)</u>	<u>(786)</u>	<u>0</u>	<u>64,020</u>
(Surplus) / Deficit on Revaluation of Fixed Assets	(80,389)	0	0	0	(80,389)
Remeasurements of the Net Defined Benefit Liability	(20,394)	0	0	0	(20,394)
Other Comprehensive Income and Expenditure	<u>(100,783)</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>(100,783)</u>
Total Comprehensive Income and Expenditure	<u>(35,524)</u>	<u>(453)</u>	<u>(786)</u>	<u>0</u>	<u>(36,763)</u>

Balance Sheet as at 31st March 2018

	NYCC £000	NYnet Limited £000	Yorwaste Limited £000	Consolidation Adjustments £000	Group £000
Property, Plant and Equipment	1,718,121	255	17,293	0	1,735,669
Investment Property	36,459	0	0	0	36,459
Intangible Assets	7,422	0	0	0	7,422
Long Term Investments	14,018	0	0	(3,518)	10,500
Long Term Debtors	20,942	0	0	(15,683)	5,259
Long Term Assets	1,796,962	255	17,293	(19,201)	1,795,309
Short Term Investments	248,883	0	265	0	249,148
Inventories	1,897	254	0	0	2,151
Short Term Debtors	105,681	3,481	15,966	(9,834)	115,294
Cash and Cash Equivalents	49,867	0	6,443	0	56,310
Assets held for sale	170	0	0	0	170
Current Tax Assets	0	0	243	0	243
Current Assets	406,498	3,735	22,917	(9,834)	423,316
Short Term Borrowing	(93,116)	0	0	0	(93,116)
Short Term Creditors	(83,197)	(2,615)	(13,379)	9,834	(89,357)
PFI Liability repayable within 12 months	(4,225)	0	0	0	(4,225)
Finance Lease repayable within 12 months	(10)	0	0	0	(10)
Provisions to be used within 12 months	(2,804)	0	0	0	(2,804)
Capital Grant Receipts in Advance	(12,308)	0	0	0	(12,308)
Current Liabilities	(195,660)	(2,615)	(13,379)	9,834	(201,820)
Long Term Creditors	(2,863)	(8,289)	0	8,113	(3,039)
PFI Liability repayable in excess of 12 months	(204,062)	0	0	0	(204,062)
Finance Lease repayable in excess of 12 months	(1,058)	0	0	0	(1,058)
Provisions to be used in excess of 12 months	(9,492)	0	(6,932)	0	(16,424)
Pensions Liability	(452,301)	0	0	0	(452,301)
Long Term Borrowing	(285,079)	(372)	(9,384)	7,570	(287,265)
Capital Grant Receipts in Advance	(4,071)	0	0	0	(4,071)
Long Term Liabilities	(958,926)	(8,661)	(16,316)	15,683	(968,220)
Net Assets	1,048,874	(7,286)	10,515	(3,518)	1,048,585
Usable Reserves	239,820	0	0	0	239,820
Unusable Reserves	809,054	0	0	0	809,054
Reserves - Group Entities	0	(7,286)	10,515	(3,518)	(289)
Total Reserves	1,048,874	(7,286)	10,515	(3,518)	1,048,585

3. Movement in Property, Plant and Equipment

	Aggregated Land and Buildings £000	Vehicles, Plant and Equipment £000	Infrastructure £000	Landfill Site Development & Restoration £000	Goodwill £000	Total £000
Cost of Valuation						
As at 1st April 2017	906,858	129,875	791,539	35,507	0	1,863,779
Effect Re-Profiling	0	0	0	(34)	0	(34)
Additions	222,408	5,945	55,329	0	2,716	286,398
Disposals	(82,050)	(1,496)	(7,950)	0	0	(91,496)
Assets Scrapped	0	0	0	0	0	0
Transferred to Assets Held for Sale	0	0	0	0	0	0
Revaluations / (Impairments)						
Recognised in the Revaluation Reserve	81,436	0	0	0	0	81,436
Recognised in Provision of Services	(29,379)	0	0	0	0	(29,379)
As at 31st March 2018	1,099,273	134,324	838,918	35,473	2,716	2,110,704
Depreciation and Impairments						
As at 1st April 2017	(34,037)	(116,183)	(173,661)	(30,338)	0	(354,219)
Charge for the year	(25,223)	(6,941)	(22,009)	(836)	(157)	(55,166)
Disposals	0	1,107	7,950	0	0	9,057
Assets Scrapped	0	0	0	0	0	0
Transferred to Assets Held for Sale	0	0	0	0	0	0
Revaluations / (Impairments)						
Recognised in the Revaluation Reserve	529	0	0	0	0	529
Recognised in Provision of Services	24,764	0	0	0	0	24,764
Yorwaste Asset Impairment	0	0	0	0	0	0
As at 31st March 2018	(33,967)	(122,017)	(187,720)	(31,174)	(157)	(375,035)
Balance Sheet Net Amount at 31st March 2018	1,065,306	12,307	651,198	4,299	2,559	1,735,669
Balance Sheet Net Amount at 31st March 2017	872,821	13,692	617,878	5,169	0	1,509,560

Comparative Movements in 2016/17

	Aggregated Land and Buildings £000	Vehicles, Plant and Equipment £000	Infrastructure £000	Landfill Site Development & Restoration Costs £000	Goodwill £000	Total £000
Cost of Valuation						
As at 1st April 2016	960,614	127,007	737,984	35,363	0	1,860,968
Effect Re-Profiling	0	0	0	104	0	104
Additions	12,522	2,981	63,339	40	0	78,882
Disposals	(65,832)	(113)	(9,784)	0	0	(75,729)
Assets Scrapped	0	0	0	0	0	0
Transferred to Assets Held for Sale	0	0	0	0	0	0
Revaluations / (Impairments)						
Recognised in the Revaluation Reserve	44,264	0	0	0	0	44,264
Recognised in Provision of Services	(44,710)	0	0	0	0	(44,710)
As at 31st March 2017	906,858	129,875	791,539	35,507	0	1,863,779
Depreciation and Impairments						
As at 1st April 2016	(36,756)	(109,845)	(162,820)	(29,082)	(309,421)	(338,503)
Charge for the year	(25,740)	(6,030)	(20,625)	(1,256)	(52,395)	(53,651)
Disposals	1,352	0	9,784	0	11,136	11,136
Assets Scrapped	0	0	0	0	0	0
Transferred to Assets Held for Sale	0	0	0	0	0	0
Revaluations / (Impairments)						
Recognised in the Revaluation Reserve	2,263	0	0	0	2,263	2,263
Recognised in Provision of Services	24,844	0	0	0	24,844	24,844
Yorwaste Asset Impairment	0	(308)	0	0	(308)	(308)
As at 31st March 2017	(34,037)	(116,183)	(173,661)	(30,338)	(323,881)	(354,219)
Balance Sheet Net Amount at 31st March 2017	872,821	13,692	617,878	5,169	(323,881)	1,509,560
Balance Sheet Net Amount at 31st March 2016	923,858	17,162	575,164	6,281	(309,421)	1,522,465

4. Cash and Cash Equivalents

	31st March 2018 £000	31st March 2017 £000
Bank current accounts and cash held by the County Council	13,188	21,282
Short term / call deposits, inc. Cash Balances held by Group Entities	43,122	35,968
Total Cash and Cash Equivalents	<u>56,310</u>	<u>57,250</u>

5. Short Term Debtors

	31st March 2018 £000 £000		31st March 2017 £000 £000	
Government Entities				
Central Government Bodies	10,194		9,772	
Other Local Authorities	19,354		14,930	
NHS Bodies	<u>10,244</u>	39,792	<u>9,928</u>	34,630
General Debtors		58,329		48,997
(including Public Corporations and Trading Funds)				
Payments in Advance		<u>28,004</u>		<u>11,641</u>
		126,125		95,268
Less: Bad Debts Provision		<u>(10,831)</u>		<u>(9,904)</u>
Total Short Term Debtors		<u>115,294</u>		<u>85,364</u>

6. Short Term Creditors

	31st March 2018 £000 £000		31st March 2017 £000 £000	
Government Entities				
Central Government Bodies	11,171		11,889	
Other Local Authorities	8,072		9,834	
NHS Bodies	<u>1,075</u>	20,318	<u>3,340</u>	25,063
General Creditors		58,757		62,492
(including Public Corporations and Trading Funds)				
Income in Advance		<u>10,282</u>		<u>11,374</u>
Total Short Term Creditors		<u>89,357</u>		<u>98,929</u>

7. Provisions

	Changes during the year				To be used			
	Balance as at 31st March 2017 £'000	Provision Made £'000	Provision Used £'000	Provision Written Down £'000	Balance as at 31st March 2018 £'000	Within 1 year £'000	In excess of 1 year £'000	Total £'000
Insurance	6,673	2,220	(1,137)	0	7,756	2,585	5,171	7,756
Highways Advance Payments	3,085	2,325	(1,270)	0	4,140	0	4,140	4,140
Other	711	0	(311)	0	400	219	181	400
	<u>10,469</u>	<u>4,545</u>	<u>(2,718)</u>	<u>0</u>	<u>12,296</u>	<u>2,804</u>	<u>9,492</u>	<u>12,296</u>
Yorwaste Limited - Restoration	2,601	0	(374)	0	2,227	0	2,227	2,227
Yorwaste Limited - Aftercare	5,079	0	(374)	0	4,705	0	4,705	4,705
	<u>18,149</u>	<u>4,545</u>	<u>(3,466)</u>	<u>0</u>	<u>19,228</u>	<u>2,804</u>	<u>16,424</u>	<u>19,228</u>

Comparative Movements in 2016/17

	Changes during the year				To be used			
	Balance as at 31st March 2016 £'000	Provision Made £'000	Provision Used £'000	Provision Written Down £'000	Balance as at 31st March 2017 £'000	Within 1 year £'000	In excess of 1 year £'000	Total £'000
Insurance	4,484	3,610	(1,421)	0	6,673	2,224	4,449	6,673
Highways Advance Payments	2,140	1,520	(575)	0	3,085	0	3,085	3,085
Other	1,122	0	(411)	0	711	375	336	711
	<u>7,746</u>	<u>5,130</u>	<u>(2,407)</u>	<u>0</u>	<u>10,469</u>	<u>2,599</u>	<u>7,870</u>	<u>10,469</u>
Yorwaste Limited - Restoration	3,523	102	(911)	0	2,601	0	2,601	2,601
Yorwaste Limited - Aftercare	4,961	496	(378)	0	5,079	0	5,079	5,079
	<u>16,230</u>	<u>5,728</u>	<u>(3,696)</u>	<u>0</u>	<u>18,149</u>	<u>2,599</u>	<u>15,550</u>	<u>18,149</u>

NORTH YORKSHIRE PENSION FUND
FUND ACCOUNT FOR THE YEAR ENDED 31ST MARCH 2018

2016/17 £000		2017/18 £000	£000
	CONTRIBUTIONS AND BENEFITS		
	Contributions		
58,793	Employers - Normal	74,612	
38,953	- Deficit	20,971	
3,091	- Early Retirement Costs Recharged	2,738	
26,226	Employees - Normal	26,692	
187	- Additional Voluntary	163	
<u>127,250</u>	Total Contributions Receivable (note 7)		125,176
11,959	Transfers in (note 8)		13,782
	<u>Less</u>		
	Benefits		
(76,846)	Pensions	(80,592)	
(23,693)	Commutation and Lump Sum Retirement Benefits	(21,912)	
(3,664)	Lump Sums Death Benefits	(2,615)	
<u>(104,203)</u>	Total Benefits Payable (note 9)		(105,119)
	Leavers		
(267)	Refunds to Members Leaving Service	(423)	
0	Payments for Members Joining State Scheme	(92)	
<u>(9,280)</u>	Transfers Out	<u>(8,957)</u>	
(9,547)	Total Payments on Account of Leavers (note 10)		(9,472)
(2,255)	Management Expenses (note 11)		(2,097)
<u>23,205</u>	Net additions from dealings with Members		<u>22,270</u>
	RETURNS ON INVESTMENTS		
18,330	Investment income (note 12)		23,545
(256)	Taxation (note 13)		(371)
(14,231)	Investment Management Cost (note 11)		(22,985)
<u>590,955</u>	Change in market value of investments (note 14a)		<u>244,947</u>
<u>594,798</u>	Net returns on investments		<u>245,136</u>
618,003	Net increase in the Fund during the year		267,406
2,417,833	Opening Net Assets of the Fund		3,035,836
<u>3,035,836</u>	Closing Net Assets of the Fund		<u>3,303,242</u>

NORTH YORKSHIRE PENSION FUND – NET ASSETS STATEMENT

31st March 2017 £000		31st March 2018 £000
	INVESTMENT ASSETS (note 15 and 16)	
422,864	Fixed Interest Securities	626,598
587,799	Equities	592,013
1,742,033	Pooled Investments	1,839,822
252,966	Pooled Property Investments	276,831
55	Private Equity	55
3,005,717		3,335,319
10,123	Cash Deposits	13,883
6,234	Investment Debtors	24,990
3,022,074	TOTAL INVESTMENT ASSETS	3,374,192
	INVESTMENT LIABILITIES (note 15 and 16)	
(182)	Derivate Contracts - Forward Currency Contracts	0
(1,670)	Investment Creditors	(62,965)
(1,852)	TOTAL INVESTMENT LIABILITIES	(62,965)
3,020,222	NET INVESTMENT ASSETS	3,311,227
	CURRENT ASSETS	
7,878	Contributions due from employers	8,470
797	Other Non-Investment Debtors	765
8,683	Cash	12,471
17,358	TOTAL CURRENT ASSETS	21,706
	CURRENT LIABILITIES	
(1,744)	Non-Investment Creditors	(29,691)
(1,744)	TOTAL CURRENT LIABILITIES	(29,691)
3,035,836	TOTAL NET ASSETS (note 17)	3,303,242

The accounts summarise the transactions of the Fund and deal with the net assets. They do not take account of the obligations to pay pensions and benefits which fall after the end of the Fund year.

NOTES TO THE NORTH YORKSHIRE PENSION FUND ACCOUNTS
FOR THE YEAR ENDED 31ST MARCH 2017

1. Description of the Fund

The North Yorkshire Pension Fund (NYPF) is part of the Local Government Pension Scheme (LGPS) and is administered by North Yorkshire County Council (NYCC). The County Council is the reporting entity for the Fund.

The following description of the Fund is a summary only. For more detail, refer to the NYPF Annual Report 2017/18 and the statutory powers underpinning the scheme, namely the Public Service Pensions Act 2013 and the Local Government Pension Scheme (LGPS) Regulations.

(a) General

The Scheme is governed by the Public Service Pensions Act 2013 and is administered in accordance with the following secondary legislation:

- the LGPS Regulations 2013 (as amended)
- the LGPS (Transitional Provisions, Savings and Amendment) Regulations 2014 (as amended)
- the LGPS (Management and Investment of Funds) Regulations 2016

It is a contributory defined benefit pension scheme administered by NYCC to provide pensions and other benefits for pensionable employees of NYCC, other local authorities in North Yorkshire and a range of other scheduled and admitted bodies within the county area. Teachers, police officers and fire fighters are not included as they come within other national pension schemes.

The Fund is overseen by the Pension Fund Committee, which is a committee of NYCC.

(b) Membership

Membership of the LGPS is voluntary and employees are free to choose whether to join the Scheme, remain in the Scheme or make their own personal arrangements outside the Scheme.

Organisations participating in NYPF include:

- scheduled bodies, which are local authorities and similar bodies whose staff are automatically entitled to be members of the Fund
- admitted bodies, which are other organisations that participate in the fund under an admission agreement between the Fund and the relevant organisation. Admitted bodies include voluntary, charitable and similar bodies or private contractors undertaking a local authority function following outsourcing to the private sector.

At 31 March 2017 there were 157 contributing employer organisations within NYPF including the County Council itself, and over 90,000 individual members, as detailed below

105 Scheduled Bodies incl 61 Academies

Ainsty 2008 Internal Drainage Board
Askham Bryan College
City of York Council
Craven District Council

Align Property Services
Chief Constable NYP
Craven College
Easingwold Town Council

Filey Town Council
 Fulford Parish Council
 Great Ayton Parish Council
 Harrogate Borough Council
 Hunmanby Parish Council
 Malton Town Council
 North Yorkshire County Council
 North Yorkshire Police and Crime Commissioner
 Northallerton Town Council
 Pickering Town Council
 Richmondshire District Council
 Ryedale District Council
 Scarborough Sixth Form College
 Selby District Council
 Skipton Town Council
 Tadcaster Town Council
 Whitby Town Council
 York College

Foss 2008 Internal Drainage Board
 Glusburn Parish Council
 Hambleton District Council
 Haxby Town Council
 Knaresborough Town Council
 North York Moors National Park
 North Yorkshire Fire and Rescue
 Northallerton & Romanby JBB
 Norton on Derwent Town Council
 Richmond Town Council
 Ripon City Council
 Scarborough Borough Council
 Selby College
 Selby Town Council
 Sutton in Craven Parish Council
 Thornton (Vale of Pickering) IDB
 York Arts Education
 Yorkshire Dales National Park

Academy Trusts

Arete Learning Trust - Stokesley Prim Acad
 Arete Learning Trust - Richmond School
 Ebor A.T. - Brotherton & Byram CP
 Ebor A.T. - Camblesforth CP
 Ebor A.T. - Filey Academy
 Ebor A.T. - Filey COE Nursery and Infants
 Ebor A.T. - Haxby Road
 Ebor A.T. - Park Grove
 Ebor A.T. - Robert Wilkinson
 Ebor A.T. - Staynor Hall CP
 Ebor A.T. - Tockwith School
 Northern Star AT - Harrogate High
 Northern Star AT - Hookstone Chase
 Northern Star AT - New Park Primary
 Northern Star AT - Skipton Girls High School
 Outwood Grange A.T. - Greystone CP School
 Outwood Grange A.T. - Outwood Acad. Ripon
 Red Kite Learning Trust Pooled
 Rodillian MAT - Brayton High School
 Rossett School Academy
 Scalby Learning Trust
 South Bank Multi Academy Trust
 South Craven Academy Trust
 South York MAT - Fulford School
 Yorkshire Causeway S.T. - .Hampsthwaite
 Yorkshire Causeway S.T. - .Oatlands Infant
 Yorkshire Causeway S.T. - .Pannal Primary
 Yorkshire Causeway S.T. - .Richard Taylor CE
 Yorkshire Causeway S.T. - .St Aidans
 Yorkshire Causeway S.T. - .St Peters CE
 Yorkshire Causeway S.T. - North Rigion

Bishop Wheeler Catholic Academy Trust
 Craven Educational Trust
 Dales Academies Trust
 Elevate MAT
 Enquire Learning Trust - East Whitby Primary
 Enquire Learning Trust - Roseberry Primary
 Enquire Learning Trust - Stokesley CP School
 Great Smeaton Academy Primary School
 Hope Learning Trust - Barlby High
 Hope Learning Trust - Burton Green Primary
 Hope Learning Trust - Forest of Galtres
 Hope Learning Trust - Manor CoE Academy
 Hope Learning Trust - Poppleton Ousebank
 Hope Learning Trust - Vale of York
 Norton College – an 11-19 academy
 Pathfinder MAT - Acomb Primary
 Pathfinder MAT - Archbishop Holgates School
 Pathfinder MAT - Badger Hill School
 Pathfinder MAT - Clifton with Rawcliffe School
 Pathfinder MAT - Hempland School
 Pathfinder MAT - Heworth School
 Pathfinder MAT - New Earswick School
 Pathfinder MAT - St Lawrence School
 Pathfinder MAT - Tang Hall School
 Selby Educational Trust
 The Grove Academy,
 The Woodlands Academy
 Thomas Hinderwell Primary Academy
 Yorkshire Collaborative Academy Trust
 Yorkshire Endeavour Academies Trust

52 Admitted Bodies

ABM Catering Ltd	Align Property Services
Betterclean Services	Be Independent
Cater Link Ltd	Bulloughs Cleaning Ltd
Caterservice Ltd	Catering Academy Ltd
Chartwells Compass	Absolutely Catering Ltd
City of York Trading Ltd	Churchill
Consultant Services Group	Everyone Active (SLM Scarborough)
Enterprise	Dolce Ltd
Gough and Kelly	Explore York Libraries and Archives
Grosvenor Facilities Management	Greenwich Leisure Ltd
Housing 21	Harrogate International Centre
Hutchison Catering	Human Support Group Ltd
Interserve	Independent Cleaning Services
Lifeways Community Care Ltd	ISS Mediclean Ltd
Make It York	Mellors
Northern Care (Whistledawn)	North Yorkshire Property Services
OCS Group UK Ltd	Richmondshire Leisure Trust
Ringway Operatives	Sanctuary Housing Association
Schools Plus	Sewell Facilities Management
Sheffield International Venues	Springfield Home Care
Streamline Taxis	Superclean Services Group
The Wilberforce Trust	University of Hull
Veritau Ltd	Veritau North Yorks
Welcome to Yorkshire	Wigan Leisure and Culture Trust
York Archaeological Trust Ltd	York Museums and Galleries Trust
York St John University	Yorkshire Coast Homes

Active, pensioner and deferred pensioner numbers, split between NYCC as the Administering Authority and all other employers were as follows:

	31st March 2018 No.	31st March 2017 No.
Number of Employers with Active Members	157	140
Employees in the Fund		
NYCC	17,690	19,528
Other employers	15,420	14,031
Total	<u>33,110</u>	<u>33,559</u>
Pensioners		
NYCC	11,636	11,017
Other employers	9,826	9,424
Total	<u>21,462</u>	<u>20,441</u>
Deferred Pensioners		
NYCC	22,515	20,318
Other employers	13,284	12,829
Total	<u>35,799</u>	<u>33,147</u>

(c) Funding

Benefits are funded by contributions and investment earnings. Contributions are made by active members of the Fund in accordance with the LGPS Regulations 2013 and range from 5.5% to 12.5% of pensionable pay for the financial year ended 31 March 2018. Employee contributions are matched by employers' contributions which are set based on triennial actuarial funding valuations. The last such valuation was at 31 March 2016 that set the contribution rates for 2017/18, 2018/19, 2019/20; details of the rates for individual employers are available on the Fund's website. The contribution rates in 2017/18 were set at the 2016 Valuation.

(d) Benefits

Prior to 1 April 2014 pension benefits under the LGPS up to 31 March 2014 are based on final pensionable pay and length of pensionable service.

For service up to 31 March 2008 each year worked is worth 1/80th of final pensionable salary, an automatic lump sum of three times salary is payable, and part of the annual pension can be exchanged for a one-off tax free cash payment at the rate of £12 lump sum for each £1 pension given up. For service from 1 April 2008 each year worked is worth 1/60th of final pensionable salary, there is no automatic lump sum, and part of the annual pension can be exchanged at the same rate as for service up to 31 March 2008.

From 1 April 2014 the scheme became a career average scheme whereby members accrue benefits based on their pensionable pay in that year at an accrual rate of 1/49th. Accrued pension is updated annually in line with CPI.

There are a range of other benefits provided under the Scheme including early retirement, disability pensions and death benefits. For more details please refer to the Publications section on the Fund's website.

2. Basis of Preparation

The Statement of Accounts summarises the Fund's transactions for the 2017/18 financial year and its year end position as at 31 March 2018. The accounts have been prepared in accordance with the Code of Practice on Local Authority Accounting in the United Kingdom 2017/18 which is based upon International Financial Reporting Standards (IFRS), as amended for the UK public sector.

The accounts summarise the transactions of the Fund and report on the net assets available to pay pension benefits. The Accounts do not take account of obligations to pay pensions and benefits which fall due after the end of the financial year.

3. Summary of Significant Accounting Policies

Fund Account – Revenue Recognition

(a) Contribution Income

Normal contributions, both from the members and from the employer, are accounted for on an accruals basis at the rate recommended by the Fund's Actuary in the payroll period to which they relate.

Employer deficit funding contributions are accounted for in the period in which they are payable under the schedule of contributions set by the Actuary or on receipt if earlier than the due date.

Employers' augmentation contributions and pension strain contributions are accounted for in the period in which the liability arises. Any amount due in year but unpaid will be classed as a current asset. Amounts due in future years are classed as long term assets.

(b) Transfers To and From Other Schemes

Transfer values represent the amounts received and paid during the year for members who have either joined or left the Fund during the financial year and are calculated in accordance with LGPS Regulations (see notes 8 and 10).

Individual Transfers in/out are accounted for when received/paid, which is normally when the member liability is accepted or discharged.

Transfers in from members wishing to use the proceeds of their additional voluntary contributions or other defined contribution arrangements to purchase scheme benefits are accounted for on a receipts basis and are included in Transfers In (see note 8).

Bulk (group) transfers are accounted for on an accruals basis in accordance with the terms of the transfer agreement.

(c) Investment Income

Interest income is recognised in the Fund as it accrues, using the effective interest rate of the financial instrument as at the date of acquisition or origination. Income includes the amortisation of any discount or premium, transaction costs or other differences between the initial cost of the instrument and its value at maturity calculated on an effective interest rate basis.

Dividend income is recognised on the date the shares are quoted ex-dividend. Any amount not received by the end of the reporting period is disclosed in the Net Assets Statement as a current asset.

Distributions from pooled funds are recognised at the date of issue. Any amount not received by the end of the reporting period is disclosed in the Net Asset Statement as a current asset.

Changes in the net market value of investments are recognised as income and comprise all realised and unrealised profits/losses during the year.

Fund Account – Expense Items

(d) Benefits Payable

Pensions and lump sum benefits payable include all amounts known to be due as at the financial year end. Any amounts due but paid are disclosed in the Net Assets Statement as current liabilities.

(e) Taxation

The Fund is a registered public service scheme under Section 1(1) of Schedule 36 of the Finance Act 2004 and as such is exempt from UK income tax on interest received and from capital gains tax on the proceeds of investments sold. Income from overseas investments suffers withholding tax in the country of origin, unless exemption is permitted. Irrecoverable tax is accounted for as a Fund expense as it arises.

(f) Management expenses

The Code does not require any breakdown of pension fund administrative expenses. However, in the interests of greater transparency, the fund discloses its pension fund management expenses in accordance with CIPFA's Accounting for Local Government Pension Scheme Management Expenses (2016).

Administrative Expenses and Oversight and Governance Costs

All administrative expenses, oversight and governance costs are accounted for on an accruals basis. All associated staff costs are charged to the Fund. Management, accommodation and other overheads borne by NYCC are apportioned to the Fund in accordance with NYCC policy.

Investment Management Expenses

All investment management expenses are accounted for on an accruals basis.

Fees of the external investment managers are set out in the respective mandates governing their appointments. Broadly, these are based on the market value of the investments under their management and therefore increase or reduce as the value of these investments change.

In addition the Fund has negotiated with the following managers that an element of their fee will be performance related:

- Baillie Gifford & Co - Global Equities
- FIL Pensions Management (Fidelity) - Global (ex-UK) Equities
- Standard Life Investments – UK Equities
- Hermes Investment Management- UK Property
- Bluebay- Private Debt
- Permira- Private Debt

Where an investment manager's fee note has not been received by the year-end date, an estimate based upon the market value of their mandate as at the end of the year is used for inclusion in the fund accounts.

Net Assets Statement

(g) Assets

Assets are included in the Net Asset Statement on a fair value basis as at the reporting date. An asset is recognised in the Net Asset Statement on the date the Fund becomes party to the contractual acquisition of the asset. From this date any gains or losses arising from the fair value of the asset are recognised by the Fund.

(h) Foreign Currency Transactions

Dividends, interest and purchases and sales of investments in foreign currencies have been accounted for at the spot market rates at the date of transaction. End of year spot market exchange rates are used to value cash balances held in foreign currency bank accounts, market values of overseas investment and purchases and sales outstanding at the end of the reporting period.

(i) Derivatives

The Fund uses derivative financial instruments to manage its exposure to specific risks arising from its investment activities. The Fund does not hold derivatives for speculative purpose (see note 15)

(j) Cash and Cash Equivalents

Cash comprises cash in hand and demand deposits and includes amounts held by the Fund's external managers.

Cash equivalents are short term, highly liquid investments that are readily convertible into known amounts of cash and that are subject to minimal risk of changes in value.

(k) Liabilities

The Fund recognises liabilities at fair value as at the reporting date. A liability is recognised in the Net Asset Statement on the date the Fund becomes party to the liability. From this date any gains or losses arising from changes in the fair value of the liability are recognised by the Fund.

(l) Actuarial Present Value of Promised Retirement Benefits

The actuarial present value of promised retirement benefits is assessed on a triennial basis by the Fund's Actuary in accordance with the requirements of IAS19 and relevant actuarial standards.

As permitted under the Code, the Fund has opted to disclose the actuarial present value of promised retirement benefits by way of an **Appendix** to these statements.

(m) Additional Voluntary Contributions

NYPF provides an Additional voluntary contribution (AVC) scheme for its members, the assets of which are invested separately from those of the Fund. The fund has appointed Prudential as its AVC provider. AVCs are paid to the AVC provider by employers and are specifically for providing additional benefits for individual contributors. Each AVC contributor receives an annual statement showing the amount held in their account and the movements in the year.

AVCs are not included in the Accounts in accordance with Section 4(1)(b) of the LGPS (Management and Investment of Funds) Regulations 2016 but are disclosed as a note only (see note 23).

4. Critical Judgement in Applying Accounting Policies

Unquoted Private Equity Investments

It is important to recognise the highly subjective nature of determining the fair value of private equity investments. They are inherently based on forward looking estimates and judgements involving many factors. Unquoted private equities are valued by the investment manager using guidelines set out by the British Venture Capital Association. The value of unquoted private equities at 31 March 2018 was £55k (31 March 2017, £55k).

Pension Fund Liability

The Fund's liability is calculated every three years by the Actuary, with annual updates in the intervening years. The methodology used is in line with accepted guidelines and in accordance with IAS19. Assumptions underpinning the valuations are agreed with the Actuary and are summarised in note 19. This estimate is subject to significant variances based on changes to the underlying assumptions.

5. Assumptions Made About the Future and Other Major Sources of Estimation Uncertainty

These Accounts require management to make judgements, estimates and assumptions that affect the amounts reported for assets and liabilities at the balance sheet date and the for revenue and expenses during the year. Estimates are made taking into account historical experience, current trends and other relevant factors. However, the nature of estimation means that the actual outcomes could differ from those based on these assumptions and estimates.

The item in the Net Assets Statement as at 31 March 2018 for which there is a significant risk of material adjustment being required is the actuarial present value of promised retirement benefits, which is based on assumptions on the discount rate, salary increases, retirement ages, mortality rates and the return on investments.

The effects of changing individual assumptions on the value of pension liabilities can be measured. A 0.1% increase in the discount rate would reduce liabilities by 1.9%, a 0.1% increase in inflation would increase liabilities by 1.9%, and an increase in life expectancy of one year would increase liabilities by 2.9%.

6. Events After the End of the Reporting Period

There have been no Post Balance Sheet Events.

7. Contributions Receivable

By category

	2017/18 £000	2016/17 £000
Employees' Contributions	26,855	26,413
Employers' Contributions		
Normal contributions	74,612	58,793
Deficit recovery contributions	20,971	38,953
Early Retirement Recharges	2,504	2,602
Compensatory Added Years Recharges	234	489
Total Employers' Contributions	<u>125,176</u>	<u>127,250</u>

By authority

	2017/18 £000	2016/17 £000
Contributions Receivable		
North Yorkshire County Council	54,600	52,208
Other Scheduled Bodies	60,741	68,944
Admitted Bodies	<u>9,835</u>	<u>6,098</u>
	<u>125,176</u>	<u>127,250</u>

8. Transfers In from Other Pension Funds

All Transfers In were individual transfers. There were no group transfers during the year.

9. Benefits Payable

	2017/18 £000	2016/17 £000
Benefits Payable		
North Yorkshire County Council	45,588	44,144
Other Scheduled Bodies	52,701	53,056
Admitted Bodies	6,830	7,003
	<u>105,119</u>	<u>104,203</u>

10. Payments To and On Account of Leavers

All payments were in relation to individual members. There were no group transfers during the year.

11. Management Expenses

	2017/18 £000	2016/17 £000
Administrative Costs	1,507	1,852
Investment Management Costs	22,985	14,231
Oversight and Governance Costs	590	403
	<u>25,082</u>	<u>16,486</u>

Investment Management Costs includes £7,376k (2016/17: £1,990k) in respect of performance related fees payable to the Fund's investment managers and £2,826k in respect of transaction costs (2016/17 £2,638k).

In addition to these costs, indirect costs are incurred through the bid-offer spread on investments sales and purchases. These are reflected in the cost of acquisitions and in the proceeds from the sales of investments (see Note 14a).

(a) Investment Management Expenses

	2017/18 £000	2016/17 £000
Management Fees	11,381	8,597
Performance Related Fees	7,376	1,990
Custody Fees	90	81
Transactions Costs	2,826	2,638
Other	1,312	925
	<u>22,985</u>	<u>14,231</u>

12. Investment Income

	2017/18 £000	2016/17 £000
Income from Bonds	3,418	2,829
Income from Equities	16,302	13,507
Pooled Property Investments	1,307	1,313
Pooled Investments - Other Managed Funds	413	0
Interest on Cash Deposits	47	3
Other	<u>2,058</u>	<u>678</u>
	<u>23,545</u>	<u>18,330</u>

13. Taxes on Income

	2017/18 £000	2016/17 £000
Withholding Tax on Dividends	<u>371</u>	<u>256</u>

14. Investments

(a) Reconciliation of Movements in Investments and Derivatives

	Value at 31st March 2018 £000	Change in market value at 31st March 2018 £000	Sale proceeds & derivate receipts £000	Purchases at cost and derivative payments £000	Value as at 1st April 2017 £000
Fixed Interest Securities	626,598	10,127	(1,413,385)	1,606,992	422,864
Equities	592,013	19,987	(440,004)	424,231	587,799
Pooled Investments	1,839,822	187,833	(1,455,593)	1,365,549	1,742,033
Pooled Property	276,831	26,818	(2,953)	0	252,966
Private Equity	55	0	0	0	55
Derivative Contracts	<u>0</u>	<u>182</u>	<u>0</u>	<u>0</u>	<u>(182)</u>
Total Invested	3,335,319	244,947	(3,311,935)	3,396,772	3,005,535
Cash Deposits	13,883				10,123
Net Investment Debtors	<u>(37,975)</u>	<u>(42,539)</u>			<u>4,564</u>
Net Investment Assets	<u>3,311,227</u>	<u>202,408</u>			<u>3,020,222</u>

	Value at 31st March 2017 £000	Change in market value at 31st March 2017 £000	Sale proceeds & derivate receipts £000	Purchases at cost and derivative payments £000	Value as at 1st April 2016 £000
Fixed Interest Securities	422,864	82,714	(1,232,108)	1,230,660	341,598
Equities	587,799	110,792	(287,072)	276,024	488,055
Pooled Funds	1,742,033	384,244	(51,545)	17,387	1,391,947
Pooled Property	252,966	13,387	(146,665)	209,781	176,463
Private Equity	55	0	(27)	0	82
Derivative Contracts	(182)	(182)	0	0	0
Total Invested	3,005,535	590,955	(1,717,417)	1,733,852	2,398,145
Cash Deposits	10,123				8,339
Net Investment Debtors	4,564	1,750			2,813
Net Investment Assets	<u>3,020,222</u>	<u>592,705</u>			<u>2,409,297</u>

(b) Analysis of Investments (excluding derivative contracts)

	2017/18 £000	2016/17 £000
Fixed Interest Securities		
UK Public Sector Quoted	<u>626,598</u>	<u>422,682</u>
Equities		
UK Quoted	326,188	308,717
Overseas Quoted	<u>265,825</u>	<u>279,082</u>
	<u>592,013</u>	<u>587,799</u>
Pooled Investments		
UK Equity	67,277	70,283
UK Property	276,831	252,966
UK Fixed Income	0	0
Overseas Equity	1,462,601	1,328,818
Overseas Fixed Income	<u>0</u>	<u>93,095</u>
	<u>1,806,709</u>	<u>1,745,162</u>
Diversified Growth Funds - UK	<u>309,944</u>	<u>249,837</u>
Private Equity - UK	<u>55</u>	<u>55</u>
Total Investments (excl Derivatives)	<u>3,335,319</u>	<u>3,005,535</u>
Cash Deposits	13,883	10,123
Net Investment Debtors	(37,975)	4,564
Net Investment Assets	<u>3,311,227</u>	<u>3,020,222</u>

(c) Investments analysed by Fund Manager

	31st March 2018		31st March 2017	
	£000	%	£000	%
Investment Manager				
Baillie Gifford & Co. - Global Alpha	658,308	19.9	604,424	19.9
Baillie Gifford & Co. - LTGG	475,901	14.4	418,471	13.8
Fidelity International	323,116	9.8	340,419	11.2
Standard Life Investments - Equities	338,416	10.2	312,208	10.3
Standard Life Investments - DGF	173,477	5.3	138,060	4.5
ECM Asset Management	0	0.0	93,095	3.1
Hermes Property Unit Trust	35,304	1.1	32,866	1.1
Legal & General	67,572	2.0	62,453	2.1
Threadneedle	174,545	5.3	158,237	5.2
M&G Investments	585,246	17.7	427,134	14.1
Newton Investments	136,467	4.1	111,778	3.7
Dodge & Cox	149,844	4.5	153,007	5.0
Veritas	151,620	4.6	154,599	5.1
Bluebay	8,016	0.2	7,570	0.2
Permira	33,346	1.0	5,850	0.2
Yorks and Humber Equity Fund	51	0.0	52	0.0
Internally Managed (cash and net debtors)	(7,986)	-0.2	15,614	0.5
	<u>3,303,242</u>	<u>100.0</u>	<u>3,035,836</u>	<u>100.0</u>

The investments with Baillie Gifford, Threadneedle and Veritas each represent more than 5% of net assets. These investments are in pooled funds. All other investments are either below 5% or constitute a portfolio of segregated assets.

(d) Stock Lending

The Fund has not released stock to a third party under a stock lending arrangement within a regulated market at this period end or in any previous years.

15. Analysis of Derivatives**Futures**

Type	Expires	Economic Exposure £000	Market Value 31 March 2017 £000	Economic Exposure £000	Market Value 31 March 2018 £000
------	---------	---------------------------	---------------------------------------	---------------------------	---------------------------------------

Liabilities

UK Fixed Interest	Less than 1 year	(182)	(182)	0	0
-------------------	---------------------	-------	-------	---	---

16. Fair Value – Basis of Valuation

The basis of the valuation of each class of investment asset is set out below. There has been no change in the valuation techniques used during the year. All assets have been valued using fair value techniques which represent the highest and best price available at the reporting date.

Description of asset	Valuation hierarchy	Basis of valuation	Observable and unobservable inputs	Key sensitivities affecting the valuations provided
Market quoted investments	Level 1	Published bid market price ruling on the final day of the accounting period	Not required	Not required
Quoted bonds	Level 1	Fixed interest securities are valued at a market value based on current yields	Not required	Not required
Futures and options in UK bonds	Level 1	Published exchange prices at the year-end	Not required	Not required
Exchange traded pooled investments	Level 1	Closing bid value on published exchanges	Not required	Not required
Unquoted bonds	Level 2	Average of broker prices	Evaluated price feeds	Not required
Forward foreign exchange derivatives	Level 2	Market forward exchange rates at the year-end	Exchange rate risk	Not required
Overseas bond options	Level 2	Option pricing model	Annualised volatility of counterparty credit risk	Not required
Pooled investments – overseas unit trusts and property funds	Level 2	Closing bid price where bid and offer prices are published Closing single price where single price published	NAV-based pricing set on a forward pricing basis	Not required
Pooled investments – hedge funds	Level 3	Closing bid price where bid and offer prices are published Closing single price where single price published	NAV-based pricing set on a forward pricing basis	Valuations could be affected by material events occurring between the date of the financial statements provided and the pension fund's own reporting date, by changes to expected cashflows, and by any differences between audited

				and unaudited accounts Required by 6.5.5.1 d) and f), 7.4.2.13 of the Code.
Notes to the North Yorkshire Pension Fund Account for the year ended 31 March 2018	Valuation hierarchy	Basis of valuation	Observable and unobservable inputs	Key sensitivities affecting the valuations provided
Freehold and leasehold properties	Level 3	Valued at fair value at the year-end using the investment method of valuation by John Finley FRICS of independent valuers Carrott-Jones LLP in accordance with the RICS Valuation Standards (9th Edition)	Existing lease terms and rentals Independent market research Nature of tenancies Covenant strength for existing tenants Assumed vacancy levels Estimated rental Growth Discount rate	Significant changes in rental growth, vacancy levels or the discount rate could affect valuations as could more general changes to market prices
Unquoted equity	Level 3	Comparable valuation of similar companies in accordance with International Private Equity and Venture Capital Valuation Guidelines (2012)	EBITDA multiple Revenue multiple Discount for lack of marketability Control premium	Valuations could be affected by material events occurring between the date of the financial statements provided and the pension fund's own reporting date, by changes to expected cashflows, and by any differences between audited and unaudited accounts

Sensitivity of assets valued at level 3

Having analysed historical data and current market trends, and consulted with independent investment advisors, the fund has determined that the valuation methods described above are likely to be accurate to within the following ranges, and has set out below the consequent potential impact on the closing value of investments held at 31 March 2018.

	Value at 31 March 2018 £000	Value on Increase £000	Value on decrease £000
Assessed valuation range (+/-)			
Pooled investments – hedge funds	0	0	0
Freehold and leasehold property	0	0	0
Unquoted overseas equity	0	0	0
Private equity	55	0	0
Total	<u>55</u>	<u>0</u>	<u>0</u>

16a. Fair Value Hierarchy

Asset and liability valuations have been classified into three levels, according to the quality and reliability of information used to determine fair values. Transfers between levels are recognised in the year in which they occur.

Level 1

Assets and liabilities at level 1 are those where the fair values are derived from unadjusted quoted prices in active markets for identical assets or liabilities. Products classified as level 1 comprise quoted equities, quoted fixed securities, quoted index linked securities and unit trusts.

Level 2

Assets and liabilities at level 2 are those where quoted market prices are not available; for example, where an instrument is traded in a market that is not considered to be active, or where valuation techniques are used to determine fair value.

Level 3

Assets and liabilities at level 3 are those where at least one input that could have a significant effect on the instrument's valuation is not based on observable market data.

The following table provides an analysis of the financial assets and liabilities of the pension fund grouped into levels 1 to 3, based on the level at which the fair value is observable.

	Quoted market price Level 1 £000	Using observable inputs Level 2 £000	With significant unobservable inputs Level 3 £000	Total £000
Values at 31 March 2018				
Financial assets at fair value through profit and loss	3,103,152	292,692	55	3,395,899
Non-financial assets at fair value through profit and loss	0	0	0	0
Financial liabilities at fair value through profit and loss	(92,657)	0	0	(92,657)
Net investment assets	<u>3,010,495</u>	<u>292,692</u>	<u>55</u>	<u>3,303,242</u>

	Quoted market price Level 1 £000	Using observable inputs Level 2 £000	With significant unobservable inputs Level 3 £000	Total £000
Values at 31 March 2017				
Financial assets at fair value through profit and loss	2,729,536	309,841	55	3,039,432
Non-financial assets at fair value through profit and loss	0	0	0	0
Financial liabilities at fair value through profit and loss	(3,596)	0		(3,596)
Net investment assets	<u>2,725,940</u>	<u>309,841</u>	<u>55</u>	<u>3,035,836</u>

17. Financial Instruments

(a) Classification of Financial Instruments

Accounting policies describe how different asset classes of financial instruments are measured, and how income and expenses, including fair value gains and losses, are recognised. The following table summarises the carrying amounts of financial assets and liabilities by category.

31st March 2017			31st March 2018			
Designated as fair value through profit and loss £000	Loans and Receivables £000	Financial Liabilities amortised at cost £000	Designated as fair value through profit and loss £000	Loans and Receivables £000	Financial Liabilities amortised at cost £000	
Assets						
422,864	0	0	Fixed Interest Securities	626,598	0	0
587,799	0	0	Equities	592,013	0	0
1,492,196	0	0	Pooled Investments	1,529,878	0	0
252,966	0	0	Pooled Property	276,831	0	0
249,837	0	0	Diversified Growth Funds	309,944	0	0
55	0	0	Private Equity	55	0	0
0	0	0	Derivative Contracts	0	0	0
0	18,806	0	Cash	0	26,355	0
6,234	0	0	Investment Debtors	24,990	0	0
0	8,675	0	Non Investment Debtors	0	9,234	0
<u>3,011,951</u>	<u>27,481</u>	<u>0</u>		<u>3,360,309</u>	<u>35,589</u>	<u>0</u>
Liabilities						
182	0	0	Derivate Contracts	0	0	0
1,670	0	0	Investment Creditors	62,965	0	0
0	0	1,743	Non Investment Creditors	0	0	29,691
<u>1,852</u>	<u>0</u>	<u>1,743</u>		<u>62,965</u>	<u>0</u>	<u>29,691</u>
3,010,099	27,481	(1,743)		3,297,344	35,589	(29,691)

(b) Net Gains and Losses on Financial Instruments

	2017/18 £000	2016/17 £000
Fair Value Through Profit & Loss	244,947	590,955
Loans and Receivables	<u>(38,779)</u>	<u>37</u>
	<u>206,168</u>	<u>590,992</u>

18. Nature and Extent of Risks Arising from Financial Instruments

Risk and Risk Management

The Fund's primary long term risk is that the Fund's assets will fall short of its liabilities (i.e. promised benefits payable to members). Therefore the aim of investment risk management is to minimise the risk of an overall reduction in the value of the Fund and to maximise the opportunity for gains across the whole Fund portfolio. The Fund achieves this through asset diversification to reduce exposure to market risk (price risk, currency risk and interest rate risk) and credit risk to an acceptable level. In addition, the fund manages its liquidity risk to ensure there is sufficient liquidity to meet the Fund's forecast cash flows. NYCC manages these investment risks as part of its overall approach to Pension Fund risk.

Responsibility for the Fund's risk management strategy rests with the Pension Fund Committee. A Risk Register has been established to identify and analyse the risks faced by NYCC's pensions

operations. This document is periodically reviewed regularly to reflect changes in activity and in market conditions.

(a) Market Risk

Market risk is the risk of loss from fluctuations in equity prices, interest and foreign exchange rates and credit spreads. The Fund is exposed to market risk from its investment activities, particularly through its equity holdings. The level of risk exposure depends on market conditions, expectations of future price and yield movements and the asset mix.

The objective of the Fund's Risk Register includes identifying, managing and controlling market risk exposure within acceptable parameters, whilst optimising the return on risk.

In general, excessive volatility in market risk is managed through the diversification of the portfolio in terms of geographical and industry sectors and individual securities. To mitigate market risk, the PFC and its investment advisers undertake appropriate monitoring of market conditions and benchmark analysis.

The Fund manages these risks in two ways:

- the exposure of the Fund to market risk is monitored through advice from the investment advisers to ensure that risk remains within tolerable levels
- specific risk exposure is limited by applying risk weighted maximum exposures to individual investments through Investment Management Agreements

Other Price Risk

Other price risk represents the risk that the value of a financial instrument will fluctuate as a result of changes in market prices (other than those arising from interest rate risk or foreign exchange risk), whether those changes are caused by factors specific to the individual instrument or its issuer or factors affecting all such instruments in the market.

The Fund is exposed to share and derivative price risk. This arises from investments held by the Fund for which the future price is uncertain. All securities investments present a risk of loss of capital. The maximum risk resulting from financial instruments is determined by the fair value of the financial instruments.

The Fund's investment managers mitigate this price risk through diversification and the selection of securities and other financial instruments is monitored to ensure it is within limits specified in the Fund's investment strategy.

Other Price Risk – Sensitivity Analysis

Following analysis of historical data and expected investment return movement during the financial year, in consultation with the fund's investment advisors, the council has determined that the following movements in market price risk are reasonably possible for the 2018/19 reporting period.

Asset Type	Potential Market Movements (+/-) %
Cash and Cash Equivalents	1.0
UK Bonds	9.0
UK Equities	19.0
Overseas Equities	20.0
UK Pooled Equity	19.0
Overseas Pooled Equity	20.0
UK Pooled Bonds	9.0
Overseas Pooled Bonds	9.0
Pooled Property Investments	12.5
Diversified Growth Funds	10.0
Private Equity	27.5
Derivatives	0.0
Non Investment Debtors/Creditors	0.0

The potential price changes disclosed above are broadly consistent with a one-standard deviation movement in the value of the assets. The sensitivities are consistent with the assumptions contained in the investment advisors' most recent review. This analysis assumes that all other variables, in particular foreign currency exchange rates and interest rates, remain the same.

Had the market price of the fund investments increased/decreased in line with the above, the change in the net assets available to pay benefits in the market price would have been as follows (the prior year comparator is shown below).

Asset Type	Value as at 31st March 2018 £000	Potential Market Movement £000	Value on Increase £000	Value on Decrease £000
Cash and Cash Equivalents	13,883	139	14,022	13,744
UK Bonds	626,598	56,394	682,992	570,204
UK Equities	326,189	61,976	388,165	264,213
Overseas Equities	265,825	53,165	318,990	212,660
UK Pooled Equity	108,639	20,641	129,280	87,998
Overseas Pooled Equity	1,421,239	284,248	1,705,487	1,136,991
UK Pooled Bonds	0	0	0	0
Overseas Pooled Bonds	0	0	0	0
Pooled Property Investments	276,831	34,604	311,435	242,227
Diversified Growth Funds	309,944	30,994	340,938	278,950
Private Equity	55	15	70	40
Derivatives	0	0	0	0
Non Investment Debtors / Creditors	(20,457)	0	(20,457)	(20,457)
Total Assets	<u>3,328,746</u>		<u>3,870,922</u>	<u>2,786,570</u>

Asset Type	Value as at 31st March 2017 £000	Potential Market Movement £000	Value on Increase £000	Value on Decrease £000
Cash and Cash Equivalents	10,123	101	10,224	10,022
UK Bonds	422,864	38,058	460,922	384,806
UK Equities	308,717	58,656	367,373	250,061
Overseas Equities	279,082	57,212	336,294	221,870
UK Pooled Equity	70,283	13,354	83,637	56,929
Overseas Pooled Equity	1,328,818	272,408	1,601,226	1,056,410
UK Pooled Bonds	0	0	0	0
Overseas Pooled Bonds	93,095	10,240	103,335	82,855
Pooled Property Investments	252,966	31,621	284,587	221,345
Diversified Growth Funds	249,837	26,233	276,070	223,604
Private Equity	55	15	70	40
Derivatives	(182)	0	(182)	(182)
Non Investment Debtors / Creditors	6,931	0	6,931	6,931
Total Assets	<u>3,022,589</u>		<u>3,530,487</u>	<u>2,514,691</u>

Interest Rate Risk

The Fund invests in financial assets for the primary purpose of obtaining a return on investments. These investments are subject to interest rate risks, which represent the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

The Fund's interest rate risk is monitored by the Fund and its investment advisers through the risk management strategy including monitoring the exposure to interest rates and assessment of actual interest rates against the strategic benchmark.

The Fund's direct exposure to interest rate movements as at 31 March 2018 and 31 March 2017 is set out in the tables below. These disclosures present interest rate risk based on the underlying financial assets at fair value.

	2017/18 £000	2016/17 £000
Cash and Cash Equivalents	13,883	10,123
Fixed Interest Securities	<u>626,598</u>	<u>422,864</u>
	<u>640,481</u>	<u>432,987</u>

The Fund recognises that interest rates can vary and can affect both income to the Fund and the value of the net assets available to pay benefits. Advice suggests that it is reasonable to expect a change in the long term average rate of approximately 1%. For illustrative purposes if it were to change by +/- 100 bps the values in the table above would change by £6,405k and for 2016/17 asset values, £4,330k.

Currency Risk

Currency risk represents the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Fund is exposed to currency risk on financial instruments that are denominated in any currency other than the functional currency of the Fund (£UK). The Fund holds both monetary and non-monetary assets denominated in currencies other than £UK.

The Fund's currency rate risk is monitored in accordance with the Fund's risk management strategy, including monitoring the range of exposure to currency fluctuations.

After receiving advice it is considered that the likely volatility associated with foreign exchange movements to be +/-9.9%. A fluctuation of this size is considered reasonable based on the analysis of long term historical movements in the month end exchange rates.

Assuming all other variables, in particular, interest rates remain constant, a 9.9% strengthening/weakening of the pound against the various currencies in which the Fund holds investments would increase/decrease the net assets available to pay benefits as follows:

Asset Type	Value as at 31st March 2018 £000	Value on 9.9% Increase £000	Value on 9.9% Decrease £000
Overseas Equities	1,687,064	1,854,083	1,520,045
Overseas Bonds	0	0	0
Total Assets	<u>1,687,064</u>	<u>1,854,083</u>	<u>1,520,045</u>

Asset Type	Value as at 31st March 2017 £000	Value on 9.8% Increase £000	Value on 9.8% Decrease £000
Overseas Equities	1,607,899	1,765,473	1,450,325
Overseas Bonds	93,095	102,219	83,972
Total Assets	<u>1,700,994</u>	<u>1,867,692</u>	<u>1,534,297</u>

(b) Credit Risk

Credit risk represents the risk that the counterparty to a transaction or a financial instrument will fail to discharge an obligation and cause the Fund to incur a financial loss. The market values of investments generally reflect an assessment of credit in their pricing and consequently the risk of loss is implicitly provided for in the carrying value of the Fund's assets and liabilities.

In essence the Fund's entire investment portfolio is exposed to some form of credit risk, with the exception of the derivative positions, where the risk equates to the net market value of a positive derivative position. However the selection of high quality counterparties, brokers and financial institutions minimises credit risk that may occur through the failure to settle a transaction in a timely manner.

Contractual credit risk is represented by the net payment or receipt outstanding, and the cost of replacing the derivative position in the event of counterparty default. The residual risk is minimal due to the various insurance policies held by the exchanges to cover defaulting counterparties.

Credit risk on over the counter derivative contracts is minimised as counterparties are recognised financial intermediaries with acceptable credit ratings determined by recognised rating agencies.

Deposits are not made with banks and financial institutions unless they are rated independently and meet NYCC's credit criteria. NYCC has also set limits as to the maximum amount of deposits placed with any one financial institution. The banks and institutions chosen all have at least the minimum credit rating as described in NYCC's Treasury Management Strategy.

NYCC believes it has managed its exposure to credit risk and has had no experience of default or uncollectible deposits over the past five financial years. The Fund's cash holding under its treasury management arrangements with NYCC at 31 March 2018 was £12.5m (31 March 2017, £8.6m) and was held with the following institutions:

	Credit Rating	31st March 2018 £000	31st March 2017 £000
Call Accounts			
Barclays	A / F1	1,539	552
Santander UK	A / F1	0	227
Fixed Term Deposit Notice Accounts			
Bank of Scotland	A+ / F1	1,904	2,396
Leeds BS	A- / F1	0	366
Nationwide	A / F1	423	1,127
Commonwealth Bank of Australia	AA- / F1+	635	0
Santander UK	A/F1	1,430	900
Goldman Sachs	A/F1	1,692	1,127
Aberdeenshire Council	-	212	0
Ashfield District Council	-	85	0
Birmingham City Council	-	423	0
Doncaster Metropolitan Borough Council	-	212	0
Dudley Metropolitan Borough Council	-	254	0
Dundee City Council	-	212	0
Eastbourne Borough Council	-	592	0
Fife Council	-	0	141
Hambleton District Council	-	212	155
Isle of Wight Council	-	0	282
Lancashire County Council	-	212	282
Lancashire PCC	-	212	0
North Tyneside Metropolitan Borough Council	-	212	0
Northumberland County Council	-	0	141
Runnymede Borough Council	-	212	0
Salford City Council	-	0	141
Tewkesbury Borough Council	-	212	0
Warrington Borough Council	-	592	282
West Berkshire District Council	-	0	113
West Dunbartonshire Council	-	381	310
West Yorkshire PCC	-	190	0
Woking Borough Council	-	423	141
		<u>12,471</u>	<u>8,683</u>

(c) Liquidity Risk

Liquidity risk represents the risk that the fund will not be able to meet its financial obligations as they fall due. The Fund therefore takes steps to ensure that it has adequate cash resources to meet its commitments.

The Fund has immediate access to its cash holdings, subject to the fixed periods determined when deposits are placed. These deposits are scheduled to ensure cash is available when required.

The Fund also has access to an overdraft facility for short term (up to three months) cash needs. This facility is only used to address changes in the strategic benchmark and is met by either surplus cash from contributions received exceeding pensions paid or if necessary, disinvesting.

The fund defines liquid assets as assets that can be converted to cash within three months. Illiquid assets are those assets which will take longer than three months to convert to cash. As at 31 March 2018 the value of illiquid assets was £55k, which represented less than 0.1% of total Fund assets (31 March 2017, £55k, which represented less than 0.1% of total Fund assets).

All liabilities at 31 March 2018 are due within one year. The Fund does not have any financial instruments that have a refinancing risk as part of its treasury management and investment strategies.

19. Funding Arrangements

In line with the Local Government Pension Scheme (Administration) Regulations 2008 the Fund's Actuary, Aon Hewitt, undertakes a funding Valuation every three years for the purpose of setting employer contribution rates for the forthcoming triennial period. The last such Valuation took place as at 31 March 2016.

The key elements of NYPF's funding policy are:

- to ensure the long term solvency of the Fund, i.e. that sufficient funds are available to meet all pension liabilities as they fall due for payment
- to ensure that employer contribution rates are as stable as possible
- to minimise the long term cost of the scheme by recognising the link between assets and liabilities and adopting an investment strategy that balances risk and return
- to reflect the different characteristics of employing bodies in determining contribution rates where the Administering Authority considers it reasonable to do so
- to use reasonable measures to reduce the risk to other employers and ultimately to the council tax payer from an employer defaulting on its pension obligations

At the 2016 Valuation the aim was to achieve 100% solvency over a period of 24 years from April 2017 and to provide stability in employer contribution rates by spreading any increases in rates over a period of time. Solvency is achieved when the funds held, plus future expected investment returns and future contributions are sufficient to meet expected future pension benefits payable.

At the 2016 Triennial Valuation the Fund was assessed as 90% funded (73% at the 2013 Valuation). This reflected a deficit of £283m (£668m at the 2013 Valuation).

The common rate of employers' contributions is the average rate required from all employers calculated as being sufficient, together with contributions paid by employees, to meet all liabilities arising in respect of service after the Valuation date. For 2017/18 the common rate (determined at the 2013 Valuation) is 13.8% of pensionable pay.

Individual employers' rates will vary from the common contribution rate depending on the demographic and actuarial factors particular to each employer. Full details of the contribution rates payable can be found in the 2016 Triennial Valuation Report and the Funding Strategy Statement on the Fund's website.

The valuation of the Fund has been undertaken using the projected unit method under which the salary increase for each member is assumed to increase until they leave active service by death, retirement or withdrawal from service. The principal assumptions were:

Investment Return	4.40%	per annum
Inflation	2.00%	per annum
Salary Increases	3.25%	per annum
Pensions Increases	2.00%	per annum

Future life expectancy based on the Actuary's Fund specific mortality review was:

	Male	Female
Current Pensioners	22.7 years	26.2 years
Future Pensioners (assumed current age 45)	24.9 years	28.5 years

Commutation Assumption

It is assumed that future retirees will take 50% of the maximum additional tax-free lump sum up to HMRC limits for pre-April 2008 service and for post-April 2008 service.

50:50 Option

It is assumed that no active members (evenly distributed across the age, service and salary range) will take up the 50:50 option in the LGPS 2014 scheme.

20. Actuarial Present Value of Promised Retirement Benefits

In addition to the Triennial Funding Valuation, the Actuary also undertakes a valuation of pension fund liabilities on an IAS19 basis every year using the same base data as the Valuation, rolled forward to the current financial year, taking account of changes in membership numbers and using updated assumptions. A statement prepared by the Actuary is attached as an **Appendix**.

21. Current Assets

	2017/18 £000	2016/17 £000
Debtors		
Investment Debtors		
Investment Transactions	19,805	2,490
Accrued Dividends	3,204	2,058
Withholding Taxes Recoverable	1,981	1,686
	<u>24,990</u>	<u>6,234</u>
Other Debtors		
Contributions due from Scheduled (Government) Bodies	8,054	7,449
Contributions due from Admitted Bodies	416	429
Pensions Rechargeable	377	301
Interest on Deposits	0	0
Other	388	496
	<u>9,235</u>	<u>8,675</u>
	<u>34,225</u>	<u>14,909</u>

22. Current Liabilities

	2017/18 £000	2016/17 £000
Creditors		
Investment Creditors	62,965	1,670
Sundry Other Creditors	<u>29,691</u>	<u>1,744</u>
	<u>92,656</u>	<u>3,414</u>

23. Additional Voluntary Contributions (AVCs)

	Market Value 30th March 2018 £000	Market Value 31st March 2017 £000
Prudential	<u>20,267</u>	<u>19,958</u>

AVC contributions of £1,999k were paid directly to Prudential during the year (£1,846k in 2016/17).

24. Agency Services

The North Yorkshire Pension Fund does not operate Agency Services contracts.

25. Related Party Transactions

North Yorkshire County Council

The North Yorkshire Pension Fund is administered by North Yorkshire County Council. Consequently there is a strong relationship between the Council and the Fund.

The Council incurred costs of £1,322K (£1,231k in 2016/17) in relation to the administration of the Fund and was subsequently reimbursed by the Fund for these expenses. The Council is also the single largest employer of members of the Fund and contributed £54.6m to the Fund in 2017/18 (£52.2m in 2016/17).

Part of the Fund's cash holdings are invested with banks and other institutions by the treasury management operations of NYCC, through a service level agreement. During the year to 31 March 2018 the Fund had an average investment balance of £14m (-£2.4m during 2016/17) paid interest of £69.1k (£15.1k received in 2016/17) on these funds.

Governance

As at 31 March 2018 there were no Pension Fund Committee Members who were also active members of the Fund. The Corporate Director – Strategic Resources, who was also the Treasurer of the Fund was an active member. Benefits for the Treasurer was accrued on exactly the same basis as for all other members of the Fund.

Key Management Personnel

The Code exempts local authorities from the key management personnel disclosure requirements of IAS 24. This exemption applies in equal measure to the accounts of the Fund. The disclosures required by The Accounts and Audit (England) Regulations can be found in the main accounts of NYCC.

26. Contingent Liabilities and Contractual Commitments

The Fund had no material contingent liabilities or contractual commitments at the year end (£nil in 2016/17).

27. Contingent Assets

Two admitted body employers hold insurance bonds to guard against the possibility of being unable to meet their pension obligations. These bonds are drawn in favour of the pension fund and payment will only be triggered in the event of an employer default.

28. Impairment Losses

The Fund had no material impairment losses at the year-end (£nil in 2016/17).

Statement of the Actuary

North Yorkshire Pension Fund

Statement of the Actuary for the year ended 31 March 2018

Introduction

The Scheme Regulations require that a full actuarial valuation is carried out every third year. The purpose of this is to establish that the North Yorkshire Pension Fund (the Fund) is able to meet its liabilities to past and present contributors and to review employer contribution rates. The latest full actuarial investigation into the financial position of the Fund was completed as at 31 March 2016 by Aon, in accordance with Regulation 62 of the Local Government Pension Scheme Regulations 2013.

Actuarial Position

1. The valuation as at 31 March 2016 showed that the funding ratio of the Fund had increased since the previous valuation with the market value of the Fund's assets at that date (of £2,417.8M) covering 90% of the liabilities in respect of service prior to the valuation date allowing, in the case of pre-1 April 2014 membership for current contributors to the Fund, for future increases in pensionable pay.
2. The valuation also showed that the aggregate level of contributions required to be paid by participating employers with effect from 1 April 2017 was:
 - 17.8% of pensionable pay. This was the rate calculated as being sufficient, together with contributions paid by members, to meet the liabilities arising in respect of service after the valuation date (the primary rate).

Plus

- Monetary amounts to restore the assets to 100% of the liabilities in respect of service prior to the valuation date over a recovery period of 24 years from 1 April 2017, amounting to £13.6M in 2017/18, and increasing by 3.25% p.a. thereafter.
3. In practice, each individual employer's position is assessed separately and contributions are set out in Aon's report dated 31 March 2017 (the "actuarial valuation report"). In addition to the contributions certified, payments to cover additional liabilities arising from early retirements (other than ill-health retirements) will be made to the Fund by the employers.
 4. The funding plan adopted in assessing the contributions for each individual employer was in accordance with the Funding Strategy Statement. The approach, and the recovery period used for each employer, were agreed with the Administering Authority reflecting the Employers' circumstances.
 5. The valuation was carried out using the projected unit actuarial method for most employers and the main actuarial assumptions used for assessing the funding target and the contribution rates were as follows.

Discount rate for periods in service	
Scheduled body / subsumption funding target	4.4% p.a.
Orphan body funding target	4.1% p.a.
Discount rate for periods after leaving service	
Scheduled body / subsumption funding target	4.4% p.a.
Orphan body funding target	2.5% p.a.
Rate of pay increases (service up to 31 March 2014 only) (in addition to promotional increases)	3.25% p.a.
Rate of increase to pension accounts	2.0% p.a.
Rate of increases in pensions in payment (in excess of Guaranteed Minimum Pension)	2.0% p.a.

In addition, the discount rate for orphaned employers (i.e. employers with no active members and where there is no scheme employer responsible for funding the non-active liabilities) was 2.1% in-service and left-service.

The assets were valued at market value.

Further details of the assumptions adopted for the valuation are set out in the actuarial valuation report.

6. The valuation results summarised above are based on the financial position and market levels at the valuation date, 31 March 2016. As such the results do not make allowance for changes which have occurred subsequent to the valuation date.
7. The formal actuarial valuation report and the Rates and Adjustments Certificate setting out the employer contribution rates for the period from 1 April 2017 to 31 March 2020 were signed on 31 March 2017. Contribution rates will be reviewed at the next actuarial valuation of the Fund due as at 31 March 2019 in accordance with Regulation 62 of the Local Government Pension Scheme Regulations 2013.
8. Since the date the valuation report was signed, HM Treasury, in its response to the consultation on indexation and equalisation of GMPs in public sector schemes, has made an announcement to extend the indexation of GMPs to those reaching State Pension Age on or before 5 April 2021 (previously 5 December 2018). This extension period was not allowed for in the valuation results as the actuarial valuation report was signed off before the announcement, but the increase in liability is not expected to be material.
9. This Statement has been prepared by the Actuary to the Fund, Aon, for inclusion in the accounts of the Fund. It provides a summary of the results of the actuarial valuation which was carried out by Aon as at 31 March 2016. The valuation provides a snapshot of the funding position at the valuation date and is used to assess the future level of contributions required.

This Statement must not be considered without reference to the formal actuarial valuation report which details fully the context and limitations of the actuarial valuation.

Aon does not accept any responsibility or liability to any party other than our client, North Yorkshire County Council, the Administering Authority of the Fund, in respect of this Statement.

10. The actuarial valuation report is available on the Fund's website at the following address:
<https://www.nypf.org.uk/nypf/valuationreports.shtml>

Aon Hewitt Limited

20 April 2018



North Yorkshire
County Council

Annual Governance Statement

2017/18

May 2018

Contents

Section

1. Introduction and Scope of Responsibility
2. The Purpose of the Governance Framework
3. The Governance Framework
4. Role of the Chief Financial Officer
5. Review of Effectiveness
6. Activities of the Audit Committee
7. Significant Governance Issues
8. Summary
9. Signatures

1.0 INTRODUCTION AND SCOPE OF RESPONSIBILITY

- 1.1 Regulation 6(1)(a) of the *Accounts and Audit Regulations 2015* requires the Council to conduct a review at least once in a year of the effectiveness of its governance arrangements and its system of internal control and include an Annual Governance Statement reporting on the review with any published Statement of Accounts.
- 1.2 The preparation and publication of this Annual Governance Statement is in accordance with *CIPFA/Solace Delivering Good Governance in Local Government: Framework (2016)* and fulfils the statutory requirements to conduct a review at least once in each financial year of the effectiveness of its governance arrangements and its system of internal control, and to include a Statement reporting on the review with its Statement of Accounts.
- 1.3 North Yorkshire County Council is responsible for ensuring that resources are directed in accordance with agreed policy and according to priorities and, that there is sound and inclusive decision making. There is also clear accountability to the public for the use of those resources in order to achieve desired outcomes for service users and communities.
- 1.4 A key focus of North Yorkshire County Council's governance processes and structure is the attainment of sustainable economic, societal, and environmental outcomes. Outcomes have a central role in the Council's governance arrangements. The focus on sustainability and the links between governance and public financial management are crucial. Furthermore, the Council in exercising its responsibilities takes into account the impact of current decisions and actions on future generations.
- 1.5 This Annual Governance Statement is linked to the Council's **Local Code of Corporate Governance** through the seven Principles in the Local Code. The Local Code is also consistent with the principles of the CIPFA/SOLACE Framework *Delivering Good Governance in Local Government (2016)* and is reviewed annually. Minor amendments were made to the Local Code this year to ensure it represents continual corporate governance best practice. The current version was approved by the Audit Committee and the Chief Executive (as permitted in the Constitution under the Officers' Delegation Scheme) in March 2018. A copy of the Code can be obtained from the County Council website [here](#) and also listed as the Corporate Governance Policy. The Audit Committee also review the County Council's corporate governance arrangements in June of each year alongside the Annual Governance Statement.
- 1.6 This Annual Governance Statement explains how the County Council has complied with its Local Code and also meets the requirements of Regulation 6(1) of the *Accounts and Audit Regulations 2015* in relation to the publication of an **Annual Governance Statement**.
- 1.7 This Annual Governance Statement also confirms that the financial management arrangements within the County Council comply with the governance requirements of the CIPFA Statement on the *Role of the Chief Financial Officer in Local Government (2015)*.

North Yorkshire Pension Fund

- 1.8 The governance arrangements and Final Accounts of the North Yorkshire Pension Fund (NYPF) are audited separately from the County Council. However, because the NYPF is administered by the County Council, the governance arrangements of the County

Council also apply to the NYPF. This Annual Governance Statement therefore also forms part of the governance framework for the NYPF. However, there are also a number of additional documents that relate solely to the governance arrangements of the NYPF – these are **NOT** referred to further in this Annual Governance Statement as they relate only to the governance of the NYPF. For further details of the specific governance arrangements of the NYPF please refer to the NYPF website (www.nypf.org.uk).

- 1.9 NYPF is participating with a number of other Pension Funds as part of the Borders to Coast Pension Pool in response to the Government's drive for pooling of pensions' investments. Arrangements are not yet finalised but will have significant impact upon governance arrangements relating to investments. Administration and investment strategy will remain within the remit of each sovereign Pension Fund within the Pool. The company is now in operation and is planning for transition of its first investments from Autumn 2018.

2.0 THE PURPOSE OF THE GOVERNANCE FRAMEWORK

- 2.1 The Governance Framework as detailed in the Local Code comprises the systems and processes, the culture and values, by which the County Council is directed and controlled and the activities through which it accounts to, engages with and leads the community. It enables the County Council to monitor the achievement of its strategic objectives and to consider whether those objectives have led to the delivery of appropriate, cost effective services.
- 2.2 The **system of internal control** is a significant part of that Framework and is designed to manage risk to a reasonable level rather than try to eliminate all risk of failure to achieve policies, aims and objectives. Because it is not possible to eliminate all risks, the system of internal control can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on a continuous process designed to identify and prioritise the risks that threaten the achievement of the County Council's policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and then to manage them efficiently, effectively and economically.
- 2.3 The overall Governance Framework, and in particular the system of internal control, described in this Statement, has been in place within the County Council for the year ended 31 March 2018 and up to the date of approval by the Audit Committee of this Statement alongside the Statement of Final Accounts on 26 July 2018.

3.0 THE GOVERNANCE FRAMEWORK

- 3.1 The requirement to have a robust and resilient governance framework and sound system of internal control covers all aspects of the County Council's activities. For the purposes of this Statement, the policies, procedures and operations that taken together create the overall governance framework are grouped under the following headings -
- a) Developing codes of conduct which define standards of behaviour for Members and staff, and policies dealing with whistleblowing and conflicts of interest and that these codes and policies are communicated effectively.
 - b) Ensuring compliance with relevant laws and regulations, internal policies and procedures, and that expenditure is lawful.
 - c) Documenting a commitment to openness and acting in the public interest.
 - d) Establishing clear channels of communication with all sections of the community and other stakeholders, ensuring accountability and encouraging open consultation.
 - e) Developing and communicating a vision which specifies intended outcomes for citizens and service users and is used as a basis for planning.
 - f) Translating the vision into courses of action for the County Council, its commercial companies, its partnerships and collaborations.
 - g) Reviewing the effectiveness of the decision-making framework, including delegation arrangements, decision-making in partnerships, information provided to decision makers and robustness of data quality.

- h) Measuring the performance of services and related projects and ensuring that they are delivered in accordance with defined outcomes and that they represent the best use of resources and value for money.
- i) Defining and documenting the roles and responsibilities of Members and management, with clear protocols for effective communication in respect of the authority and partnership arrangements.
- j) Ensuring that financial management arrangements conform with the governance requirements of the CIPFA Statement on the *Role of the Chief Financial Officer in Local Government (2015)* and, where they do not, explain why and how they deliver the same impact.
- k) Ensuring effective arrangements are in place for the discharge of the Monitoring Officer function.
- l) Ensuring effective arrangements are in place for the discharge of the Head of Paid Service function.
- m) Providing induction and identifying the development needs of Members and senior officers in relation to their strategic roles, supported by appropriate training.
- n) Reviewing the effectiveness of the framework for identifying and managing risks and for performance and demonstrating clear accountability.
- o) Ensuring effective counter fraud and anti-corruption arrangements are developed and maintained in accordance with the *Code of Practice on Managing the Risk of Fraud and Corruption (CIPFA, 2014)*.
- p) Ensuring an effective scrutiny function is in place.
- q) Ensuring that assurance arrangements conform with the governance requirements of the CIPFA Statement on the Role of *the Head of Internal Audit (2010)* and, where they do not, explain why and how they deliver the same impact.
- r) Undertaking the core functions of an audit committee, as identified in Audit Committees: *Practical Guidance for Local Authorities (CIPFA, 2013)*.
- s) Ensuring that the County Council provides timely support, information and responses to external auditors and properly considers audit findings and recommendations.
- t) Incorporating good governance arrangements in respect of partnerships and other joint working and ensuring that they are reflected across the County Council's overall governance structures.

3.2 The main features of each of these are as follows –

- a) Developing codes of conduct which define standards of behaviour for Members and staff, and policies dealing with whistleblowing and conflicts of interest and that these codes and policies are communicated effectively.

- Elected Members have to agree to follow a **Code of Conduct** to ensure high standards in the way they undertake their duties. Members must complete a **Register of Interests** which is publicly available. The County Council has established a **Standards Committee**, which monitors the operation of the Code of Conduct. The Committee has in place procedures for the assessment, investigation and determination of complaints against Members (involving Independent Persons) and a procedure for granting dispensations.
 - staff operate to a **corporate behaviour framework** which is used to develop staff skills and monitor performance. A **Manager's Pocket Book** is in place and outlines key behaviours for all managers in NYCC.
 - following the formation of the Brierley Group of commercial companies such as Align Property Partners, appropriate governance arrangements have been put in place. A **Shareholder Sub Committee of Executive and a Shareholder Board** to support the Shareholder Sub Committee, are in place.
 - there is a **Local Code of Corporate Governance** in place that is fully consistent with the CIPFA / SOLACE Framework *Delivering Good Governance in Local Government*. The Local Code defines -
 - ➔ the fundamental values and principles of corporate governance
 - ➔ the corporate governance framework and arrangements to deliver it within the County Council
 - ➔ arrangements for annual review and reporting of the framework
 - **Registers of interests, gifts and hospitality** are also maintained for Members and officers. Guidance notes are produced to assist. Details of **Related Party Transactions** are sought from all Members and senior officers
 - the County Council has approved and implemented a formal **Whistleblowing Policy** which is reviewed annually by the Audit Committee
 - the County Council has a **complaints procedure** that is advertised by leaflets and on its website. The procedure includes targets for acknowledging and responding to complaints in full.
- b) Ensuring compliance with relevant laws and regulations, internal policies and procedures, and that expenditure is lawful.
- the Assistant Chief Executive (Legal and Democratic Services) is the officer designated by the County Council as the **Monitoring Officer** and is responsible for performing the duties required by **Section 5** of the **Local Government and Housing Act 1989** which relate to ensuring the legality of the Council's operations and the duties in the **Localism Act 2011** relating to the promotion of high ethical standards. The Monitoring Officer is a member of the Management Board and attends or is represented, and monitors decision making at the County Council, Executive and all Committees

- the Corporate Director – Strategic Resources is the Chief Financial Officer for the purposes of S.151 of the Local Government Act 1972
- the requirements of the **Data Protection** and **Freedom of Information** legislation are overseen by the Corporate Information Governance Group (CIGG), the Corporate Director – Strategic Resources is the Senior Information Risk Owner (SIRO) for the County Council. CIGG support the Corporate Director – Strategic Resources in developing and implementing a comprehensive Information Governance Framework
- the current Data Protection legislation will be replaced by the General Data Protection Regulations (GDPR) which come into effect on the 25th May 2018, two governance teams have been working with CIGG and the service areas to ensure policy and processes are in place to comply with the regulations.
- the County Council operates an **Information Security Management System** which is certified to the requirements of ISO/IEC 27001 (Information Security). Official Certification was received on 31 January 2011. Work to maintain this standard is coordinated by the Senior Information Security Compliance Officer working in conjunction with the Information Governance Team. Compliance has been maintained since this date with re-certification completed in November 2016, and further review audits by BSI (British Standards Institute) are carried out every six months.
- in addition, the County Council now operates an **Information Technology Service Management System** which was awarded re-certification to ISO/IEC 20000 in November 2016. ISO 20000 provides quality assurance to the processes, policies and procedures operated in the delivery of ICT Services to the County Council and is the only standard specifically aligned to Information Technology service delivery and service management. By achieving and maintaining certification of both standards this serves to deliver services which are compliant, quality assured, and provide continual improvement.
- achieving certification to these standards demonstrates the County Council's continued commitment to protect the data we hold and provide secure IT systems to our staff, partners and citizens.
- the standards allow us to use both the British Standards Institute kite mark and the United Kingdom Accreditation Service assurance mark
- the County Council is also certified to the **Public Sector Network (PSN)** Code of Connection.. The certifications have enabled the County Council, for example, to be certified for connection to secure video conferencing with the Criminal Justice System. The certification also enabled our connection to the NHS.net and access to Department for Work and Pensions systems.
- the Corporate **Health and Safety** Policy is reviewed annually in May and the revised and approved Policy is then issued in June. The Policy takes account of recent Health and Safety Executive guidance relating to the management of health and safety and sets out the key responsibilities of staff. Each Directorate has a health and safety action plan which is reviewed on a quarterly basis to

ensure that health and safety risks are identified and appropriately managed across the County Council.

- the **Equality and Diversity Policy Statement** is reviewed annually and revised when necessary. The County Council uses equality impact assessments as part of ensuring that due regard is paid to eliminating unlawful discrimination, advancing equality of opportunity and fostering good relations. The County Council has also published equality information and objectives as required by the Equalities Act 2010.
- there is a comprehensive annual plan for **Employment Policies** to ensure that all policies and practices adhere to all relevant legislation. All policy updates go through a full consultation with unions recognised by the County Council.
- Public bodies employing more than 250 staff are required to publish figures on the **gender pay gap**; gender bonus gap; the proportion of men and women receiving bonuses and the proportion of men and women in each quartile of the pay structure. The Council published information relating to the gender pay gap in March 2018. Information about this can be found on the County Council [website](#).
- **Internal Audit** operates in accordance with the Public Sector Internal Audit Standards (PSIAS) and the County Council's Audit Charter. The annual work programme is set out in an Audit Plan following the production of an Audit Risk Assessment and consultation with individual Directorates and the External Auditor. The Audit Committee approves the Audit Plan and receives, thereafter, regular reports on its progress. The Head of Internal Audit expresses an opinion on the framework of governance, risk management and control within each Directorate on an annual basis; he also submits an Annual Report to the Audit Committee which includes his/her overall opinion of the County Council as a whole. During 2017/18, the Audit Plan included audits on a number of corporate themes, such audits are key to providing the appropriate assurance to the County Council that its overall governance arrangements remain effective.

c) Documenting a commitment to openness and acting in the public interest.

- It is important to the County Council to present itself in an open and accessible manner to ensure that matters are dealt with transparently, in so far as the need for confidentiality allows.
- a Council Plan and a Statement of Final Accounts are published annually to inform stakeholders and services users of the County Council's vision, ambitions and priorities for the next four years and the previous year's achievements and outcomes.
- a Medium Term Financial Strategy, the Annual Revenue Budget including its impact on Council Tax, are published and consulted on each year.
- effective channels of communication which reach all groups within the community and other stakeholders are maintained as well as offering a range of consultation methods; to this end the County Council has a Communications Strategy to support the 2020 North Yorkshire Programme

and an Engagement Promise. The Engagement Promise is a statement of principles about how the Council enables and encourages people to influence decisions. They are high level principles, so it is not anticipated that regular changes will be required but are reviewed by officers annually. Further details on consultation and community engagement can be found on the County Council [website](#).

- there is also a variety of opportunities for the public to engage effectively with the County Council including attending meetings, opportunity to ask questions at meetings, written consultations, surveys, web chats with the Leader and Chief Executive. This all contributes to a commitment to openness, acting in the public interest and are documented where appropriate.
- d) Establishing clear channels of communication with all sections of the community and other stakeholders, ensuring accountability and encouraging open consultation.
- **Elected Members** have a significant role to play in ensuring compliance and propriety, either collectively (eg through the work of the Overview and Scrutiny Committees), and individually as local representatives, providing feedback from their constituents
 - the County Council communicates the Vision of its purpose and intended outcomes for all stakeholders to enable accountability and encourage open consultation. To enable this, analysis of the County Council's stakeholders is undertaken and **relevant and effective channels of communication** are developed. Key mechanisms include –
 - ➔ publishing a Council Plan which sets out the Council's vision, ambitions and priorities for the next four years
 - ➔ the Council Plan, and annual Statement of Final Accounts also inform stakeholders and services users of the previous year's achievements and outcomes
 - ➔ opportunities for the public to engage effectively with the County Council including attending meetings
 - ➔ a Citizens' Panel of 2000 residents who are consulted on a wide range of issues at least once a year
 - ➔ consultation toolkit and on-line training package that provide advice to all staff about how to consult effectively
 - ➔ an engagement promise setting out in simple terms how everyone who lives or works in the county, or uses the County Council's services can influence decisions relating thereto
 - ➔ maintaining a County Council website that provides access to information, delivers services and opportunities for public engagement, including delivery of information required by the transparency agenda
 - ➔ using social media to inform and engage with residents for example, on development of services, provision of information, responding to concerns and issues

- ➔ publication of an e-newsletter, available by subscription or through the council website, covering news and information about the County Council and its services
 - ➔ a partnership with newspaper publisher Johnston Press to provide a monthly round-up of news and information specific for the local area, for local readers
 - ➔ communicating and engaging with staff across the County Council, through a number of different internal communications channels
- e) Developing and communicating a vision which specifies intended outcomes for citizens and service users and is used as a basis for planning.
- the key corporate strategy documents (ie the **Council Plan, Medium Term Financial Strategy** and **Revenue Budget**), are reviewed and updated annually
 - the Terms of Reference of the Audit Committee require it to maintain an on-going assessment of the adequacy and effectiveness of the internal control environment within the County Council. The published Work Programme for the **Audit Committee** includes provision to review the impact of changes to service delivery and / or management processes on the governance arrangements of the County Council
 - the **Members' Constitution Working Group** supported and advised by the **Monitoring Officer** review the Constitution as required on an ongoing basis and conduct a formal review of the whole Constitution every four years.
- f) Translating the vision into courses of action for the County Council, its commercial companies, its partnerships and collaborations.
- based on the **Council Plan and Annual Budget / MTFS** process, each Service sets out its detailed objectives, performance targets, available resources and risk assessment which are included in a Service Plan.
 - **Commercial Companies** – the County Council has a number of companies which it uses to deliver specific services/functions. Along with the in-house traded services to schools, these companies are grouped together to form the 'Brierley Group'. An Executive Shareholder Committee has been created to oversee the governance of the commercial companies and a number of delegations have been made to the Chief Executive for operational activities.
 - an annual review is carried out on **partnership arrangements** which considers a range of factors. This is reported to the Audit Committee as part of the Council's approach to governance.

- g) Reviewing the effectiveness of the decision-making framework, including delegation arrangements, decision-making in partnerships, information provided to decision makers and robustness of data quality.
- as explained in **paragraph 3.2(i) below**, the **Constitution** sets out how the County Council operates, how decisions are made and by whom, and the procedures that are followed to ensure that these are efficient, transparent and accountable to local people. The Constitution also embraces for example, the detailed Contract, Financial and Property Procedure Rules, Schemes of Delegation, Codes of Conduct. These are reviewed and updated when the need arises to ensure they are consistent with the contemporary operating requirements of the County Council.
 - as indicated above, the Council has approved **Budget and Policy Framework Procedure Rules, Contract Procedure Rules, Financial Procedure Rules, and Property Procedure Rules**. The purpose of these rules is to set out a framework within which the County Council conducts its business affairs. These rules are applied and monitored by the Corporate Director – Strategic Resources and are designed to ensure that proper financial arrangements are in place and operational at all times across the County Council. They are reviewed by the Audit Committee on an annual basis
 - **independent monitoring** of all the above by the Monitoring Officer, Section 151 Officer and Head of Internal Audit
 - **Partnership Arrangements** – the County Council’s Constitution and Finance Procedure Rules cover the issues to be considered before the County Council becomes involved in a partnership (see paragraph i) below for further detail).
- h) Measuring the performance of services and related projects and ensuring that they are delivered in accordance with defined outcomes and that they represent the best use of resources and value for money.
- there is an **integrated Service Planning and Budget Process** under which each Service in each Directorate sets out its detailed objectives, performance targets, available resources and risk assessment. These feed into both the Council Plan and the Annual Budget/MTFS process
 - the **Performance Management framework**, continues to be refined with the aim of strengthening links from individual performance management through team plans and service plans to Council ambitions and priorities.
 - there is quarterly reporting of **key performance information** to Management Board and a quarterly meeting of the Executive and the Scrutiny Committee Chairs. This information brings together activity levels; financial information; quality issues; customer feedback; improvement areas; workforce; and compliments and complaints. Part of this approach is to ensure that the key components of value for money are considered together and that both senior management and Members can better understand and challenge key services and areas of Council spending. This is supplemented by more frequent reporting and monitoring processes within Directorates.

- improved **comprehensive budgeting systems** are applied across all Directorates. These systems have been reviewed and improved and include greater use of systems by budget managers and stakeholders into a more consolidated service. The Finance function was also reviewed and improved simultaneously.
- priority has been given to frontline services in determining the savings programme as part of the 2020 North Yorkshire Programme. A planned and prioritised approach has been taken and investments have been made in areas to aid with delivery of the savings and to deliver a modern Council that is fit for purpose.
- in the past benchmarking statistics have shown an overall level of high performance and value for money for the County Council. Ofsted benchmarking data tends to continue to show the County Council in a positive light but in other areas greater reliance is made on “softer” networking in order to identify areas of best practice across the country. An increased focus on team performance is also providing key management information to assess the productivity of staff and teams and ultimately services with a view to driving improvements in performance. This approach is incorporated into the quarterly monitoring reports provided to the Executive and will help to shape budget thinking on an on-going basis.
- the 2020 North Yorkshire Programme provides a framework within which the Council continues to plan to meet the challenging savings requirement. The Programme still seeks to ‘simplify; standardise; and share’ and also builds in a number of cross cutting themes which set out some of the values, including:-
 - ➔ Stronger Communities – empowering and encouraging local communities to develop greater resilience and provide more community owned services
 - ➔ Customer – changing the way the Council interacts with its customers
 - ➔ Commercial Focus – examining different ways of delivering services and reviewing opportunities to become more commercial, generating additional net income as exemplified by North Yorkshire Education Services (formerly SmartSolutions) and the commercial companies.
 - ➔ Modern Council – creating the right environment to support modern ways of working through use of technology, buildings and working practices and policies.
 - ➔ Property Rationalisation – looking to use fewer buildings where staff and customers use the space more efficiently.
 - ➔ Organisational Development - developing the workforce and culture to ensure the Council is fit for purpose in the future.

Management Board acts as the Programme Board and governance arrangements are in place to ensure plans are well developed and implementation is monitored.
- the **Asset Management Strategy** sets out key corporate processes (eg purchasing and disposal of property) including the adoption of a corporate

approach to dealing with property needs. A Capital Project Management system (Gateway) is in place to improve the delivery of larger projects. This dovetails with the Council's property partners. This Strategy sets out the key role of property in supporting the Council's objectives.

- the County Council's improvement priorities, as set out in the Council Plan and in its service performance plans and strategies, are **reviewed regularly** throughout the year. This is achieved through -
 - ➔ quarterly reports on key service performance plus corporate issues such as personnel, finance and commendations / complaints are considered by Management Board, the Executive and Chairs of the Overview and Scrutiny Committees
 - ➔ regular reports to Corporate Directors and Executive Portfolio Holders
 - ➔ publication of an **Annual Report on Overview and Scrutiny** and statements to every Council meeting by the Scrutiny Committee Chairs
- i) Defining and documenting the roles and responsibilities of Members and management, with clear protocols for effective communication in respect of the authority, its commercial companies and partnership arrangements.
 - the **Constitution** sets out how the County Council operates, how decisions are made and by whom, and the procedures that are followed to ensure that these are efficient, transparent and accountable to local people. The Constitution includes the detailed Contract, Financial and Property Procedure Rules, Schemes of Delegation, Codes of Conduct. These are reviewed and updated on a regular basis to ensure they are consistent with the contemporary operating requirements of the County Council
 - all 72 Councillors meet together as the **Council**. Meetings are open to the general public. At its annual meeting in May each year the Council appoints its Chairman. The Leader is elected by the Council at its annual meeting every four years in the election year, and s/he appoints the Executive Members, and determines their portfolios. The Leader allocates executive functions and maintains the Executive delegation scheme. The full Council is responsible for setting the budget and policy framework of the County Council
 - the **Executive** is legally responsible for developing and making proposals to the Council for the budget and the policy framework and taking the decisions to implement them once they are agreed. If the Executive wishes to make a decision that is outside the budget and policy framework then this must be referred to the Council as a whole to decide. They are also responsible for all other functions not falling within the responsibility of the Council or any other committee. Each Member of the Executive has a portfolio responsibility that relates to a specific area(s) of the County Council's services and responsibilities. The Executive meets formally at least once a month but will hold informal meetings on a more regular basis as required to progress the business of the County Council

- the **Management Board** (which comprises the Chief Executive and all Corporate Directors plus Assistant Chief Executives) is responsible for implementing all County Council policies and decisions at officer level, providing advice to Members, for co-ordinating the use of resources and the work of the Directorates. The 'Role of Management Board' is set out formally within the Constitution. Circumstances permitting, the Management Board meets weekly
 - there are four **Overview and Scrutiny Committees** that support the work of the Council and the Executive, together with a Scrutiny of Health Committee. Their roles and responsibilities are detailed in Article 6 of the Constitution
 - **Statutory Officers / Codes and Protocol** – the County Council employs officers to give advice, implement decisions and manage the day-to-day delivery of its services. Certain officers have a designated duty to ensure that the County Council acts within the law and uses its resources wisely. A Protocol on Member / Officer relations, is part of the Constitution and, amongst other documents, governs the relationships between Officers and Members of the Council.
 - pursuant to its powers under Section 101 of the Local Government Act 1972 the Council arranges for certain of its functions (non-executive functions) to be discharged by officers of the Council as set out in the **Officers Delegation Scheme**
 - **Commercial Companies** – the County Council has a number of companies which it uses to deliver specific services/functions. Along with the in-house traded services to schools, these companies are grouped together to form the 'Brierley Group'. An Executive Shareholder Committee has been created to oversee the governance of the commercial companies and a number of delegations have been made to the Chief Executive for operational activities.
 - **Partnership Arrangements** - the County Council's Constitution and Finance Procedure Rules contain a number of important steps to be considered before the County Council enters into a partnership, including the need for approval by the Executive or under the terms of the Delegation Schemes, of appropriate written governance arrangements and interaction with the County Council's decision making arrangements commensurate with the role of the partnership, the part played in it by the County Council, and the risks attached to that involvement. Detailed guidance is provided to Members and Officers who represent the County Council on external bodies. An annual report is made to the Audit Committee on the governance arrangements and work of partnerships. The Executive receives an 'issues' report when the Audit Committee determines there is a matter of concern relating to a partnership.
- j) Ensuring that financial management arrangements conform with the governance requirements of the CIPFA Statement on the *Role of the Chief Financial Officer in Local Government (2015)* and, where they do not, explain why and how they deliver the same impact.

- the **statutory duties of the Corporate Director – Strategic Resources** in relation to financial management derive from five principal sources:

- ➔ Section 151 of the Local Government Act 1972
- ➔ Section 114 of the Local Government Financial Act 1988
- ➔ Local Government Act 2000 (particular decisions contrary to policy or budget)
- ➔ Local Government Act 2003 (prudential limits for borrowing and investment)
- ➔ Accounts and Audit Regulations 2015

The Corporate Director – Strategic Resources (CD-SR) drafts a **Medium Term Financial Strategy** and presents it (at least) annually to the Executive and the Council; linked to this Strategy are the detailed **Revenue Budget, Savings Plan, Capital Plan, Treasury Management** arrangements and **Prudential Indicators**

The CD-SR is responsible for determining the accounting procedures, the form of financial records and statements and for maintaining the financial accounts of the County Council. The CD-SR also ensures that proper accounting arrangements are established in all Directorates. Individual Corporate Directors are responsible for the satisfactory operation of financial and accounting systems, and associated controls, within their Directorates – this responsibility is defined in the Financial Procedure Rules.

To support this process, there is an Assistant Director (qualified as an Accountant) allocated to each Directorate with specific responsibility for financial matters. The Assistant Director sits on the Management Team of the Service Directorate and Strategic Resources.

It is the duty of all Service Managers within Directorates to plan and manage their budgets to meet the agreed bottom line budget figure for their Service Unit. This includes ensuring that adequate arrangements exist for monitoring revenue and capital budgets throughout the year, and taking action to adjust the budget to ensure that overall control of expenditure is maintained. The CD-SR is responsible for submitting a quarterly report to Executive on the overall Revenue Budget / Capital Plan position; this report is part of the Quarterly Performance and Improvement reporting arrangements

The CD-SR prepares and publishes an annual **Statement of Final Accounts** that conforms to all statutory and professional requirements, codes of practice and timetables

- the CD-SR is the Chief Financial Officer (CFO) for the purposes of compliance with the CIPFA Statement on the Role of the Chief Financial Officer in *Local Government (2015)*
- the County Council's appointed **external auditor** is KPMG (the next appointed external auditor is Deloitte): They will publish an Annual Audit Letter on the completion of their audit that follows the end of each financial year

- under the *Accounts and Audit Regulations 2015*, the County Council has a legal responsibility to provide an adequate and effective **internal audit** of its records and control systems. The Council has delegated this responsibility to the CD-SR who provides the service through Veritau (Veritau provides internal audit and a range of related services to both the City of York Council and the County Council. Both authorities jointly own the company. For governance purposes, Veritau reports to the Audit Committee in the same way as an in-house function). The Head of Internal Audit is the CEO of Veritau. Using a risk assessment methodology, the Head of Internal Audit produces an **Annual Audit Plan** for approval by the Audit Committee; progress against this Plan is also reported quarterly to the CD-SR and to the Audit Committee. In addition to carrying out the work specified in the Annual Audit Plan, Veritau also provides –

- ➔ advice and assistance to service managers in the design and implementation of internal controls
- ➔ support to managers in the prevention and detection of fraud, corruption and other irregularities
- ➔ advice and guidance on information governance related matters.

The Head of Internal Audit provides an **audit opinion**, based on the level of assurance gained by the work carried out, for each audit undertaken.

At the end of the financial year, a summary of the audit work carried out is reported to each Corporate Director and an audit opinion, based on the overall level of assurance, is given for each Directorate. The **Head of Internal Audit also submits an Annual Report** to the Audit Committee that includes his overall opinion on the adequacy and effectiveness of the framework of governance, risk management and control operating in the County Council as a whole.

k) Ensuring effective arrangements are in place for the discharge of the monitoring officer function.

- The Council has appointed the Assistant Chief Executive (Legal and Democratic Services) as **Monitoring Officer**. The role and duties of the Monitoring Officer are contained in the Council's Constitution and appropriate resources are made available for him/her to undertake the role. The Monitoring Officer is a member of the Council's Management Board, and has sight of all Committee and Executive reports before they are presented to Members.

l) Ensuring effective arrangements are in place for the discharge of the Head of Paid Service function.

- The Council has appointed the Chief Executive as **Head of Paid Service**. The role and duties of the Head of Paid Service are contained in the Council's Constitution, and the Chief Executive leads the Council's Management Team and appropriate resources are made available for him/her to undertake the role.

- m) Providing induction and identifying the development needs of Members and senior officers in relation to their strategic roles, supported by appropriate training.
- developing the skills of Members continues to be targeted through a **Member Development Programme**, a dedicated online learning site and a suite of resources and training events. There is also a specific induction programme for any newly elected Member(s) and comprehensive induction following the election. There are also regular Member seminars throughout the year on a whole series of areas in order to keep Members abreast of current issues and to ensure awareness of responsibilities for both Council and individual Members.
- n) Reviewing the effectiveness of the framework for identifying and managing risks and for performance and demonstrating clear accountability.
- the County Council's comprehensive and well established approach to **risk management** is laid out in the Corporate Risk Management Policy and its associated Strategy. These documents were reviewed in 2015 and are due to be reviewed again during 2018. Risk Registers are developed and maintained at Corporate, Directorate and Service Unit levels. The generic risk assessment methodology is also applied to specific key projects or areas of policy development (eg Allerton Waste Recovery Park and Basic Need – monitoring and reviewing the need for school places). The **risk prioritisation process** is designed to identify key risks that are a threat to the achievement of objectives, evaluate risk controls and ensure risk reduction actions are embedded within Service Performance Plans
 - Internal Audit (Veritau) review the effectiveness of the framework for identifying and managing risks on a regular basis. Any weaknesses identified are addressed and progress to rectify those weaknesses is monitored by the Corporate Risk Management Group as well as Internal Audit.
 - a progress report on risk management is made to the Audit Committee on a 6 monthly basis. The Audit Committee's role is to assess the effectiveness of the authority's risk management arrangements and to review progress on the implementation of risk management throughout the authority.
 - Corporate Directors provide an update on the progress of mitigating risks identified in their risk registers to Audit Committee once a year.
 - clear accountability is shown in both the Corporate Risk Management Policy and Strategy and as part of the risk register process.
 - the **Performance Management framework** continues to be refined with the aim of strengthening links from individual performance management through team plans and service plans to Council ambitions and priorities.
 - there is quarterly reporting of **key performance information** to Management Board and a quarterly meeting of the Executive and the Scrutiny Committee

Chairs. This information brings together activity levels; financial information; quality issues; customer feedback; improvement areas; workforce; and compliments and complaints. Part of this approach is to ensure that the key components of value for money are considered together and that both senior management and Members can better understand and challenge key services and areas of Council spending. This is supplemented by more frequent reporting and monitoring processes within Directorates.

- o) Ensuring effective counter fraud and anti-corruption arrangements are developed and maintained in accordance with the *Code of Practice on Managing the Risk of Fraud and Corruption (CIPFA, 2014)*.
- the County Council has approved and implemented a formal **Counter Fraud Strategy** which is reviewed annually by the Audit Committee. The Strategy is designed to minimise the risk of fraud and corruption by adopting and maintaining measures which prevent fraud occurring, that ensure instances of fraud which do occur are detected promptly and enable the robust action to be taken against any perpetrators.
 - the **Counter Fraud Strategy** reflects the best practice guidance contained in the CIPFA Code of Practice on Managing the Risks of Fraud and Corruption. The Strategy is also aligned with a number of other policies and processes which the County Council has established to raise awareness of fraud risks and enable Members, employees, contractors and others to report concerns. These include fraud awareness training and publicity, the **Whistleblowing Policy** and associated systems, and the **Anti-Money Laundering Policy**.
 - the risks of fraud and corruption are kept under constant review. A formal **Fraud and Loss Risk Assessment** is also completed each year by Internal Audit and the results are report to the Audit Committee. Preventative measures are taken to address any new or emerging risks.
 - where instances of fraud are detected, Internal Audit (Veritau) will work closely with management and other agencies to ensure that the allegations are fully investigated, the extent of any losses is quantified, evidence is properly collected for further action (including possible criminal or disciplinary action), losses are recovered where possible and appropriate measures are taken to prevent any further occurrences.
- p) Ensuring an effective Scrutiny function is in place.
- the **Constitution** sets out how the County Council operates, how decisions are made and by whom, and the procedures that are followed to ensure that these are efficient, transparent and accountable to local people.
 - the **Executive** is legally responsible for developing and making proposals to the Council for the budget and the policy framework and taking the decisions to implement them once they are agreed. If the Executive wishes to make a decision that is outside the budget and policy framework then this must be referred to the Council as a whole to decide. They are also responsible for all other functions not falling within the responsibility of the Council or any other

committee. Each Member of the Executive has a portfolio responsibility that relates to a specific area(s) of the County Council's services and responsibilities. The Executive meets formally at least once a month but will hold informal meetings on a more regular basis as required to progress the business of the County Council

- there are four **Overview and Scrutiny Committees** that support the work of the Council and the Executive, together with a Scrutiny of Health Committee. Their roles and responsibilities are detailed in Article 6 of the Constitution and the Overview and Scrutiny Procedure Rules
- q) Ensuring that assurance arrangements conform with the governance requirements of the CIPFA Statement on the *Role of the Head of Internal Audit (2010)* and, where they do not, explain why and how they deliver the same impact.
- The Head of Internal Audit is responsible for reviewing and reporting on the adequacy and effectiveness of the County Council's governance, risk management and control framework. The objective is to provide independent and objective assurance to management and those charged with governance, including the Corporate Director – Strategic Resources and the Audit Committee. Where weaknesses in control are identified then Internal Audit will support management to make the necessary improvements. The Financial Procedure Rules provide the framework for internal audit activities within the County Council, and define the respective roles and responsibilities of management and the Head of Internal Audit as well as confirming Internal Audit's rights of access to premises, information, records and other documentation. The specific objectives, scope and approach to Internal Audit are set out in the Audit Charter which is reviewed annually and subject to approval by the Audit Committee.
 - The *CIPFA Statement on the Role of the Head of Internal Audit* contains five principles which set out the governance arrangements necessary to ensure that the Head of Internal Audit is able to operate effectively and perform his/her core duties. The County Council's arrangements for internal audit have been assessed against the five principles and are considered to be compliant.
- r) Undertaking the core functions of an audit committee, as identified in *Audit Committees: Practical Guidance for Local Authorities (CIPFA, 2013)*.
- a separate Audit Committee, which includes external independent Members, has been in operation since April 2006. (**see section 6 below for activities during 2017/18**). A key role of the Audit Committee is to act as the responsible body charged with ensuring that a sound system of governance and internal control operates throughout the County Council. In doing so, it provides independent assurance to the Council on the adequacy of the risk management framework and the associated control environment and independent scrutiny of the County Council's financial and non-financial performance to the extent that it affects the Council's exposure to risk and weakens the control environment. It also oversees the Procedure Rules that

relate to Contracts, Finance and Property matters as well as the Information Governance and Counter Fraud arrangements. It is also responsible for scrutinising the Treasury Management policies and activities of the County Council and for ensuring that arrangements exist to secure value for money. The appointment of external independent Members helps to maintain a robust approach to governance within the County Council.

- s) Ensuring that the County Council provides timely support, information and responses to External Auditors and properly considers audit findings and recommendations.
- the County Council's appointed **External Auditor** is KPMG (the next appointed external auditor is Deloitte). The External Auditor attends Audit Committee meetings.
 - each year the External Auditor provides an External Audit Plan which sets out their key objectives for the year which can include a review and report on Financial Statements including the Annual Governance Statement; providing an opinion on the Financial Statements and also the use of resources by the County Council.
 - the External Auditor publishes an External Audit Report 2017/18 on the completion of their audit.
 - throughout the year the County Council's Members and Officers work with the External Auditor to address any concerns and risks highlighted by the external auditor.
 - findings and recommendations made by the External Auditor receive an appropriate management response setting out how the County Council will address such recommendations and areas of concern.
- t) Incorporating good governance arrangements in respect of partnerships and other joint working and ensuring that they are reflected across the County Council's overall governance structures.
- the County Council's Constitution and Finance Procedure Rules contain a number of issues to be considered before the County Council becomes involved in a partnership, including the need for approval by the Executive or under the terms of the Delegation Schemes, of appropriate written governance arrangements and interaction with the County Council's decision making arrangements commensurate with the role of the partnership, the part played in it by the County Council, and the risks attached to that involvement. An annual report is made to the Audit Committee on the governance arrangements and work of partnerships.
 - where the County Council is a substantial **equity holder in a company** (eg NYnet, Veritau, Yorwaste, SJB Recycling, Align Property Partners, Brierley Homes, First North Law) it will ensure appropriate governance arrangements are in place both within the company and as between the company and the

County Council. These will be based on the Local Code but also take into account the operational circumstances of the company.

4.0 **ROLE OF THE CHIEF FINANCIAL OFFICER**

- 4.1 In the County Council the Corporate Director – Strategic Resources fulfills the role of the CFO as defined in the CIPFA Statement on the *Role of the Chief Financial Officer in Local Government (2015)*.
- 4.2 A full assessment of the criteria in the CIPFA Statement was undertaken. This area is picked up as part of the annual review of the Corporate Governance Checklist and the Corporate Director - Strategic Resources is of the opinion that the County Council fully complies with the Statement.

5.0 **REVIEW OF EFFECTIVENESS**

- 5.1 The County Council has responsibility for formally conducting, at least annually, a review of the effectiveness of its governance framework including the system of internal control.
- 5.2 On behalf of the Audit Committee, and in conjunction with Corporate Directors and senior officers, the Corporate Governance Officers Group, (which includes the Monitoring Officer, Section 151 Officer and the Head of Internal Audit) reviews the effectiveness relating to the development and maintenance of the governance environment of the County Council on a regular and ongoing basis by referring, amongst others, to the work of
- ➔ the Executive
 - ➔ the Management Board
 - ➔ the Corporate Directors and their Service Unit Heads in the individual Directorates
 - ➔ the Internal Audit function (as carried out by Veritau) and the Insurance & Risk Management Service
 - ➔ the Standards Committee
 - ➔ the Audit Committee
 - ➔ the External Auditor (KPMG) and other external inspectorates
- 5.3 In relation to the Management Board, all of the Corporate Directors have reviewed their service areas in relation to the governance and internal control procedures. **Significant governance issues** are provided in **section 7**.
- 5.4 This on-going review of the effectiveness of governance and internal control systems is also informed by the work of Veritau who have responsibility for providing assurance on the framework of governance, risk management and control, and also by comments made by the external auditors and other review agencies and inspectorates.

6.0 **ACTIVITIES OF THE AUDIT COMMITTEE**

- 6.1 During 2017/18 the Audit Committee met five times and -
- ➔ approved the Internal Audit work plan

- ➔ considered the annual fraud and risk loss assessment
- ➔ considered the work done by Veritau throughout the year. Where necessary, confirmation was requested from Corporate Directors that improvements in control were being made in line with agreed action plans
- ➔ considered the governance arrangements of the County Council's significant partnerships
- ➔ ensured that the ongoing work in relation to improvement issues on Corporate Governance, Information Governance (and in particular compliance with the upcoming General Data Protection Regulations), Business Continuity and Risk Management, was progressing
- ➔ considered the proposed Audit Plan of the External Auditor and reviewed any reports they have produced concerning the Financial Statements of the County Council for 2017/18
- ➔ considered the arrangements made by the County Council in securing value for money
- ➔ reviewed and approved the Contract, Finance, and Property Procedure Rules of the County Council
- ➔ considered the Treasury Management arrangements of the County Council
- ➔ reviewed arrangements and any necessary changes in respect of the County Council's counter fraud and anti money laundering policies
- ➔ considered the Annual Report of the Head of Internal Audit expressing his opinion on the framework of governance, risk management and controls operating within the County Council. This report also highlighted the significant breaches of Procedure Rules found by Veritau during the year and the steps taken by management to address them
- ➔ reviewed and approved the Statement of Final Accounts submitted by the Corporate Director – Strategic Resources following detailed work by a sub group of the Committee
- ➔ reviewed arrangements in respect of procurement and contract management
- ➔ carried out a mini review of the effectiveness of the Audit Committee and following the results have concluded that a further review will be carried out in order to develop an action plan in 2018/19.
- ➔ reviewed arrangements in respect of the governance of commercial companies that the County Council has an interest in
- ➔ reviewed its Terms of Reference
- ➔ reviewed arrangements for Corporate Governance within the Council including approval of changes to the Council's Local Code of Corporate Governance
- ➔ received training on relevant topics

6.2 All this work has been used in supporting the preparation of the County Council's (ie this) Annual Governance Statement for 2017/18.

7.0 SIGNIFICANT GOVERNANCE ISSUES

7.1 The governance and internal control arrangements can provide only reasonable and not absolute assurance that assets are safeguarded, that transactions are authorised and

properly recorded, that material errors or irregularities are either prevented or would be detected within a timely period and that significant risks impacting on the achievement of the County Council's objectives have been mitigated.

- 7.2 On the basis of the review work carried out it was considered that the majority of the governance and internal control arrangements continue to be fit for purpose and the overall governance framework was effective during the financial year 2017/18. **There were, however, some areas identified which require attention to address weaknesses and/or external challenges. Some of these will require continuous improvement of governance and internal control arrangements. Some of the challenges are a feature of the Council facing delivery of a range of statutory services in a climate of ongoing public sector austerity.** Having regard to the published guidance on the governance framework, these are disclosed in the Table below.
- 7.3 As part of preparing the Table below, a review was undertaken of the issues identified in the equivalent Table in the 2016/17 Annual Governance Statement. Some of these issues were not fully resolved in 2017/18, but some of these "incomplete" issues have been restated by Corporate Directors. Therefore, the items included in the table below represent the list of key issues requiring attention in 2018/19.

Ref	Issue requiring improvement	Action taken to date / planned in 2017/18
A1	<p>2020 Savings and Beyond</p> <p>By the end of 2017/18 the Council had delivered on-going revenue savings of circa £142m over the current period of austerity. The MTFS was refreshed in February 2018 with the overall savings requirement rising to £186.1m by 21/22. There are plans in place to deliver a further £33.5m but an underlying funding gap of £10.7m remains. This is against a backdrop of financial uncertainty for Local Government pending the outcome of the Fair Funding Review and the future of Business Rates Retention. The 2020 North Yorkshire Programme is expected to generate further savings over the next 2 years but the forecast residual £10.7m requires a sustained focus going forward as austerity is expected to continue for the foreseeable future.</p>	<ul style="list-style-type: none"> a) Savings proposals were developed as part of the 2017/18 budget and are refreshed through in-year management of the 2020 Programme. Ongoing b) Undertake financial modelling and scenario planning given economic uncertainty and national review of business rates retention and respond to any future consultations over the course of the coming year. By March 2019. c) Work with other Local Authorities across the sub-region/region to develop a viable proposition for 75% Business Rates Retention (subject to the Government's announcement) d) Under take a 'BEST in class' review to identify the potential for further savings and efficiencies by comparing NYCC cost and performance to those achieving high performance for low cost. The review will commence with a corporate desktop review (in consultation with service managers) to highlight any potential areas for further 'deep dive' reviews. Desktop review by end of May 2018, deep dives by end of September 2018 and options for

Ref	Issue requiring improvement	Action taken to date / planned in 2017/18
		<p>savings to be developed as part of the Budget process through the Autumn.</p> <p>e) The Programme Management Office with support from Finance will continue to track delivery against 2020 Programme planned savings and ensure that benefits are fully realised. On-going</p>
A2	<p>Health Integration</p> <p>Integrate Public Health, Social Care and NHS Commissioning, and where appropriate integrate primary & community health provision to secure comprehensive, joined up services for people in their own homes and communities</p>	<p>a) Agreed (in September 2017) Section 75s and established integrated planning & commissioning boards with 2 out the 5 CCG's. Others subject to further discussion and/or alternative arrangements by March 2019</p> <p>b) Agreed and had approved by NHS England an Integration and Better Care Fund Plan covering 2017-19 including a shared target to reduce delayed transfers of care. Completed Dec 2017. Refresh of target and BCF by Sept 2018</p> <p>c) Continue to implement the NYCC Health 2020 Integration Programme including integrated commissioning, provision and shared capacity & resources and report every two months to Management Board</p> <p>d) Implement the review of the Health & Well Being Board in the context of the Council constitution to ensure a development focus to deliver the statutory Joint Health & Well Being Strategy by December 2018.</p> <p>e) Review the learning gained from NYCC involvement in New Models of Care such as Vanguard and MCP's and national evaluation of new approaches by April 2019.</p> <p>f) Develop a primary care strategy for NYCC to work collaboratively with general practice by September 2018.</p> <p>g) Continue the co-operative working (such as link with Directors of Finance) in addition to formal governance to ensure that escalation is avoided and that</p>

Ref	Issue requiring improvement	Action taken to date / planned in 2017/18
		potential funding issues are addressed e.g. before the start of each financial year.
A3	Market Market failure leading to cost pressures in the Council supply chain due to social and economic issues, inflationary pressures – for example, emerging pressures from care sector providers, SEN transport etc	<p>a) A Market Development Board has been set up (with partners from the Independent Care Group, CCGs and other partners and providers). The Terms of Reference of this group include:</p> <ul style="list-style-type: none"> • Working to ensure an excellent pool of skills across the sector • Finding ways of encouraging excellence in provision • Noting feedback from Inspector and Audit organizations and the trends then working together to ensure North Yorkshire has the best reputation in care provision • Undertaking regular market analysis to understand and respond in a cohesive and sustainable manner to the widening knowledge about best practice, the ever shifting economic climate, the rising and changing expectations of people seeking support and demographic changes. • Seeking to maintain, expand and not de-stabilise capacity in the sector and ensuring equality of opportunity to all types of providers, including the 3rd and 4th Sectors. <p>b) In addition to the ongoing review of inflation and cost pressures (as part of annual budget process), we have begun to prepare for the Cost of Care Review, which will take place as a joint approach with City of York Council for implementation in 2020.</p> <p>c) We will engage regularly with CQC to identify providers where there is a significant risk of failure.</p> <p>d) We are using additional government funding (IBCF) to support a number of projects we have started which will reduce</p>

Ref	Issue requiring improvement	Action taken to date / planned in 2017/18
		<p>the risk of care provider failure and increase our activity around quality monitoring. These were agreed and signed off by partners in March 2018. There will be quarterly reviews.</p> <p>e) We are also supporting a number of workforce development projects (such as the establishment of a new Training Academy by September 2018) which will enhance the skills of the workforce, both in the council and beyond.</p>
A4	<p>Information Governance</p> <p>The Council continues to need to ensure that information governance is well managed. The introduction of GDPR from 25 May 2018 brings with it further challenge to ensure compliance whilst, at the same time, addressing some of the cultural issues inherent in ensuring well managed information security.</p>	TBA
A5	<p>Education Related Funding Complexities and Difficulties</p> <p>Increased complexity and uncertainty in school organisation and funding arrangements is exemplified by: fragmentation of school organisation arrangements through ongoing academisation, increasing numbers of schools facing cost pressures or in financial difficulty, reduction in available one-off DSG funding, transitional arrangements for the implementation of the national funding formula and, significant pressures in the High Needs Block.</p>	<p>a) Monitor the financial impact of the implementation towards the national funding formula on schools and NYCC budgets</p> <p>b) Continue to advocate for North Yorkshire schools through financial modelling to achieve fairer school funding and improved funding for early years and high needs. Lobbying will continue to include working alongside MPs, regional colleagues, and the F40 group of low-funded local authorities.</p> <p>c) Work with school leaders, through the North Yorkshire Education Partnership, to review the High Needs Block including provision of funding for mainstream and special schools to support children assessed as requiring Education, Health and Care Plans and those children who</p>

Ref	Issue requiring improvement	Action taken to date / planned in 2017/18
		<p>are excluded (to bring forward proposals by Nov 2018).</p> <p>d) To review the financial position and performance of North Yorkshire schools to identify characteristics of schools with different levels of financial strength by July 2018. Develop a strategic approach to support schools facing financial difficulties including: provision of licensed deficits where there are clear plans for financial recovery and sustainability; financial, curriculum and leadership support for staffing restructures where there is a compelling need; provision of professional officer support to schools who are modelling budget and structural options; and, identification of other interventions as appropriate. We would expect to have proposals in place by Mar 2019.</p>
A6	<p>Keeping up with demand within constrained capacity</p> <p>Continue to provide a range of services so that they meet essential statutory standards and other standards as set out in County Council Policy. This is in the light of a challenging budget and availability of staff.</p>	TBA
A7	<p>Sustainable Economic Growth</p> <p>Enable, facilitate and deliver sustainable economic growth including through implementation of the County Council's Growth Plan.</p> <p>Provide strategic leadership for the further development of the YNYERH Spatial Framework, influencing Local Plans.</p>	<p>a) Through the Growth Plan Steering Group, review and refresh the annual Growth Plan Delivery Framework by December 2018, working with colleagues in District Councils and stakeholders to influence infrastructure planning for Education and Highways.</p> <p>b) Present YNYERH Spatial Framework Phase 2 final report to Directors of Development (June 2018) with recommendation to seek endorsement of LGNYY Chief Executives and Leaders (Autumn 2018).</p>

Ref	Issue requiring improvement	Action taken to date / planned in 2017/18
A8	Housing Development Review opportunity of expanding council tax base and subsequent revenue generation through increasing housing provision directly or in support of others by reducing barriers in the market.	<p>a) Through Brierley Homes currently:</p> <ul style="list-style-type: none"> • Developing Thorpe Willoughby site with construction contract now awarded and sales due to commence from February 2019. • Advancing work on design of the Marton-Cum-Grafton site with planning process to start in June 2018. • Commissioning design work for a following five sites with an aspiration that construction begins late in 2019. <p>b) Exploring opportunity for creating a Developer's One Stop Shop in Highways which aims to improve engagement with developers and support them through the planning process. This should help increase the rate of housing development across North Yorkshire.</p> <p>c) Continuing to work with the LEP to unlock opportunities for housing development, examples include Middle Deepdale in Scarborough and North Northallerton sites.</p>

8.0 SUMMARY

- 8.1 The governance framework operating during 2017/18 is considered to have provided reasonable and objective assurance that significant risks impacting on the achievement of the County Council's principal objectives would be identified and actions taken to avoid or mitigate their impact.
- 8.2 This also includes the level of conformance with the *CIPFA Code of Practice on Managing the Risk of Fraud and Corruption*. Having considered all the principles, we are satisfied that the Council has adopted a response that is appropriate for its fraud and corruption risks and commits to maintain its vigilance to tackle fraud.
- 8.3 Some issues that require attention have, however, been identified and these are set out in **Section 7** above together with details of how they will be addressed during 2018/19. Reports on progress will be submitted to the Audit Committee.

9.0 SIGNATURES

- 9.1 We, the undersigned, accept primary responsibility for the content of this Annual Governance Statement and will over the coming year, take steps to address the matters identified in Section 7 of this Statement to further enhance the governance arrangements of the County Council. We are satisfied that these steps will address the need for improvements that were identified in the review of effectiveness and will monitor their implementation and operation as part of the next annual review.

Signed:

Cllr Carl Les
Leader of the County Council

Date:

Richard Flinton
Chief Executive

Date:

Barry Khan
Assistant Chief Executive
(Legal and Democratic Services)
(Monitoring Officer)

Date:

Gary Fielding
Corporate Director – Strategic
Resources (Section 151 Officer)

Date:

- 9.2 I confirm that the Audit Committee (meeting on the 26 July 2018) was satisfied, on the basis of the information available to it, that this Annual Governance Statement for 2017/18 has been prepared and approved after due and careful enquiry.

Cllr Clifford Lunn
Chairman of the Audit Committee

Date:

DRAFT

GLOSSARY OF TERMS

Accruals

The concept that income and expenditure are recognised as they are earned or incurred, not as cash is received or paid.

Actuary

An actuary is an expert on pension scheme assets and liabilities. The Local Government Pension Scheme Actuary determines the rate of employer contributions due to the Pension Fund every three years.

Amortised

Written off over a suitable period of time (usually in line with the useful life of a fixed asset). This is a proxy for depreciation for intangible assets.

Appropriations

Amounts transferred from the Comprehensive Income and Expenditure Statement through the Movement in General Fund Balance to revenue or capital reserves.

Asset Rental Charges

The County Council charges Asset Rentals to Services in order to reflect the economic costs of the assets they use in service provision. These charges do not impact on Council Tax.

Assets

Anything which has a monetary value e.g. property, investments or cash.

Assets Held for Sale

Those assets that are actively being marketed with the expectation that disposal will occur within a 12 month period.

Associate

An entity is an associate of a reporting authority if it has a participating interest and over whose operating and financial policies the reporting authority is able to exercise significant influence.

AVC

Additional Voluntary Contributions.

Benchmark

A measure against which investment performance is assessed. The benchmark may take the form of a "market index" where performance is measured by comparison with a particular market or where measurement is against an average established by reference to the performance of a peer group or league table.

BCF

Better Care Fund

Bid Price

In the context of stock trading on a stock exchange, the bid price is the highest price a buyer of a stock is willing to pay for a share of that given stock.

Bond

A type of investment where cash is exchanged for a certificate of debt issued by the government or company, promising regular payment on a specified date, or range of dates, usually involving a final lump sum capital payment at the time the bond is given up by the investor.

Budget

A statement of the County Council's expected level of service and spending over a set period, usually one year.

Callable Deposit

Deposit with a bank or building society for an agreed term but where the bank has the option of repaying the full amount at set intervals. For example, a three year deposit with six monthly calls.

Capital Expenditure

Expenditure on the acquisition of a fixed asset or expenditure which adds to, or enhances, the life or value of an existing fixed asset.

Capital Financing

Funds used to pay for capital expenditure. These funds can come from both external and internal sources.

Capital Plan

The proposed budget for capital expenditure and funding for the County Council.

Capital Receipts

Proceeds from the sale of Fixed Assets. These are used to finance new capital expenditure.

Carrying Amount

The amount at which an asset is recognised in the Balance Sheet.

Cash and Cash Equivalents

A Balance Sheet heading to identify both cash (or overdraft) and other highly liquid resources, these liquid resources are deemed to be short term investments that are held with maturity periods of three months or less and are for the purposes of cash management.

CCG

Clinical Commissioning Groups.

The Code

In relation to the financial statements The Code refers to the Code of Practice on Local Authority Accounting. The Code of Practice is based upon approved accounting standards and provides the accounting standards under which the Statement of Accounts are prepared.

CFR

Capital Financing Requirement.

CIPFA

The Chartered Institute of Public Finance and Accountancy is the lead accountancy body for the Public Sector on accounting practice and the preparation of local authority Accounts.

Consolidation

The process of adjusting and combining financial information from the individual financial statements of a reporting authority and its subsidiaries. The overall aim is to prepare consolidated financial statements that present financial information for the group as a single entity.

Contingencies

Sums set aside to meet either the potential costs of activities expected to occur during the year, over and above those costs included in the services budget (pay and price), or items which are difficult to predict in terms of financial impact or timing (uncertain items).

Corporate Governance

The authoritative rules and controls in place within an organisation required to promote openness, inclusivity, integrity and accountability.

Council Tax

The means of raising money locally to pay for local authority services. This is a property based tax where the amount levied depends on the valuation of each dwelling.

Credit Rating

A published ranking, based on detailed financial analysis by a credit bureau, of an organisation's financial history, specifically relating to an organisation's ability to meet its debt obligations.

Creditors

Amounts owed by the County Council for goods or services that it has received but for which payment had not been made by the last day of the financial year (31st March).

Current Assets and Liabilities

Current assets are items that are owed to County Council and can be readily converted into cash. Current liabilities are items that are due for payment immediately or in the short term.

Current Service Cost IAS 19

Employer pension contributions charged during the year have been removed from the Comprehensive Income and Expenditure Statement and replaced with an amount (i.e. current service cost) which reflects the increase in the scheme liabilities expected to arise from employee membership of the scheme in the year of account.

DCLG

Department of Communities and Local Government.

Debtors

Amounts owed to the County Council at the last day of the financial year (31st March) where services have been delivered but payment has not been received.

Delegated Budgets

Budgets for which schools and other services have complete autonomy in spending decisions.

Depreciation

The measure of the wearing out, consumption, or other reduction in the useful economic life of a fixed asset, whether arising from use, age or obsolescence through technological or other changes.

DfE

Department for Education.

DSG

Dedicated Schools Grant. A ring-fenced grant which can only be applied to expenditure properly included in the Schools budget.

Earmarked Reserves

These reserves represent monies set aside that can only be used for a specific purpose.

EFA

Expenditure & Funding Analysis

Expected Return on Assets

The average rate of return expected on the actual assets held by the Local Government Pension Fund.

Fair Value

A rational and unbiased estimate of the potential market price of a good, service or asset.

Finance Leases

Under a finance lease agreement, most of the risks and rewards associated with ownership are transferred to the lessee. The accounting policy is to recognise these assets.

FRS

Financial Reporting Standard

GAAP

Generally Accepted Accounting Practice.

Government Grants

Revenue grants and contributions are credited to the appropriate service Revenue Account where they relate to a specific service; general grants including capital grants are credited to non-specific grant income within the Comprehensive Income and Expenditure Statement to the extent that the conditions of the grant have been met.

HWRC

Household Waste Recycling Centre

IAS

International Accounting Standard

ICT

Information and Communications Technology.

IFRIC

Interpretations originated from the International Financial Reporting Interpretations Committee.

IFRS

International Financial Reporting Standards. Guidelines and rules set by the International Accounting Standards Board (IASB) that companies and organisations can follow when compiling financial statements.

Impairment

The worsening of an asset, through damage, dilapidation etc., which affects the value of that asset.

Income

Amounts which the County Council receives, or expects to receive, from any source. Income includes fees, charges, sales, capital receipts, government grants, the precept on Council Tax collection funds, Revenue Support Grant and National Non-Domestic Rate.

Income in Advance

Amounts received by the County Council during the current financial year relating to services to be delivered in the following financial year.

Intangible Assets

Assets that do not have physical substance but are identified and are controlled by the County Council through custody or legal rights.

Interest Cost

A financing charge reflecting the increases in the present value of Pension Fund scheme liabilities.

Investments

Short term investments comprise of deposits of funds with banks or similar institutions.

Investment Properties

Properties that are held for income or capital appreciation only, rather than used for any service delivery purposes.

ISAB

International Accounting Standards Board.

ISB

Individual School Budgets.

ISP

Internet Service Provider.

Joint Venture

An entity in which the reporting authority has an interest on a long term basis and is jointly controlled by the reporting authority and one or more entities under a contractual or other binding arrangement.

LAA

Local Area Agreement. A partnership with other public bodies involving the pooling of government grants to finance work towards jointly agreed objectives for local public services.

LAAP

Local Authority Accounting Panel. Bulletins issued by CIPFA to provide guidance on topical issues and accounting developments and when appropriate provide clarification on the detailed accounting requirements.

LASAAC

Local Authorities (Scotland) Accounts Advisory Committee.

LDDF

Learning Difficulties Development Fund.

LGPS

Local Government Pension Scheme.

LIBOR

The London Interbank Offered Rate. A daily reference rate based on the interest rates at which banks borrow unsecured funds from other banks in the London wholesale money.

LOBO

Lender Option Borrower Option. Financial instrument used to borrow from the money market such loans feature on initial fixed interest period followed by a specified series of calls where the lender has the option to request an interest rate increase. The borrower has the option of repaying the loan (at no penalty) or accepting the higher rate.

LPSA

Local Public Service Agreement.

LSP

Local Strategic Partnership. A non-statutory, multi-agency partnership, which matches a local authority boundary, and includes representatives from the public, private, community and voluntary sector.

LMS

Local Management of Schools.

Long Term Borrowing

Long term borrowing is loans that have been raised to finance capital expenditure.

Market Value

The monetary value of an asset as determined by current market conditions.

Mid-market price

The mid-point between the bid price and the offer price for a security based on quotations for transactions of normal market size by recognised market-makers or recognised trading exchanges.

Minimum Revenue Provision

The statutory minimum amount that must be charged to a Revenue Account in each financial year to repay external debt.

Minority Interest

The interest in a subsidiary entity that is attributable to the share held by, or on behalf of persons other than the reporting authority.

MHCLG

Ministry of Housing, Communities and Local Government (formerly DCLG - Department of Communities and Local Government).

MTFS

Medium Term Financial Strategy

National Non-Domestic Rate

The Government levies a standard rate on all properties used for commercial purposes. The rates are collected on behalf of the government by District Councils, and then redistributed nationally on the basis of resident population.

Net Book Value

The amount at which Fixed Assets are included in the Balance Sheet, i.e. their historical cost or current value less the cumulative amounts provided for depreciation.

Net Current Replacement Cost

The cost of replacing or recreating the particular asset in its existing condition and in its existing use, i.e. the cost of its replacement or of the nearest equivalent asset, adjusted to reflect the current condition of the existing asset.

Net Debt

This comprises cash in hand, cash overdrawn, short term investments and long term borrowing.

Net Realisable Value

The open market value of the asset in its existing use (or open market value in the case of non-operational assets) less the expenses to be incurred in realising the asset.

NHS

National Health Service.

NJC

National Joint Council.

Non-Current Assets

Assets that yield benefits to the authority and the services it provides for a period of more than one year.

NYBEP

North Yorkshire Business and Education Partnership.

NYnet Limited

A company providing broadband connectivity within North Yorkshire.

Past Service Cost

The increase in Pension Fund liabilities arising in the current period as a result of the introduction of, or improvement to, retirement benefits.

PFC

Pension Fund Committee.

PFI

Private Finance Initiative. A means of securing new assets and associated services in partnership with the private sector.

PIP

The Pending Issues Provision (PIP) was set up in 2008/09 as part of the budget and medium term financial strategy process to underpin a financial strategy that would ensure sufficient recurring funds are available in future years to meet the predicted year on year costs of the Waste Strategy.

The provision was funded by increasing the annual Council Tax charge in the three year period 2008/09 to 2010/11 by more than was strictly needed to pay for the annual cost of the County Council's services in those year's.

In addition to providing the longer term funding required for the Waste Strategy, the funding paid into the PIP but not yet drawn down by the Waste Strategy is available for non- recurring items of urgent expenditure and investment in services.

Portfolio

A block of assets managed by a fund manager, to an agreed performance specification, on behalf of an investor.

Precept

The amount of money the County Council has to levy on Council Tax payers (via district collection funds) to pay for County Council services.

Prepayments

Amounts paid by the County Council in the current financial year that relate to goods and services not received until the following financial year.

Provisions

Provisions represent sums set aside for any liabilities of uncertain amount or timing that have been incurred.

PWLB

Public Works Loan Board. The Government agency set up to provide loans to Local Authorities to finance capital expenditure.

REFCUS (Revenue Expenditure funded from Capital under Statute)

Expenditure which may be properly capitalised, but which does not result in the creation of any fixed asset.

REOTAS

Reintegration in Education other than in Schools.

Reserves

There are two types of reserves, usable and unusable reserves. Usable reserves are those reserves that can be applied to fund expenditure or reduce local taxation. Unusable reserves are other reserves, such as the revaluation reserve, that arise from accounting requirements.

Revenue Expenditure

Revenue expenditure is spending on the day to day running costs of the County Council. It includes expenditure on employees, premises, transport and supplies and services.

RICS

Royal Institution of Chartered Surveyors.

RSG

Revenue Support Grant. Central Government grant support towards local government expenditure.

SEN

Special educational needs.

SEND

Special educational needs and disability.

SDT

Standard Desktop.

Section 151 Officer

The Officer designated to assume overall responsibility for the administration of the financial affairs of the County Council and for the preparation of the Council's Statement of Accounts.

Settlements and Curtailments

Settlements and liabilities settled at a cost materially different to the IAS 19 reserve during the year. Curtailments represent the cost arising from early payment of accrued pensions in respect of any redundancies during the year.

Simple Investment

The reporting authority's interest does not qualify the entity as a subsidiary, associate or a joint venture because the reporting authority has limited influence or its interest is not long term.

SIF

Special Investment Fund.

SIP

Statement of Investment Principles.

Subsidiary

An entity is a subsidiary of a reporting authority if the authority is able to exercise control over the operating and financial policies of the entity and is able to gain benefits / be exposed to risk of potential losses from this control.

Surplus Properties

Those properties that are not used in service delivery but neither do they meet the classification of investment properties or assets held for sale.

T&C

Technology and Change.

Term Deposit

A deposit held in a financial institution for a fixed term at a fixed rate.

TMP

Treasury Management Practices.

TMPS

Treasury Management Policy Statement.

VAT

Value Added Tax.

Veritau Limited

A company providing Internal Audit, Counter fraud and Information Governance Services.

Work in Progress

The value of rechargeable work which has not been recharged at the end of the financial year.

YDHTP

Yorkshire Dales and Harrogate Tourism Partnership.

Yorwaste Limited

A subsidiary waste disposal company.

YPO

Yorkshire Purchasing Organisation.

NORTH YORKSHIRE COUNTY COUNCIL

AUDIT COMMITTEE

21 JUNE 2018

INTERNAL AUDIT WORK FOR THE CHILDREN AND YOUNG PEOPLE'S SERVICES
DIRECTORATE

Report of the Head of Internal Audit

1.0 PURPOSE OF THE REPORT

- 1.1 To inform Members of the **internal audit work** performed during the year ended 31 May 2018 for the Children and Young People's Services Directorate (CYPS) and to give an opinion on the systems of internal control in respect of this area.

2.0 BACKGROUND

- 2.1 The Audit Committee is required to assess the quality and effectiveness of the corporate governance arrangements operating within the County Council. In relation to the Children and Young Peoples Services Directorate (CYPS), the Committee receives assurance through the work of internal audit (as provided by Veritau), as well as receiving a copy of the latest directorate risk register.
- 2.2 This agenda item is considered in two parts. This first report considers the work carried out by Veritau and is presented by the Head of Internal Audit. The work of internal audit is reported in accordance with an agreed programme of work with this report covering audits finalised in the 12 months to 31 May 2018. The second part is presented by the Corporate Director and considers the risks relevant to the directorate and the actions being taken to manage those risks.

3.0 WORK CARRIED OUT DURING THE YEAR ENDED 31 MAY 2018

- 3.1 As well as audits of directorate systems, Veritau also reviews the adequacy of controls operating within North Yorkshire maintained schools. The majority of audit work within schools is now performed as part of themed audits, where a specific topic is reviewed across a range of schools. During these audits feedback is provided to each school visited, but the audit report is issued to CYPS and includes common issues or best practice. CYPS then produces a response which is aimed at improving standards across all schools.
- 3.2 Details of internal audit work undertaken within the directorate and the outcomes of these audits are provided in **appendix 1**.
- 3.3 Veritau has also been involved in a number of other areas of work in respect of the directorate. This work has included:

- (a) providing a series of training courses for school governors on financial controls and the School Financial Value Standard (SFVS);
 - (b) monitoring and reviewing SFVS returns and drafting the DfE return;
 - (c) reviewing LMS Procedure Rules, in conjunction with school representatives and officers from Finance and Management Support, Legal Services and the Corporate Property Landlord Unit;
 - (d) contributing to training sessions at the termly school bursar conferences;
 - (e) offering advice to schools on tendering and quotation procedures in connection with devolved capital works;
 - (f) keeping schools informed of best practice and recent developments;
 - (g) publishing advice for schools on counter-fraud arrangements to enable them to comply with the requirements of the LMS Scheme;
 - (h) carrying out a number of other special investigations that have either been communicated via the Whistleblowers' hotline or have arisen from issues and concerns raised with Veritau by CYPS management.
- 3.4 As with previous audit reports an overall opinion has been given for each of the specific systems or areas under review. The opinion given has been based on an assessment of the risks associated with any weaknesses in control identified. Where weaknesses are identified then remedial actions will be agreed with management. Each agreed action has been given a priority ranking. The opinions and priority rankings used by Veritau are detailed in **appendix 2**.
- 3.5 It is important that agreed actions are formally followed up to ensure that they have been implemented. Veritau follow up all agreed actions on a regular basis, taking account of the timescales previously agreed with management for implementation. **On the basis of the follow up work undertaken during the year, the Head of Internal Audit is satisfied with the progress that has been made by management to implement previously agreed actions necessary to address identified control weaknesses.**
- 3.6 The programme of audit work is risk based. Areas that are assessed as well controlled or low risk are reviewed less often with audit work instead focused on the areas of highest risk. Veritau's auditors work closely with directorate senior managers to address any areas of concern.
- 4.0 **AUDIT OPINION**
- 4.1 Veritau performs its work in accordance with the Public Sector Internal Audit Standards (PSIAS). In connection with reporting, the relevant standard (2450) states that the chief audit executive (CAE)¹ should provide an annual report to the board². The report should include:
- (a) details of the scope of the work undertaken and the time period to which the opinion refers (together with disclosure of any restrictions in the scope of that work)

¹ For the County Council this is the Head of Internal Audit.

² For the County Council this is the Audit Committee.

- (b) a summary of the audit work from which the opinion is derived (including details of the reliance placed on the work of other assurance bodies)
 - (c) an opinion on the overall adequacy and effectiveness of the organisation's governance, risk and control framework (i.e. the control environment)
 - (d) disclosure of any qualifications to that opinion, together with the reasons for that qualification
 - (e) details of any issues which the CAE judges are of particular relevance to the preparation of the Annual Governance Statement
 - (f) a statement on conformance with the PSIAS and the results of the internal audit Quality Assurance and Improvement Programme.
- 4.2 The overall opinion of the Head of Internal Audit on the framework of governance, risk management and control operating in the Children and Young People's Services Directorate is that it provides **Substantial Assurance**. There are no qualifications to this opinion and no reliance was placed on the work of other assurance bodies in reaching that opinion.

5.0 RECOMMENDATION

- 5.1 That Members consider the information provided in this report and determine whether they are satisfied that the internal control environment operating in the Children and Young People's Services Directorate is both adequate and effective.

MAX THOMAS
Head of Internal Audit

Veritau Ltd
County Hall
Northallerton

6 June 2018

BACKGROUND DOCUMENTS

Relevant audit reports kept by Veritau Ltd at 50 South Parade, Northallerton.

Report prepared and presented by Ian Morton (Audit Manager - Veritau)

AUDIT REPORTS ISSUED IN THE YEAR TO 31 MAY 2018

	System/Area	Audit Opinion	Areas Reviewed	Date Issued	Comments	Action Taken
A	Developing Stronger Families March 2017 Claim	High	The DCLG framework for the Troubled Families Programme requires internal audit to carry out a representative sample of at least 10% of results for each claim. The aim of these checks is to ensure families are eligible for inclusion in the programme and that appropriate progress has been achieved against the Outcome Plan	October 2017	Suitable evidence was available to support the claim for each family within the sample	No actions identified
B	Developing Stronger Families October 2017 Claim	High	The DCLG framework for the Troubled Families Programme requires internal audit to carry out a representative sample of at least 10% of results for each claim. The aim of these checks is to ensure families are eligible for inclusion in the programme and that appropriate progress has been achieved	October 2017	Suitable evidence was available to support the claim for each family within the sample	No actions identified

System/Area		Audit Opinion	Areas Reviewed	Date Issued	Comments	Action Taken
			against the Outcome Plan			
C	Developing Stronger Families December 2017 Claim	Substantial	The DCLG framework for the Troubled Families Programme requires internal audit to carry out a representative sample of at least 10% of results for each claim. The aim of these checks is to ensure families are eligible for inclusion in the programme and that appropriate progress has been achieved against the Outcome Plan	May 2018	It was noted that there are insufficient controls in place to prevent cases previously claimed for and subsequently closed on the Early Help Module system from being highlighted as potential new claims. This is because of the nature of some families where there are separate households and multiple family names living at the same address.	One P2 action was agreed Responsible Officers DSF Co-ordinator Development Support Officer Children and Families (CYPS) For families with multiple households the initial discussion has taken place on the project/work plan to further investigate and implement any changes to help mitigate the risk of claims against families who sit across more than one household.
D	Developing Stronger Families January 2018 Claim	High	The DCLG framework for the Troubled Families Programme requires internal audit to carry out a representative sample of at least 10% of results for each claim. The aim of these checks is to ensure families are eligible for inclusion in the programme and that appropriate progress has been achieved	January 2018	Suitable evidence was available to support the claim for each family within the sample	No actions identified

System/Area		Audit Opinion	Areas Reviewed	Date Issued	Comments	Action Taken
			against the Outcome Plan			
E	Developing Stronger Families March 2018 Claim	High	The DCLG framework for the Troubled Families Programme requires internal audit to carry out a representative sample of at least 10% of results for each claim. The aim of these checks is to ensure families are eligible for inclusion in the programme and that appropriate progress has been achieved against the Outcome Plan	March 2018	Suitable evidence was available to support the claim for each family within the sample	No actions identified
F	Filey Junior School	Substantial	The audit was a follow up to a previous audit in June 2016 where a no assurance opinion was provided. The audit reviewed progress in the implementation of agreed actions.	February 2018	Since the previous audit significant progress has been made to improve the control environment within the school. The original report included 15 findings. The school obtained additional support from the FMS service which resulted in weaknesses being addressed and processes improved. The majority of the agreed actions have now been completed. The outstanding actions included testing the business continuity	Three P3 actions were agreed. Responsible Officers Admin Assistant All school staff The school is currently in talks with the supplier to arrange online ordering. The school will still use the purchase order book when ordering using Barclaycard

System/Area		Audit Opinion	Areas Reviewed	Date Issued	Comments	Action Taken
					plan for effectiveness, maintaining a log for Barclaycard purchases and improving the procedures around uniform storage and ordering.	The Business Continuity plans have been tested within the office and with current staff but not with new members of staff. The Board of Governors have been made aware.
G	Themed School Audit - Budget Management	High	The audit reviewed the effectiveness of the budget management arrangements at schools. This included meeting CYPS timescales for setting the budget, the production of revised budgets, expected outturn reports and budget monitoring reports. Reports to the Governing Body were reviewed to ensure they were informed about all variances. Minutes of the Governing Body were also reviewed to assess the level of scrutiny reports were given and explanations provided for variances. The audit also reviewed the arrangements for managing surpluses or deficits.	June 2017	<p>The majority of schools visited had good procedures in place for budget monitoring, and provided regular budget monitoring reports both to the Headteacher and the Governing Body. Outturn, start and revised budgets were produced and submitted to CYPS Finance in line with required timescales.</p> <p>Two areas where issues were identified were the production and circulation of budget monitoring reports, and minutes of Governing Body meetings. Several different issues were identified in different schools with regard to meeting minutes. These included a lack of detail in the minutes, a lack of clarity over where the signed minutes were kept, and little evidence of finance being discussed at full Governing Body meetings</p>	<p>One P2 and one P3 actions were agreed.</p> <p>Responsible Officer</p> <p>Head of Finance – Schools</p> <p>Schools will be reminded of the need to produce monthly budget monitoring reports and for formal minutes to be produced for all Governing Body meetings and any committees. Guidance will be issued through bursars' conferences and training courses. We will also ensure that this guidance is included in the finance manual. A note will also be sent to FMS officers with the finding of this and other themed audits and they will be asked to deliver this message when in school. Discussions will be held with Education and Skills and Governor Support to ensure they also deliver this message to governors.</p>

System/Area		Audit Opinion	Areas Reviewed	Date Issued	Comments	Action Taken
H	Themed School Audit - Income	Substantial	The audit reviewed the arrangements for the collection of income including timeliness of receipt, record keeping and banking. Policies were checked to ensure they were regularly reviewed and included debt recovery arrangements. Charges were assessed for consistency and the treatment of VAT. For lettings, checks were made to ensure insurance documents were obtained and kept on file.	June 2017	<p>Some areas of good practice were identified where schools have generated additional income or had effective income management arrangements.</p> <p>Issues were found at several schools where the rules surrounding VAT on lettings had not been correctly applied resulting in the incorrect treatment of VAT.</p> <p>The charging policy at several schools had not been reviewed for a number of years meaning that charges were not reflecting the full costs involved in preparing and closing the school. Minutes did not properly reflect the Governors approving the charging policy.</p> <p>Parents requesting refunds for trips where the pupil did not attend and debts relating to school transport costs were found to be problem areas for schools where additional guidance may be beneficial.</p>	<p>One P2 and four P3 actions were agreed.</p> <p>Responsible Officers</p> <p>Head of Finance – Schools</p> <p>Schools will be reminded of the need to review and sign off their lettings policies. This will be done through bursars conferences and training courses. We will also ensure that this guidance is included in the finance manual. A note will also be sent to FMS officers with the finding of this and other themed audits and they will be asked to deliver this message when in schools.</p> <p>As part of reminding schools about the requirements to update lettings policies advice will be provided through the same media as above regarding the correct charging of VAT, the use of external companies to organise their lettings, the timely collection of income and the benefits of collecting payments in advance, cancellations and cancellation fees with reference to the impact on budget and budget monitoring.</p>
I	Partners In Practice	High	NYCC is one of seven local authorities to be designated as a Partner	October 2017	Each individual project board had a clear remit and the roles and	One P3 action was agreed.

System/Area	Audit Opinion	Areas Reviewed	Date Issued	Comments	Action Taken
		<p>in Practice by the Department for Education (DfE). This means that CYPS will support and work alongside other authorities to share best practice and help improve performance in children's social care across the country.</p> <p>The audit reviewed the governance arrangements for the delivery of the Partners In Practice Programme, including:</p> <ul style="list-style-type: none"> • Roles and responsibilities; • Risk identification and management; • Terms of reference, meetings and the escalation of issues; • Monitoring arrangements for the delivery of activities and projects. 		<p>responsibilities of the individual boards were covered through their own comprehensive terms of reference document. Meetings of the board at each level had taken place at an appropriate frequency as specified by the terms of reference. There was also a clear link between issues identified in the minutes of the individual project boards and issues raised by the Partners In Practice Strategic Programme Board. There was a similar link between the response of the Strategic Programme Board and action within individual boards.</p> <p>Risks were managed by the Partners In Practice Strategic Programme Board and action taken to mitigate those risks. A programme risk log had been prepared that was regularly reviewed and updated. Risks specific to individual projects and activities were reported upon and monitored through monthly programme highlight reports.</p> <p>However, the plan to deliver the programme was not sufficiently detailed to include key milestones or strategies. There was no strategy in place to measure the</p>	<p>Responsible Officers</p> <p>Partners In Practice Strategic Programme Board.</p> <p>Performance monitoring arrangements for clinicians across LAC/Safeguarding and Prevention to be confirmed.</p> <p>Understanding of how clinicians input to the programme will be evaluated.</p> <p>Systemic practice training evaluation and strategy to embed training across the wider workforce.</p> <p>Discussion with DfE to take place to understand how the year four LA days interaction target can be delivered and clarification on whether potential changes to timescale/target.</p>

System/Area		Audit Opinion	Areas Reviewed	Date Issued	Comments	Action Taken
					effectiveness of the training or the appointment of clinicians. There was no forward planning to consider how support to other local authorities will be delivered in the final year of the programme without a detrimental impact on services.	
J	High Needs SEN	Reasonable	<p>The audit reviewed the arrangements in place after a decision was made to educate a child in an out of county placement at a non NYCC special school. The audit examined:</p> <ul style="list-style-type: none"> • The process followed for identifying the placement and the criteria used for considering the needs of the child and the cost of the placement; • The monitoring arrangements in place to ensure the needs of the child were being met; • Processes in place to reduce the number of out of county 	April 2018	<p>CYPS was part of a benchmarking exercise completed by CIPFA in 2016. They compared favourably in terms of being able to retain a much higher percentage of their pupils in maintained special schools and maintained mainstream schools. However, CYPS were paying considerably more for placements at out of county non maintained schools than other local authorities. Work is ongoing to secure discounts with providers and better transparency on the breakdown of costs on contracts.</p> <p>There is no central record maintained of the reasons why a child's needs cannot be met at a NYCC special or mainstream school to be able to address those issues and reduce the number of out of county placements.</p>	<p>Three P2 and three P3 actions were agreed.</p> <p>Responsible Officer Assistant Director - Inclusion</p> <p>Terms and Conditions and/or Schedule 2 to be reviewed and redrafted.</p> <p>Advice to Assessment and Reviewing Officers on monitoring provider's effectiveness.</p> <p>Guidance notes for Assessment and Reviewing Officers to be produced.</p> <p>Annual review process and paperwork to be redrafted.</p> <p>Schedule of reviews for officer attendance to be put in place.</p> <p>Quality Assurance process to be developed for placements.</p> <p>Overarching review of provision</p>

System/Area		Audit Opinion	Areas Reviewed	Date Issued	Comments	Action Taken
			placements.		<p>The Schedule 2 Individual Placement Agreements did not always provide sufficient detail to be able to measure the success of the outcomes for a child. Reviews were also not carried out at sufficient frequency to be able to effectively monitor the progress of achieving those outcomes. Agreements did not make reference to possible consequences for underperformance. There were also very few cases where CYPS had taken action as a result of perceived poor performance by the educational provider.</p> <p>The progress of each child is reviewed in isolation and therefore it is more difficult to identify more widespread or systematic problems. The monitoring arrangements currently in place would not highlight if there were particular issues at one school or if the unmet need was more widespread for a particular group of children.</p>	<p>including contract monitoring to be implemented.</p> <p>Process implemented for monitoring of consultation responses.</p> <p>Complex case discussion implemented prior to resource panel to ascertain and resolve issues.</p> <p>Amended paperwork and central log of reasons for out of area placements now kept and analysed.</p>
K	Post 16 Education	Reasonable	The audit reviewed compliance with the Education Funding Agency Regulations at	August 2017	The majority of sixth form colleges visited were complying with the requirements of the Education Funding Agency Regulations.	<p>Five P2 and four P3 actions were agreed.</p> <p>Responsible Officers</p>

System/Area	Audit Opinion	Areas Reviewed	Date Issued	Comments	Action Taken
		five schools with sixth form colleges attached.		<p>Colleges were recording the planned hours in the census in accordance with the hours on the student timetable/learning agreement and these hours had been calculated in accordance with the Education Funding Agency Regulations.</p> <p>In a very few cases the leaving dates included in the census for those students leaving college before the end of their course were not the dates when they last attended as shown on their attendance records. As a result, the funding claims may have been overstated. For some of these withdrawals there was no learning agreement/enrolment form signed on behalf of the institution and by the student as compliance evidence to support its funding claim.</p> <p>It was found that there was no consistency in the use of Learning Agreements, who they were signed by or what information they contained.</p> <p>Some colleges were not requesting sufficient information on the application form completed by external students to be in a</p>	<p>Assistant Director – Strategic Resources</p> <p>Lead Advisor (11-19)</p> <p>A note will be sent to all schools following the findings of the audit. This will highlight the requirements and responsibilities where the auditors noted some failing and schools will be reminded about their responsibilities surrounding pre entry advice and guidance, the application and enrolment process and withdrawals. The Lead Advisor (11-19) will also raise these issues at network meetings.</p> <p>The school in question will be reminded about their responsibilities in claiming funding and noting the discrepancy in funding and dates for two students pointing out that the school needs to contact the Education and Skills Funding Agency and seek clarification on any possible claw back.</p>

System/Area		Audit Opinion	Areas Reviewed	Date Issued	Comments	Action Taken
					position to be able to provide sufficient pre-entry advice and guidance to external students. To be eligible for funding, students must be ordinarily resident. None of the sixth form colleges visited was undertaking this check nor was this information requested on the application form.	
L	Catering Service	Reasonable	<p>The audit reviewed:</p> <ul style="list-style-type: none"> • The process followed by catering staff for submitting timesheets; • The process for gaining management information from schools to raise charges; • The implementation of issued raised in the previous audit. 	January 2018	<p>The service currently relies on paper returns that are received through the post. This causes delays as they have wait for documents to arrive. There is also the potential for claims to be completed or calculated inaccurately by staff in the schools and so they need to be checked for accuracy and corrected. Data then has to be input onto the MyView system with the potential for further errors to occur. Utilising electronic forms and returns should improve both speed and accuracy within the system.</p> <p>The process for submitting timesheets is now changing with the service implementing electronic variation claims submission through the MyView</p>	<p>Two P2 and three P3 actions were agreed.</p> <p>Responsible Officers</p> <p>Head of Traded Service</p> <p>The new joint Facilities Team comprising of Catering, Cleaning and Grounds Maintenance hope to implement in April 2018 the CYPAD system which would result in the placement in each unit of a hand held tablet device. This would give each unit the IT capability to complete claims for variations in hours on site and at this point it would be the intention to return approvals for these variations to the Cook for catering claims. This returns the responsibility for approving variations to the unit staff's line manager rather than the Area Management team.</p>

System/Area		Audit Opinion	Areas Reviewed	Date Issued	Comments	Action Taken
					<p>system. This transition appears to have been a challenging one for the service especially from the point of view of the primary schools.</p> <p>There is a large difference in the percentage of errors occurring between secondary and primary schools for MyView entry and weekly returns. This is likely to be due to staff in secondary schools being able to access computer equipment and support to undertake the required tasks. Due to the nature of the service, staff may need to submit negative variations as fewer than the standard hours have been worked. This has caused issues and errors have been made.</p> <p>Progress has been made in addressing actions previously raised. Issues still remain relating to timesheets, school weekly returns and stock control.</p>	<p>Cypad would carry electronic versions of all forms currently used in paper form and they would be imported into Saffron without the need for data entry. Forms would be locked down on the hand held device to stop tampering or amendment.</p> <p>Cypad enables stock to be taken and imported into Saffron at each half term end. Business support would still be required to sense check the stock variation reports when the stock takes had been imported, but there would be no manual keying. Facilities could implement a weekly stock take to bear down on waste and shrinkage with stock usage available the Monday of the following week. At each half term end the stock-take could be imported into Saffron to produce the period accounts for each unit.</p>
N	Themed School Audit - HR and Payroll	Reasonable	The audit reviewed the processes in place within schools to provide information to Employment Support Services (ESS) regarding payroll	May 2018	In the majority of cases it was found that information is provided to payroll correctly and in a timely manner. New starters, leavers and changes to contracts are sent to ESS in good time to be processed. No incorrect	<p>Two P2 and four P3 actions were agreed.</p> <p>Responsible Officers Assistant Director – Strategic Resources</p>

System/Area		Audit Opinion	Areas Reviewed	Date Issued	Comments	Action Taken
			changes. The adequacy and completeness of HR documentation was also reviewed.		<p>payments were made for leavers.</p> <p>Sickness information in most cases was reported correctly, although one school was identified that had failed to report sickness to ESS for a number of years</p> <p>Some schools could not provide evidence of appropriate return to work interviews, and some did not hold the correct documentation to provide evidence that the right to work in the UK had been checked prior to employment</p>	<p>Issues relating to individual schools will be followed up with them by HR staff</p> <p>Reminders and refresher guidance will be issued to all schools via HR Newsletter and Admin & Finance Conferences. FMS team to be briefed on issues and communicate requirements to schools</p>
O	Themed School Audit - Information Governance	Limited	The audit reviewed the processes within schools to manage information. This included compliance with data protection legislation, and also the secure management of data for operational and business continuity purposes	May 2018	<p>All schools visited were registered with the Information Commissioner as data controllers, and all except one had appointed a SIRO.</p> <p>Some improvements were identified compared to the previous audit in this area, and a number of schools could demonstrate significant compliance with data protection requirements. However, some issues were identified in most schools, and some schools demonstrated a poor level of overall understanding and compliance. Issues were</p>	<p>Six P2 and four P3 actions were agreed.</p> <p>Responsible Officers Assistant Director – Strategic Resources</p> <p>Schools are required to review policies & procedures with regard to GDPR requirements. Training and template documents has been provided to schools by the Veritau IG team where they have signed up for the Data Protection Officer service.</p>

System/Area		Audit Opinion	Areas Reviewed	Date Issued	Comments	Action Taken
					identified in relation to approved policies, lack of training, data retention and disposal, use of data encryption and cloud back up, and procedures to deal with FOI or subject access requests.	

Audit Opinions and Priorities for Actions

Audit Opinions	
<p>Audit work is based on sampling transactions to test the operation of systems. It cannot guarantee the elimination of fraud or error. Our opinion is based on the risks we identify at the time of the audit.</p> <p>Our overall audit opinion is based on 5 grades of opinion, as set out below.</p>	
Opinion	Assessment of internal control
High Assurance	Overall, very good management of risk. An effective control environment appears to be in operation.
Substantial Assurance	Overall, good management of risk with few weaknesses identified. An effective control environment is in operation but there is scope for further improvement in the areas identified.
Reasonable Assurance	Overall, satisfactory management of risk with a number of weaknesses identified. An acceptable control environment is in operation but there are a number of improvements that could be made.
Limited Assurance	Overall, poor management of risk with significant control weaknesses in key areas and major improvements required before an effective control environment will be in operation.
No Assurance	Overall, there is a fundamental failure in control and risks are not being effectively managed. A number of key areas require substantial improvement to protect the system from error and abuse.

Priorities for Actions	
Priority 1	A fundamental system weakness, which presents unacceptable risk to the system objectives and requires urgent attention by management.
Priority 2	A significant system weakness, whose impact or frequency presents risks to the system objectives, which needs to be addressed by management.
Priority 3	The system objectives are not exposed to significant risk, but the issue merits attention by management.

NORTH YORKSHIRE COUNTY COUNCIL

AUDIT COMMITTEE

21 JUNE 2018

INTERNAL CONTROL MATTERS FOR THE CHILDREN AND YOUNG PEOPLE'S
SERVICES DIRECTORATE

Report of the Corporate Director – CYPS

1.0 PURPOSE OF THE REPORT

- 1.1 To outline some of the key service risks and governance developments within the Directorate
- 1.2 To receive details of the updated Risk Register for the Children & Young People's Directorate

2.0 BACKGROUND

- 2.1 The Audit Committee is required to assess the quality and effectiveness of the corporate governance arrangements operating within the County Council. In relation to the Children and Young People's Services (CYPS), the Committee receives assurance through the work of internal audit (detailed in a separate report to the Committee) and through the Directorate Risk Register.
- 2.2 In addition, this report provides some headlines on key service risks and governance developments.

3.0 KEY GOVERNANCE DEVELOPMENTS AND RISK ISSUES

- 3.1 The main areas of note for the Directorate are set out below:

(a) Dedicated Schools Grant

Despite the announcement of an extra £1.3 billion for schools and high needs across 2018-19 and 2019-20 as part of a transitional period towards the national funding formula, the local authority remains concerned about sparsity funding, particularly for small secondary schools. There are clear signs of financial strain with an increasing number of schools in deficit, an increasing number of schools forecasting to be in deficit and overall school balances decreasing. The local authority's Dedicated Schools Grant reserve is significantly depleted and it may be that a number of costs – compulsory school redundancies, closing school deficits, sponsored academy deficits – will fall to the LA. In response, a strategic review of school finances is underway to identify ways in which to support schools in financial difficulty.

(b) SEND and High Needs Strategic Review

In line with the national trend, the LA has continued to experience a significant increase in the number of children and young people assessed as requiring an Education, Health and Care Plan (EHCP). Despite this trend, a cash increase of only £300k in the ring-fenced High Needs Block of the Dedicated Schools Grant effectively means that there has been a real-terms decrease in funding. This has led to a significant projected overspend on High Needs of £4m in 2018-19 despite the identification of nearly £2m in savings. The overspend is offset, in part, by the transfer of 0.5% of the Schools Budget (£1.6m).

Work continues to review the High Needs Block to identify further savings opportunities and to ensure that special education provision remains under review in order to ensure a sufficient supply of high quality places; the LA has commissioned an increase in places from special schools in 2018-19. A significant amount of funding from the High Needs Block supports pupils in North Yorkshire mainstream and special schools and Academies and the identification of savings from the High Needs Block will have an impact on the overall quantum of funding in schools; careful transformation of SEN provision through the Strategic Plan – which is currently out to consultation with schools and parents – will be important.

(c) MTFS: 2020 Savings and Budget Pressures

As part of the Council's 2020 Savings Programme, CYPS have a further £7m savings over the next four-year period. This includes some significant reviews around Early Years, School Improvement, SEN Transport and Children and Families. Savings are getting more challenging and delivery of the MTFS programme needs to be seen in the context of the SEND financial pressures outlined at (b) and the school funding pressures outlined in (a). Programme delivery arrangements are supported by rigorous programme and project management arrangements with strategic programme board oversight and active monitoring of implementation and impact.

4.0 DIRECTORATE RISK REGISTER

- 4.1 The **Directorate Risk Register** (DRR) is the end product of a systematic process that initially identifies risk at Service Unit level and the aggregates these via a sieving process to Directorate level. A similar process sieves Directorate level risks into the Corporate Risk Register.
- 4.2 The Risk Prioritisation System used to drive all Risk Registers across the County Council categorises risks as follows:
- **Category 1 and 2 are high risk (RED)**
 - **Category 3 and 4 are medium risk (AMBER)**
 - **Category 5 is low risk (GREEN)**
- 4.3 The DRR represents the principal risks that may materially impact on the performance and financial outcomes of the Directorate. The CYPS DRR was last reviewed in March 2018. The detailed DRR is shown at **Appendix 1** and shows a range of risks and the risk reduction actions which have been put in place to minimise them.

4.4 There are minimal changes to the risk register since the last report to the Audit Committee in September 2017. The main change is as follows:

- Information Governance: in response to the introduction of new General Data Protection Regulations (GDPR), work has been ongoing to ensure clear identification of Information Asset Owners, review and updating of Information Asset Registers, and the development and updating of privacy notices, where appropriate.

4.5 Some examples of actions that have been completed or progresses in relation to particular risks since the last report to the Committee include:

- Strategy for Supporting Disabled Children, Young People and their Families including SEND – line management arrangements for enforcement activities have been evaluated and agreed. Planned, commissioned places across the special school estate have been increased for 2018/19. The Strategic Plan for children with SEND is currently out to consultation as are proposals to close The Ghyll, a children's resource centre in the west of the county.
- Looked After Children: the pathway for unaccompanied asylum seekers, including the commissioned service for interpreters has been reviewed.
- Educational Outcomes: through the Opportunity Areas, work is underway to support schools across the coast including evidence-based training on maths, literacy and resilience, as well as the opportunity for schools to secure small levels of funding to deliver in-school projects. The Opportunity Area programme draws on skills and officers from across the service including collaboration with the Inclusion service on SEND provision in the area and the involvement of health in a literacy hub due to launch in September 2018.
- Inspection Outcomes: a new Partners in Practice manager has been appointed which will also have responsibility for a quality assurance function within the Children and Families teams.
- School Organisation and Funding: work is ongoing to continue to lobby MPs and government departments on school funding issues including representations to MHCLG, ESFA, DfE. A written response has recently been provided to the Education Select Committee's call for evidence on DfE spending priorities.

5.0 RECOMMENDATION

5.1 That the Committee:

- (i) note the updated risk register for the CYPS Directorate; and
- (ii) provide feedback and comments on the CYPS Directorate Risk Register, key risk and governance issues/ developments and any other related internal control matters

Stuart Carlton
Corporate Director – Children and Young People's Services

NORTH YORKSHIRE COUNTY COUNCIL

AUDIT COMMITTEE

21 JUNE 2018

CORPORATE GOVERNANCE

Report of the Corporate Director, Strategic Resources

1.0 PURPOSE OF REPORT

- 1.1 To note progress on Corporate Governance related matters.

2.0 BACKGROUND

- 2.1 Previously, the Framework Delivering Good Governance in Local Government, published by CIPFA in association with SOLACE in 2007, set out the standard for local authority governance in the UK. CIPFA/SOLACE carried out a review of this Framework and Guidance and has consequently published an updated version called the CIPFA/SOLACE Delivering Good Governance in Local Government Framework 2016.
- 2.2 According to the Terms of Reference of the Audit Committee, its role in respect of Corporate Governance is:
- (i) to assess the effectiveness of the authority's Corporate Governance arrangements
 - (ii) to review progress on the implementation of Corporate Governance arrangements throughout the authority
 - (iii) to approve the Annual Governance Statements for both the County Council and the North Yorkshire Pension Fund
 - (iv) to liaise, as necessary, with the Standards Committee on any matter(s) relating to the Codes of Conduct for both Members and Officers
 - (v) to review the arrangements in place for ensuring good governance in the County Council's key partnerships and owned companies.
- 2.3 In relation to (i), (ii) and (v) above, reports are submitted at regular intervals during the year as set out in the Programme of Work and item (iii) is considered as part of the report relating to the Statement of Accounts. Issues

are addressed by the respective Corporate Director alongside a report on internal audit work relating to that Directorate which is produced by the Head of Internal Audit.

3.0 LOCAL CODE OF CORPORATE GOVERNANCE

- 3.1 At the last meeting of this Committee it was resolved that the updated Local Code of Corporate Governance be recommended for collective formal approval by the Chief Executive, the Leader of the Council, , the Executive Member for Central Services, the Corporate Director - Strategic Resources and the Assistant Chief Executive (Legal and Democratic Services). The Local Code was approved and as a result the updated Local Code is now available on the County Council website.

4.0 ANNUAL GOVERNANCE STATEMENT 2017/18

- 4.1 The Annual Governance Statement (AGS) has been updated to reflect the current status of governance and internal control arrangements which continue to be fit for purpose within the County Council. It also provides an assessment of the effectiveness of the Council's governance arrangements in supporting the planned outcomes. However it is recognised that there are some identified areas that require attention to address weaknesses and/or external challenges. Some of the challenges are a feature of the Council facing delivery of a range of statutory services in a climate of ongoing public sector austerity.
- 4.2 The draft AGS accompanies the Statement of Accounts (SoA) and can be seen in the report shown as Statement of Accounts 2017/18 on this Committee meeting's agenda.

5.0 DEVELOPMENTS IN 2016/17

- 5.1 Although the responsibility for managing the day to day aspects of the Corporate Governance agenda belong to the Executive and the Management Board, wider Members also have to be actively engaged – the role of this Committee is therefore critical in this regard.
- 5.2 This Committee receives progress reports on a range of specific governance issues such as risk management and information governance through the year.

- 5.3 A full review and update of the Local Code of Corporate Governance and the Annual Governance Statement have already been mentioned in the paragraphs above.
- 5.4 Other notable areas of recent work undertaken as part of the Corporate Governance agenda include the following:-
- ➔ induction training for Members following Elections in May 2017
 - ➔ development of an on line training package for consultation law and good practice
 - ➔ review, revision and approval of an updated Procurement Strategy
 - ➔ review and revision of the corporate Performance Framework together with new quarterly performance report format with increased readability and stronger links to key Council ambitions
 - ➔ appropriate governance arrangements introduced for commercial companies
 - ➔ ensuring a process for co-ordinating and responding to Subject Access Requests
 - ➔ review and revision of the arrangements to ensure compliance with the GDPR (General Data Protection Regulations) by putting together a Data Governance team, an action plan and then effectively working through the actions. This work has been well progressed by the deadline of 25 May 2018.
 - ➔ progressing issues relating to best practice documentation such as reviewing the effectiveness of the Audit Committee
 - ➔ continual refinement and implementation of governance arrangements for the 2020 North Yorkshire Programme.
 - ➔ delivering the MTFS and the longer term financial planning horizon beyond 2020.

6.0 CORPORATE GOVERNANCE CHECKLIST SUMMARY OF IMPROVEMENTS

- 6.1 The Corporate Governance Checklist is a self-assessment checklist and is in line with the 7 principles defined in the Local Code of Corporate Governance. The requirements of the document CIPFA Statement of the Role of the Chief Financial Officer in Local Government are also incorporated within the Checklist.

- 6.2 The Checklist is effectively a “live” document to monitor and review the overall Corporate Governance process within the County Council. Although a copy of the latest “version” is available to Members, a Summary is attached as **Appendix A** for ease of reference. This Summary shows:
- ➔ a sample of the improvements made in corporate governance between April 2017 and March 2018 in the left hand column.
 - ➔ some examples of improvements in corporate governance to be made between April 2018 and March 2019
- 6.3 Areas of development and / or improvement continue to be identified as a result of the need to comply with new guidance and requirements as they are published.
- 6.4 The Checklist is used by officers in order to provide some assurance that all relevant areas of governance are being adequately addressed and, where relevant, gaps are identified with consequential actions to fill such gaps.

7.0 RECOMMENDATIONS

- 7.1 That Members note progress on Corporate Governance related matters.
- 7.2 That Members note the improvements that have been made, and that are to be made in corporate governance (**Appendix A**)

GARY FIELDING

Corporate Director, Strategic Resources, County Hall, Northallerton

June 2018

Report prepared by Fiona Sowerby, Corporate Risk and Insurance Manager, ext 2400

Background papers: None

CORPORATE GOVERNANCE CHECKLIST

Examples of Improvements made between April 2017 and March 2018

Improvements	Reference	Requirement
	Principle A	Behaving with integrity, demonstrating strong commitment to ethical values, and respecting the rule of law
<ul style="list-style-type: none"> Review and distribute a decision making guidance note (BK) Mar 2017 	A.1.1	Ensuring members and officers behave with integrity and lead a culture where acting in the public interest is visibly and consistently demonstrated thereby protecting the reputation of the organisation.
<ul style="list-style-type: none"> Carry out induction training for Members following Elections (BK) May 2017 	A.2.2	Underpinning personal behaviour with ethical values and ensuring they permeate all aspects of the organisation's culture and operation
<ul style="list-style-type: none"> Review, revise and gain approval of the Procurement Strategy (GF) May 2017. Completed and incorporates the procurement savings target of £1.1m. 	A.2.3	Developing and maintaining robust policies and procedures which place emphasis on agreed ethical values
<ul style="list-style-type: none"> Appropriate Governance arrangements introduced for commercial companies 	A.3.1	Ensuring members and staff demonstrate a strong commitment to the rule of the law as well as adhering to relevant laws and regulations
	Principle B	Ensuring openness and comprehensive stakeholder engagement
<ul style="list-style-type: none"> Put in place a process for co-ordinating and responding to Subject Access Requests (MT) Sept 2017 	B.1.1	Ensuring an open culture through demonstrating, documenting and communicating the organisation's commitment to openness
<ul style="list-style-type: none"> Develop an on line training package for consultation law and good practice (NI) Completed June 2017 Equality Impact Assessment eLearning package introduced (NI) 	B.1.4	Using formal and informal consultation and engagement to determine the most appropriate and effective interventions / courses of action

Appendix A

Improvements	Reference	Requirement
<ul style="list-style-type: none"> • Create a shareholder group (GF/BK) – completed and approved by County Council Oct 2017 • Appoint Chief Financial Officers (GF) – completed CFOs appointed • Carry out training for Directors of companies (BK) – guidance note in place but further training required • LEP assurance framework in place • BEIS review of arrangements carried out 	CFO (Principle 1) B.2.2	Review partnership arrangements to ensure that the authority always has access to financial advice in relations to its role in partnership.
<ul style="list-style-type: none"> • Carry out a light touch audit to review the completeness of compliance with data transparency regulations - (NI/MT) March 2018 	B.3.2	Ensuring that communication methods are effective and that members and officers are clear about their roles with regard to community engagement
	Principle C	Defining outcomes in terms of sustainable economic, social, and environmental benefits
<ul style="list-style-type: none"> • New quarterly performance report format with increased readability and stronger links to key Council ambitions (NI) 	C.1.3	Delivering defined outcomes on a sustainable basis within the resources that will be available
	Principle D	Determining the interventions necessary to optimise the achievement of the intended outcomes
<ul style="list-style-type: none"> • Review and revise the corporate Performance Framework to ensure more consistency in strategy, performance, data and intelligence (<i>Strategic Support</i>) (GF/NI) July 2017 • Further develop service and team plans (NI) Updated format completed, will be used for plans from 1st April 2018 March 2018 	D.1.1	Ensuring decision makers receive objective and rigorous analysis of a variety of options indicating how intended outcomes would be achieved and including the risks associated with those options. Therefore ensuring best value is achieved however services are provided.
<ul style="list-style-type: none"> • Staff Survey Carried Out 	D.2.2	Engaging with internal and external stakeholders in determining how services and other courses of action should be planned and delivered

Appendix A

Improvements	Reference	Requirement
	Principle E	Developing the entity's capacity, including the capability of its leadership and the individuals within it
<ul style="list-style-type: none"> Review training and development needs for Members (BK) Dec 2017 – Ongoing in nature, induction training was carried out in May 2017 post-election 	E.2.6	Taking steps to consider the leadership's own effectiveness and ensuring leaders are open to constructive feedback from peer review and inspections
	Principle F	Managing risks and performance through robust internal control and strong public financial management
<ul style="list-style-type: none"> Review and revise arrangements to ensure compliance with the GDPR (General Data Protection Regulation) (GF/RL) May 2018 GDPR action plan very well progressed. Data governance team established and effective. 	F.4.1	Ensuring effective arrangements are in place for the safe collection, storage, use and sharing of data, including processes to safeguard personal data
<ul style="list-style-type: none"> Continue to expand the number of Data Sharing Agreements and review suitable products for conversion to an on-line platform (MT) Dec 2017. The number of high level protocol Data Sharing Agreements continue to increase. Discussions continue regarding the conversion to the on-line platform. 	F.4.2	Ensuring effective arrangements are in place and operating effectively when sharing data with other bodies
	Principle G	Implementing good practices in transparency, reporting, and audit to deliver effective accountability
<ul style="list-style-type: none"> Carry out a review of effectiveness of the Audit Committee and develop and implement an Improvement Plan (GF/MT) – Mini review of effectiveness of the Audit Committee carried out in 2017/18. See improvements in 2018/19 for further action. 	CFO Principle 3 G.3.2a	Ensure an effective internal audit function is resourced and maintained (Audit Committee review own effectiveness resulting in Improvement Plan)
<ul style="list-style-type: none"> Review of future reporting arrangements as part of the upgrade of financial systems. Complete. Q financial performance reports revised from August 2017 	CFO Principle 2 G.2.1	Ensure the provision of clear, well presented, timely, complete and accurate information and reports to budget managers and senior officers on the budgetary and financial performance of the authority and that these cover the services provided through partnership and alternative delivery models

Appendix A

Examples of Improvements to be made between April 2018 and March 2019

Improvements	Reference	Requirement
	Principle A	Behaving with integrity, demonstrating strong commitment to ethical values, and respecting the rule of law
<ul style="list-style-type: none"> Develop and implement an Officers on line learning and training package on decision making (BK) Mar 2019 (Carried forward from 17/18) Leader and Chief Executive Roles to be reviewed in line with the updated ethical framework (BK) Mar 2019 Further review and implement an electronic Member Register of Interests (BK) Mar 2019 (Carried forward from 17/18) Further update of Anti Money Laundering policy to incorporate the latest anti money laundering regulations (MT/MB) Dec 2018 	A.1.1	Ensuring members and officers behave with integrity and lead a culture where acting in the public interest is visibly and consistently demonstrated thereby protecting the reputation of the organisation.
<ul style="list-style-type: none"> Ongoing project as part of Organisational Development (OD) theme to make access to policies via the intranet easier (JB/PY) Mar 2019 Development of improved Manager's intranet dashboard as part of OD theme (JB/PY) Mar 2019 	A.2.1	Seeking to establish, monitor and maintain the organisation's ethical standards and performance
<ul style="list-style-type: none"> Further and more in depth review of the Procurement Strategy to take place during 2018/19 (GF/KD) Mar 2019 Carry out review of Code of Conduct for Planning (BK) Mar 2019 	A.2.3	Developing and maintaining robust policies and procedures which place emphasis on agreed ethical values
	Principle B	Ensuring openness and comprehensive stakeholder engagement
<ul style="list-style-type: none"> Review future of Citizens panel and possible alternatives in light of reduced response rate (NI) Mar 2019 	B.1 and B.3	Openness and Engaging stakeholders effectively, including individual citizens and service users
<ul style="list-style-type: none"> Revision of Executive report template required for inclusion of GDPR related matters eg. Data Impact Assessment (BK) Sep 2018 	B.1.2	Making decisions that are open about actions, plans, resource use, forecasts, outputs and outcomes. The presumption is for openness. If that is not the case, a

Appendix A

Improvements	Reference	Requirement
		justification for the reasoning for keeping a decision confidential should be provided
<ul style="list-style-type: none"> Carry out further training for Directors of companies (BK) Mar 2019 	B.2.2	Developing formal and informal partnerships to allow for resources to be used more efficiently and outcomes achieved more effectively
<ul style="list-style-type: none"> Review and revise the publishing of data over a certain spending limit £500 (GF/RL) – Date TBA 	B.3.2	Ensuring that communication methods are effective and that members and officers are clear about their roles with regard to community engagement
	Principle C	Defining outcomes in terms of sustainable economic, social, and environmental benefits
<ul style="list-style-type: none"> Develop a better understanding of the policy framework and the inter relationships between various policies (NI) - Mar 2019 	C.1.1	Having a clear vision which is an agreed formal statement of the organisation's purpose and intended outcomes containing appropriate performance indicators, which provides the basis for the organisation's overall strategy, planning and other decisions
	Principle D	Determining the interventions necessary to optimise the achievement of the intended outcomes
<ul style="list-style-type: none"> Scope out the CYPS requirements for creation of dashboards with real-time service data to produce more effective performance reporting (NI) – Mar 2019 	D.1.1	Ensuring decision makers receive objective and rigorous analysis of a variety of options indicating how intended outcomes would be achieved and including the risks associated with those options. Therefore ensuring best value is achieved however services are provided.
<ul style="list-style-type: none"> Carry out Pulse survey follow up to staff survey (JB/PY) Jul 2018 	D.2.2	Engaging with internal and external stakeholders in determining how services and other courses of action should be planned and delivered
	Principle E	Developing the entity's capacity, including the capability of its leadership and the individuals within it
<ul style="list-style-type: none"> Embedding use of IPM system into appraisal and performance framework (JB/PY) 	E.2.7	Holding staff to account through regular performance reviews which take account of training or development needs

Appendix A

Improvements	Reference	Requirement
	Principle F	Managing risks and performance through robust internal control and strong public financial management
<ul style="list-style-type: none"> Continue to carry out actions in action plan required by GDPR and Data Protection Bill (GF/MT) Mar 2019 	F.4.1	Ensuring effective arrangements are in place for the safe collection, storage, use and sharing of data, including processes to safeguard personal data
<ul style="list-style-type: none"> Develop the Beyond 2020 Change Programme (GF/RL) Feb 2019 	F.5.1	Ensuring financial management supports both long term achievement of outcomes and short-term financial and operational performance
	Principle G	Implementing good practices in transparency, reporting, and audit to deliver effective accountability
<ul style="list-style-type: none"> Carry out a further review of the effectiveness of the Audit Committee following the mini review. Develop and implement an Improvement Plan. (GF/MT) Scheduled after November 2018 Appoint independent Members to Audit Committee (GF/MT) June 2018 	CFO Principle 3 G.3.2a	Ensure an effective internal audit function is resourced and maintained (Audit Committee review own effectiveness resulting in Improvement Plan)

NORTH YORKSHIRE COUNTY COUNCIL

AUDIT COMMITTEE

21 JUNE 2018

2018/19 INTERNAL AUDIT PLAN

Report of the Head of Internal Audit

1.0 PURPOSE OF THE REPORT

- 1.1 To seek approval for the planned programme of internal audit work to be undertaken in 2018/19.

2.0 BACKGROUND

- 2.1 In accordance with professional standards¹ and the County Council's Audit Charter, internal audit plans are prepared on the basis of a risk assessment. This is intended to ensure that limited audit resources are prioritised towards those systems and areas which are considered to be the most risky and/or which contribute the most to the achievement of the County Council's corporate priorities and objectives. The plan is required to be approved by this committee as part of its responsibility for overseeing the work of internal audit.

3.0 AUDIT PLAN 2018/19

- 3.1 The Internal Audit Plan for 2018/19 is attached at **Appendix 1**. The Plan details the proposed audits within each directorate or specialist area. The risk assessment process takes account of the County Council's corporate and directorate risk registers, management priorities (for example known areas of concern), the results of recent audit work and other changes in County Council services and systems. The views of senior management across the County Council were canvassed as part of the planning process. The Committee was also given the opportunity to provide comments on the outline plan at its last meeting on 1 March.
- 3.2 The Plan reflects the County Council's priorities for the coming year together with the financial and other pressures it faces. It includes:

¹ As set out in the Public Sector Internal Audit Standards and specific guidance on the application of those standards for local government, issued by CIPFA.

- systems where the volume and value of transactions processed are significant, or where the possible impact of any system failure is high, making the continued operation of regular controls essential;
- areas of known concern, where a review of risks and controls will add value to operations;
- areas of significant change. This may include providing direct support / challenge to projects, reviewing project management arrangements, or consideration of the impact of those changes on the control environment for example where the reduction in resources may result in fewer controls.

In particular, continued support will be given to individual transformation projects, work to ensure compliance with the new Data Protection Act 2018 and the General Data Protection Regulation (GDPR), ongoing data security compliance, health and social care integration, and increased commercial activities.

- 3.3 It is important that audit resources are used effectively and continue to focus on those areas which will add the most value. Continued dialogue and collaboration with management will therefore take place through the year to ensure that any new or emerging risks or changed priorities are identified and reflected in planned work. The Plan should therefore be viewed as a relatively flexible document.
- 3.4 Members should note that the Audit Plan for 2018/19 includes allocations of time for non-audit related activities including counter fraud and information governance. The overall Audit Plan total is 2,056 days (2017/18 – 2,090 days). The time allocated to internal audit work is 1,100 days (2017/18 – 1,134 days). The reduction in audit coverage is part of a planned savings programme which will see the overall Audit Plan reduce to 1,890 days by 2020/21. Internal audit coverage will reduce to 1,090 days over this same period.

4.0 **RECOMMENDATION**

- 4.1 Members are asked to approve the Internal Audit Plan for 2018/19.

MAX THOMAS
Head of Internal Audit
Veritau Limited
County Hall
Northallerton

5 June 2018

Background Documents: None

Report prepared and presented by Max Thomas, Head of Internal Audit

**NORTH YORKSHIRE COUNTY COUNCIL
DRAFT INTERNAL AUDIT PLAN 2018/19**

CORPORATE / CROSS CUTTING	<u>Days</u>
Performance management	20
A review of the effectiveness of the Council's performance management framework. This will include a review of the overall corporate reporting arrangements and a number of specific service areas to assess the effectiveness of their performance management systems.	
Savings Delivery	20
An audit of the effectiveness of savings plans, monitoring, reporting arrangements and achievement of targets. The audit will focus primarily on CYPs.	
Information governance (data breaches)	25
An allocation of time to investigate significant data security incidents and/or provide support to other internal investigations. The allocation will also include follow up reviews to ensure remedial action has been taken by service areas where appropriate.	
Information governance (data security compliance)	30
A programme of unannounced information security compliance audits. The audits will cover a variety of council premises with a focus on those considered to be high risk.	
Risk management	15
An effectiveness review of how specific service areas manage their risks. The audit will also review project risk management.	
Payroll / HR	20
An audit of payroll / HR controls and processing. The review will include the payment of overtime and allowances. We will use the IDEA data analysis tool to focus on a number of key risk areas.	
Contractor Due Diligence	20
A review of the processes of due diligence, both at the tender stage and during the lifetime of the contract. Work will also cover supply chain resilience and the need to ensure diversity of supply.	
Commercial Operations	15
A review of the Council's arrangements for managing risks associated with its	

CORPORATE / CROSS CUTTING**Days**

new commercial companies. The audit will examine the effectiveness of the overall governance arrangements but not the internal operations of the companies themselves.

Transparency (follow up)**10**

A review of the Council's compliance with the requirements of the Local Government Transparency Code.

Money Laundering**15**

An allocation of time to complete a detailed anti money laundering and terrorist financing risk assessment. An action plan will also be produced highlighting any remedial actions which are considered necessary to address risks in this area.

IDEA data analytics and data matching**10**

An allowance of time to undertake data matching and analytics to review large scale data sets to improve data quality and to identify data inconsistencies.

Total – Corporate / Cross cutting

200

HEALTH AND ADULT SERVICES	<u>Days</u>
Liquid Logic and ContrOCC	20
The audit will review a sample of key controls in the Liquid Logic and ContrOCC systems.	
Payments for Residential Care	20
A review of the system for processing changes in residential and nursing home placements. The audit will examine whether the Council is being notified of changes, particularly deaths, in a timely manner and whether all relevant systems are updated correctly. The review will also consider the system of 'bed returns' and will build on audit work completed in 2017/18.	
Financial Assessments	20
A review of the effectiveness of key controls in place for undertaking financial assessments and the relationships with the wider social care assessment processes. The work will include a review of deferred payments. The adequacy of the measures to identify and report possible fraud will also be examined.	
Direct payments	25
A review of the systems and procedures to ensure Direct Payment Agreements are managed in line with the Council's approved policies. The adequacy of the measures to identify and report possible fraud will also be examined.	
Deprivation of Assets	20
A review of the systems and procedures that ensure deprivation of asset cases are managed in line with the Council's approved policies.	
Visits to Care Providers	30
To work closely with officers to develop the Council's internal control arrangements for managing and safeguarding the financial affairs of service users. To provide support and ad-hoc guidance to officers on specific cases involving financial matters. The allocation of time will also include visits to a small number of care providers and provider services to give assurance that appropriate financial controls are in place and operating effectively.	
Visits to Botton Village and Avalon	20
To re-visit Botton Village and Avalon (following the 2017 audit visits) to assess the extent to which previous risks and any new risk areas are being effectively managed.	

HEALTH AND ADULT SERVICES**Days****Public Health****25**

To provide assurance on the management of key risks facing Public Health.

Total – Health and Adult Services**180**

BUSINESS AND ENVIRONMENTAL SERVICES	<u>Days</u>
Highways maintenance contract	15
A review of the key risk areas in respect of the highways maintenance contract with Ringway.	
Street Lighting	15
A review of the project management and management of risks associated with this major scheme.	
Local Enterprise Partnership	20
A review of governance and management processes associated with the Local Enterprise Partnership. The work will consider the risks highlighted by DCLG's 'Review of Local Enterprise Partnership Governance and Transparency' in their report published in October 2017.	
Allerton Waste Recycling Park	15
A review of the systems in place to manage payments and enable effective management of the waste contract.	
Kex Gill Realignment Scheme	15
A review of the project management and management of risks associated with this major scheme.	
Total – Business and Environmental Services	<u>80</u>

CENTRAL SERVICES	<u>Days</u>
Main accounting	20
A review of the arrangements for managing and maintaining the financial ledger.	
Creditors	20
To support and provide challenge to the introduction of the new P2P processes via membership of the P2P Project Board. In addition, we will review the key controls and systems in operation during the year to process creditor invoices and payments.	
Budgetary preparation and management	20
A review of budget preparation processes and the systems for ongoing budget monitoring and reporting.	
Credit Control, Debt Management and Recovery	15
A review of the management of debts outstanding including commercial debts and the arrangements for debt recovery.	
Closedown of the Statement of Accounts	15
A reflective examination of the effectiveness of closedown procedures and the production of the Statutory accounts in 2017/18. The review will identify any lessons for future years given the earlier deadlines for each stage (the draft accounts now need to be prepared by 31 May and the audited accounts published by 31 July).	
Payment Card Industry Data Security Standard	10
To review the arrangements the Council has put in place to comply with the requirements of PCI DSS.	
Financial Processes	15
To review the adequacy of controls within automated financial processes including the BACs Bureau and Direct Debits.	
Treasury Management	15
To review whether the Council's arrangements comply with the requirements of the new CIPFA code on Treasury Management in the Public Services.	
Total – Central Services	<u>130</u>

CHILDREN AND YOUNG PEOPLE'S SERVICES	<u>Days</u>
Adult Learning The service was inspected by Ofsted in May/June 2017, and the audit will review progress made in implementing actions identified following that inspection.	20
Children Leaving Care A review of the processes in place to manage the transition for children leaving care and payments made on behalf of care leavers.	15
Fostering & Payments to Carers A review of the processes and controls in place for making payments to foster carers and ensuring suitable carers are available. The review will also include a review of the payments and processes for Special Guardianship Orders, Child Arrangement Orders, Adoption Order Allowances and Residence Order Allowances.	20
Home to school transport Home to school transport costs over £20m per annum and currently expenditure exceeds budget. An audit was planned for 2017/18, but this was postponed due to a review of the service, and planned service changes. This audit will review the implementation of the actions previously agreed in the 2015/16 audit, but also other actions taken by management since then to improve control of the budget.	20
County Catering An audit was carried out during 2016/17 that provided Reasonable Assurance. The actions resulting from this audit mainly consisted of the introduction of a new electronic system that would replace a number of inefficient paper based processes. This audit will examine the new system, and how this is operating to improve efficiency and data quality.	15
Developing Stronger Families The Council receives funding from DCLG as part of the Troubled Families Programme. DCLG guidance expects internal audit to carry out a 10% check of each funding claim submitted.	10
CYPS Pensions Enhancements The CYPS budget includes a figure for pre 1996 pension enhancements. It is expected that this figure will reduce over time, and the audit will look to identify the process in place to achieve that reduction.	5

CHILDREN AND YOUNG PEOPLE'S SERVICES	<u>Days</u>
Schools Financial Value Standard (SFVS)	12
Provision to review the returns made by schools and to undertake any necessary follow up.	
Schools themed audits	65
Provision for 3 themed audits. Visits will be made to a number of schools to review their practices in each of the chosen areas with the aim of producing good practice guidance. Themed audits will cover compliance with the new GDPR and of wider information governance requirements, procurement and E-trading, and issues around the extended early years entitlement in schools. There will also be a small additional allowance for visits to individual schools with known issues.	
Audit support and advice to schools	30
An allocation of time to respond to requests for advice and support from schools.	
Total – Children and Young People's Services	<u>212</u>

COMPUTER AUDIT

Days

Technology and Change is accredited with ISO 27001. We have a developed an audit programme that will examine compliance in each area of ISO 27001 over a five year period. The audit(s) would also include testing to ensure compliance with the IT elements of the General Data Protection Regulation (GDPR) such as data retention schedules and privacy and protection of personally identifiable information.

65

Provision to provide support and advice on IT audit matters.

5

Total – Computer Audit

70

PROCUREMENT AND CONTRACT AUDIT	<u>Days</u>
Support to the development of the Procurement Strategic Action Plan	10
To provide advice, guidance and challenge to the development and implementation of the procurement strategic action plan.	
Specific procurement and contract management based reviews	50
An allocation of time to undertake individual procurement and contract management reviews.	
Total – Procurement and Contract Audit	<u>60</u>

NORTH YORKSHIRE PENSION FUND**Days**

A programme of audits designed to review the management of Pension Fund risks, to be agreed with the Pensions Board.

Provision to provide support and advice on Pension Fund related audit matters.

Total – North Yorkshire Pension Fund

50

COUNTER FRAUD AND CORRUPTION

Days

An allocation of time to support the provision of counter fraud services, including:

Data Matching

Provision to coordinate data submission, check data validity, assess referrals, and investigate potential frauds in relation to the National Fraud Initiative (NFI) and other local data matching exercises.

Fraud Awareness

Provision to deliver an overall programme of work to raise awareness of fraud issues. Activities include targeted fraud awareness training and organising counter fraud publicity (both internal and external).

Fraud Detection and Investigation

Provision to undertake investigations into suspected fraud, corruption or other wrongdoing. Examples of the types of investigation work that may be undertaken include internal, procurement and social care related fraud.

Other Counter Fraud Related Work

Provision to provide other counter fraud and corruption work including:

- review of council counter fraud arrangements and policies
- the provision of support and advice to directorates in relation to fraud issues
- reporting on outcomes from counter fraud work.

Total – Counter Fraud and Corruption

350

INFORMATION GOVERNANCE

Days

An allocation of time to support the provision of Information Governance services, including:

- the co-ordination of responses to Data Protection and Freedom of Information requests
- monitoring compliance with the Council's policy framework and data protection legislation (including undertaking a programme of audits) as Data Protection Officer
- the investigation of serious data security incidents, the coordination of remedial activity and liaison with the Information Commissioner's Office
- the provision of advice and guidance on all related matters (including privacy notices, data protection impact assessments, data sharing agreements and information asset registers).

Total – Information Governance

606

OTHER CHARGEABLE AUDIT WORK	<u>Days</u>
Follow up	30
Provision to follow up previously agreed audit recommendations.	
Corporate governance strategy	2
An allocation of time to support the development of the Council's corporate governance arrangements and the preparation of the Annual Governance Statement. The time allocation includes attendance at meetings of the Corporate Governance Officer Group.	
Audit planning	12
A provision of time for the preparation of the Annual Audit Plan. Corporate Directors and service managers will be consulted as part of the planning process.	
Audit support, advice and liaison	30
Provision to provide ongoing advice and support on the design, implementation and operation of appropriate controls and for the overall management of audit work in each directorate.	
External audit liaison	2
Ongoing liaison with the external auditors to avoid duplication of effort and to maximise the overall benefit of the audit services provided to the County Council.	
Audit Committee	30
A provision of time to prepare and present reports on internal audit and governance related work undertaken during the financial year. The reports will be presented in accordance with the agreed timetable of the Audit Committee. Time is also included to provide training to Members of the Audit Committee as and when required.	
Contingency	12
Provision to undertake additional work in response to:	
<ul style="list-style-type: none"> • specific requests from the Corporate Director – Strategic Resources (the S151 Officer) or other chief officers • new or previously unidentified risks which impact on Audit Plan priorities • significant changes in legislation, systems or service delivery 	

arrangements

- requests from customers to audit specific services, systems or activities usually as a result of weaknesses in controls or processes being identified by management
- urgent or otherwise unplanned work arising from investigations into information breaches or suspected frauds which identify potential control risks.

Total – Other Chargeable Audit Work

118

SUMMARY OF AUDIT DAYS 2015 TO 2019

Audit Area	2018/19	2017/18	2016/17	2015/16
Corporate / Cross cutting	200	250	240	180
Health and Adult Services	180	180	215	205
Business & Environmental Services	80	90	85	100
Central Services	130	110	165	185
Children & Young People's Services	212	212	214	240
Computer Audit	70	70	100	100
Procurement and Contract Audit	60	60	85	90
Pension Fund	50	50	50	50
Counter Fraud & Corruption	350	350	300	310
Information Governance	606	606	612	700
Other Chargeable Audit Work	118	112	136	158
TOTAL DAYS	2056	2090	2202	2318

North Yorkshire County Council**Audit Committee 21 June 2018****Annual Report on Partnership Governance 2017/18****1.0 Purpose of report**

- 1.1 To report on the governance of partnerships involving the County Council for the financial year 2017/18.

2.0 Background

- 2.1 The aim of the annual report is to enable the Audit Committee to review the effectiveness of partnership governance arrangements.
- 2.2 Preparation of the annual report also provides a mechanism to assist Management Board and Executive Members to ensure that partnerships and the resulting commitments are reviewed regularly and that the Council is only involved with those partnerships which add value to the work of the Council.
- 2.3 Prior to a commitment being made to any partnership arrangement involving the Council, approval is required in line with the Council's Constitution, Financial Procedure Rules and Partnership Governance Guidance.
- 2.4 Partnerships are within the scope of the annual report if they are characterised by one or more of the following conditions:
- strategic, in the sense that they will have a significant impact on the direction of services provided at the level of Council or Directorate themes and priorities;
 - involve elected Members on the governing board;
 - involve a financial input from the Council of £50k a year or more;
 - involve the Council as accountable body for external grant funding to the partnership; or
 - have a high or medium ranking from the partnership governance risk assessment.
- 2.5 Appendix 1 lists the 57 partnerships that were within the scope of the annual report as at 31 March 2018 (compared to 54 in the previous annual report). The number and nature of partnerships changes from time to time and, as with all annual reports, the data within the appendix is a snapshot in time.
- 2.6 The annual report does not cover other arrangements such as outside organisations to which the Council appoints members, contracts with

suppliers, companies in which the Council is the sole or majority shareholder, and joint committees with other local authorities.

3.0 Principles for partnership working and key changes during 2017/18

3.1 The key principles for partnership working locally were agreed in 2010 by Local Government North Yorkshire and York (LGNYY):

- the minimum number and simplest of partnership structures, consistent with delivering the required outcomes and statutory requirements;
- a North Yorkshire and York approach to county / sub-regional partnership structures as far as possible, recognising that a degree of pragmatism will be required given the different local authority structures in North Yorkshire and York;
- local partnerships, including shared community engagement arrangements, at the most appropriate local level; and
- the use of task and finish groups to deal with particular issues, rather than standing thematic partnerships or sub-groups.

3.2 LGNYY also agreed that rationalisation of partnership structures is not about stopping partners working together - partnership working should be encouraged, but partnership structures should only exist where they add value and are efficient.

3.3 Five partnerships have been added to Appendix 1 this year:

- Yorkshire Derwent Partnership (BES) – a new partnership.
- Seasonal Winter Health Strategic Partnership (HAS) – an existing partnership that is now in scope because of the financial input from the Council and the possibility that the Council will become the accountable body for external grant funding to the partnership.
- Healthy Weight, Healthy Lives (HAS) – a new partnership.
- Integrated Planning and Commissioning Board in Hambleton, Richmondshire and Whitby (HAS) – a new partnership.
- Integrated Planning and Commissioning Board in Scarborough and Ryedale (HAS) – a new partnership.

3.4 Two partnerships, which were included in Appendix 1 last year, have been removed:

- Supporting People Partnership (HAS) – ceased to exist in autumn 2017.
- Information Sharing Protocol (CS) – no longer in scope because its role is now operational rather than strategic.

3.5 No partnerships are identified as having a high overall risk rating (unchanged since the previous annual report).

- 3.6 No partnerships reported a governance failure during 2017/18.
- 3.7 Corporate Directors continue to review on an ongoing basis the number of partnership arrangements that officers are actively involved in and to determine their strategic importance and the impact if the partnership were to be dissolved.
- 3.8 In addition, during the preparation of the annual report, Executive Members in conjunction with officers of each Directorate have given consideration to the governance and monitoring arrangements of partnerships relating to the Directorate.
- 3.9 As highlighted in the previous annual report, there is a wide range of activity that the Council is developing with the NHS with respect to increasing the integration of health and social care services. The two partnerships that have reached the level of maturity to have a signed Section 75 (Health and Social Care Act 2006) agreement in place have been included in Appendix 1. Additional similar partnerships are also being considered.

4.0 Arrangements in place to monitor partnerships

- 4.1 Appendix 1 summarises information on the governance and reporting arrangements for each partnership as at 31 March 2018, together with their key achievements for 2017/18 and key issues and priorities for 2018/19.
- 4.2 The wide range of partnerships, and their differing roles, means a 'one size fits all' approach to reporting is neither practical nor appropriate. In this context, reporting arrangements cover:
- key issues, including service issues;
 - any specific issues relating to the management of the partnerships; and
 - routine reporting on financial or other performance, highlighting variances to budgets or performance plans.
- 4.3 All reporting arrangements need to be appropriate and commensurate to the role of the partnership and what it seeks to achieve. The term partnership is used to cover a wide range of different approaches. Many partnerships are a coming together of partners with separate budgets to jointly plan and align their organisations' activity. Some partnerships are a delivery mechanism for joint budgets and joint decisions, for which the Council is the accountable body.
- 4.4 Data from partnership working is included in a range of more general updates, including those submitted to the Executive as part of the Quarterly Performance Monitoring reports. There are some examples of formalised reporting from particular partnerships to the Council at Executive, Executive

Member or Area Committee level. More often however, the data from partnerships is not readily separated from the more general level of reporting and, in many cases, to do so would result in duplication.

- 4.5 It is essential to ensure that partnership arrangements reflect appropriately the significance of the issues arising in the partnership within the overall framework of the monitoring arrangements involving Members. There is a need to avoid the risk of providing an unnecessarily detailed analysis for relatively small partnership working areas.
- 4.6 The governance arrangements of all partnerships with a high or medium overall risk rating have been reviewed by officers from Legal and Democratic Services to ensure that robust arrangements are in place to protect the interests of the partnership and, in particular, of the Council. A review should normally be undertaken within twelve months of a partnership being first rated as having a medium or high overall risk rating, and then repeated every three years for partnerships which continue to have a high overall risk rating and every five years for partnerships which continue to have a medium overall risk rating. The review considers the written governance documents of the partnership to check that they are fit for purpose. Partnerships with a low overall risk rating are not reviewed unless there are any exceptional reasons for doing so. If any concerns are identified, officers from Legal and Democratic Services liaise with the lead officer for the partnership concerned to offer advice and support and ensure that appropriate corrective action is taken to rectify the concerns.
- 4.7 No internal audits of partnership arrangements were undertaken by Veritau during 2017/18. The internal audit plan for 2018/19 includes an audit of the governance and management arrangements of the York, North Yorkshire and East Riding Local Enterprise Partnership. In the Ministry of Housing, Communities and Local Government 'Review of Local Enterprise Partnerships Governance and Transparency' (published October 2017) the York, North Yorkshire & East Riding LEP achieved the highest rating for the S151 relationship because there is a close operating partnership with the Council having good oversight from financial and legal perspectives, without the Council trying to unduly influence LEP decision making.

5.0 Recommendations

5.1 It is recommended that the Audit Committee:

- (a) Receives this annual report on partnership governance;

- | | |
|-----|--|
| (b) | Notes the arrangements in place to ensure good governance and reporting of partnership activity; and |
| (c) | Notes the contents of the schedule of partnerships that were within the scope of this report as at 31 March 2018 (Appendix 1). |

Neil Irving
Assistant Director (Policy and Partnerships)

1 June 2018

Author: Neil Irving, Assistant Director (Policy and Partnerships)

Presenter: Sue Wharam, Team Leader (Strategy and Performance)

Appendices:

Appendix 1 - Partnerships that were within the scope of this report as at 31 March 2018

Name of partnership	Lead NYCC Directorate	Partnership type: 1. Statutory 2. Instrumental in influencing policy 3. Instrumental in controlling £ and other resources 4. Liaison only	Purpose and role of partnership	Date of last governance review (and if recently, action taken as a result)	Key achievements 2017/18	Issues and priorities 2018/19	Have there been any governance failures in 2017/18? Yes / No If yes, outline	Membership and governance arrangements of partnership	Link to governance document / terms of reference if published on internet	Annual partnership expenditure and main sources of income	Accountable body	NYCC budget contribution (in addition to officer time)	Which NYCC elected member body does the partnership report to and how often?	NYCC elected member(s) directly involved in partnership and role they play	Any issues (eg decision making, accountability, transparency, key policy areas)? Yes / No If yes, outline	NYCC lead officer	NYCC finance contact	Risk factors H/M/L 1 Probability of governance failure 2 NYCC objectives 3 NYCC financial 4 NYCC services 5 NYCC reputation					Overall partnership risk rating H/M/L	Legal Services governance review of high and medium risk partnerships - date last undertaken, summary and any action needed as a result
Strategic sub-regional and regional partnerships																		1	2	3	4	5		
Local Government North Yorkshire and York (LGNYY)	CS	2	To promote effective working between local authorities and to ensure wider local authority representation, collaboration and co operation on a sub-regional basis and effective sub-regional representation at regional and national levels.	2011	Discussions have primarily focused on a potential devolution deal with government.	Potential devolution deal with government.	No	Leaders of local authorities and national park authorities. Written terms of reference. The Police and Crime Commissioner and East Riding of Yorkshire Council also attend meetings. NYCC provides the secretariat to the partnership.	www.nypartnerships.org.uk/lqnyy	No budget; NYCC provides officer time for secretariat.	n/a	No budget.	No routine report to NYCC elected member body, any issues feed in to County Council processes in the usual way.	Cllr Carl Les - member	No	Richard Flinton	n/a	L	M	L	L	M	L	n/a
NYC Chief Executives Group	CS	2	To provide leadership and coordination across sub-regional partnership structures and public services generally and to advise LGNYC.	2011	Discussions have primarily focused on a potential devolution deal with government and other countywide strategy issues.	Potential devolution deal with government and other countywide strategy issues.	No	Chief executives of local authorities and key local public sector partners. Written terms of reference. East Riding of Yorkshire Council also attend meetings. NYCC provides the secretariat to the partnership.	www.nypartnerships.org.uk/cgnyy	No budget; NYCC provides officer time for secretariat.	n/a	No budget	No routine report to NYCC elected member body, any issues arising feeding in to County Council processes in the usual way.	None	No	Richard Flinton	n/a	L	M	L	L	M	L	n/a
North Yorkshire Local Resilience Forum (NYLRF)	CS	1	To ensure effective delivery of statutory duties under the Civil Contingencies Act 2004 that need to be developed in a multi-agency environment.	2012	1. Improvement to Response to Major and Critical Incidents calling notice for Silver and Gold level teleconferences. 2. Gold level symposium. 3. Silver and Silver/Bronze Marauding Terrorist Firearms Attack level training. 4. Ongoing risk assessment against Community Risk Register. 5. Ongoing emergency resilience in the community. 6. Strengthening links with neighbouring LRFs.	1. Gold, silver and bronze level training. 2. NYLRF priorities review. 3. Continuing work with voluntary agencies including spontaneous volunteers. 4. Strategic Flood Plan. 5. Update to local flood plans as a result of Defra review. 6. Increased clarity across Health agencies for their targeted engagement with NYLRF.	No	Multi-agency partnership to carry out statutory duties as defined by the Civil Contingencies Act. Written governance document. NYCC provides the secretariat to the partnership.		Secretariat £39k. Training & Exercise fund varies but normally around £10k. All funded by partners.	NYCC	£10k towards total cost of £39k for secretariat. Until April 2011 NYCC covered the full cost. £500 contribution to training and exercise fund.	No routine report to NYCC elected member body, any issues arising feeding in to County Council processes in the usual way.	None	No	Neil Irving	Michael Leah	L	M	L	M	H	M	April 2017. Governance arrangements are satisfactory.
North Yorkshire Community Safety Partnership (NYCSP)	CS	1	To bring together the responsible authorities, supported by other relevant organisations, to fulfil their statutory responsibilities to work together under the Crime and Disorder Act 1998 (as amended).	2014	1. Supported development of the management of community safety hubs. 2. Reviewed Domestic Homicide Review procedures. 3. Developed and implemented NY CSP Delivery plan. 4. Developed communications strategy/plan.	1. Development of partnership arrangements. 2. Protecting Vulnerable People (Domestic Abuse, Cybercrime, Fraud, Prevent). 3. Evaluation of the Integrated Hubs. 4. Connectivity with other linked partnerships. 5. Communications.	No	Senior officer of key local community safety partners (responsible authorities) and other relevant organisations. NYCC provides the secretariat to the partnership.	www.nypartnerships.org.uk/ny-csp	No budget; NYCC provides officer time for secretariat.	n/a	No budget.	Corporate & Partnerships Overview and Scrutiny Committee in its role as statutory crime and disorder committee.	None	No	Neil Irving	n/a	L	L	L	L	M	L	n/a
York and North Yorkshire Prevent Strategic Board	CS	2	To provide leadership across the Prevent (counter-terrorism) agenda.	2014.	1. Second Making the link Conference June 2016. 2. Developed multi agency practise guidance "Working with individuals who are vulnerable to extremism". 3. Delivered ideology training to safeguarding practitioners. 4. Trained WRAP facilitators. 5. Coordination and evaluation of the "Stand for it?" productions within NY secondary schools. 6. Supported Channel Panel.	1. Coordinate further delivery of Saltmine productions within NY secondary schools. 2. Professional roadshows and events for communities. 3. Prevent graphic novel. 4. Prevent Peer Review.	No	Officers of key partners. City of York Council and NYCC provides officer time for secretariat.		No budget; City of York Council and NYCC provides officer time for secretariat.	n/a	No budget.	No routine report to NYCC elected member body, any issues arising feeding in to County Council processes in the usual way.	None	No	Neil Irving	n/a	L	L	L	M	M	L	n/a

Name of partnership	Lead NYCC Directorate	Partnership type: 1. Statutory 2. Instrumental in influencing policy 3. Instrumental in controlling £ and other resources 4. Liaison only	Purpose and role of partnership	Date of last governance review (and if recently, action taken as a result)	Key achievements 2017/18	Issues and priorities 2018/19	Have there been any governance failures in 2017/18? Yes / No If yes, outline	Membership and governance arrangements of partnership	Link to governance document / terms of reference if published on internet	Annual partnership expenditure and main sources of income	Accountable body	NYCC budget contribution (in addition to officer time)	Which NYCC elected member body does the partnership report to and how often?	NYCC elected member(s) directly involved in partnership and role they play	Any issues (eg decision making, accountability, transparency, key policy areas)? Yes / No If yes, outline	NYCC lead officer	NYCC finance contact	Risk factors H/M/L 1 Probability of governance failure 2 NYCC objectives 3 NYCC financial 4 NYCC services 5 NYCC reputation					Overall partnership risk rating H/M/L	Legal Services governance review of high and medium risk partnerships - date last undertaken, summary and any action needed as a result
Superfast North (SFNY)	CS	2, 3	To bring the advantages of superfast broadband to as many businesses and citizens in North Yorkshire with the resources available.	2016	Phases 1 & 2 are complete. Phase 3 has been awarded to BT. Bidding for LFFN funding. Continuation of the Better Broadband Subsidy Scheme.	Commence Phase 3 contract, produce mapping of expected coverage and achieve milestones.	No	Members and officers of NYCC and NYnet.		Phase 1 £26.5m offset by BDUK/ERDF grants. Phase 2 £8m (£5m BDUK/ERDF, £3m NYCC). Project management by NYnet/NYnet 100, £1.6m NYCC. Phase 3 minimum £20.5m secured from BDUK/NYCC/ESIF.	NYCC for BDUK, ESIF and ERDF funding. NYnet is the 'managing agent' for NYCC.	Project costs are borne by NYnet 100. Phase 3 capital funding of £12.18m from NYCC approved.	Reports to Executive when key decisions are required.	Cllr Don Mackenzie (Chair) and Cllr Carl Les - Board Members	Delivering the best possible contract for the Phase 3 investment and considering the approach to the properties left below NGA access.	Gary Fielding	Gary Fielding	L	M	H	M	H	M	April 2017. Procurement, BT contract, grant agreements and programme development managed by NYnet with Legal Services support. Appropriate governance arrangements.
Yorkshire & Humber (Local Authorities) Employers' Association (formerly the Regional Employers Organisation)	CS	4	Member-led partnership of local authorities in Yorkshire and Humber - share information and intelligence and provide a stronger collective voice on national issues in the areas of employee relations and pay and terms and conditions.	2015	Met to address pay and workforce issues for authorities, take account of relevant legal developments, shared practice and actions and inputted into national pay negotiations. Ensured authorities are aware of national developments and actions/issues stemming from these.	Both the Regional Employers Committee and the Employers Organisation will continue to ensure local authorities in the region are involved in, informed or and as appropriate, supported in dealing with national and regional workforce issues.	No	All activity governed by individual and collective views of participating local authorities via the reps attending.		EO's core income from its membership's affiliation fees. Total expenditure is greater, but covered from external income.	EO is an independent body, established utilising the legal personality of an Employers' Association.	£7425 +VAT subscription.	No routine report to NYCC elected member body, any issues arising feeding into County Council processes in the usual way.	Cllr Cliff Lunn - member of Regional Employers Committee	The 2 EO staff are part of West Yorkshire Pension Fund and if EO disbanded NYCC might be asked to contribute to any pension deficit.	Justine Brooksbank	Michael Leah	L	M	L	L	L	L	n/a
North Yorkshire Older Peoples Forum Plus (NYFOP+)	CS	4	Quarterly meeting of the North Yorkshire Forum for Older People (NYFOP) with NYCC, district councils, NHS and police.	2014	Providing a forum for engagement and consultation with representative forums of older people on relevant issues including social care, health, housing and policing.	Providing a forum for engagement and consultation with representative forums of older people on relevant issues.	No	Representatives of North Yorkshire Forum for Older People (NYFOP), NYCC, district councils, NHS and police. Written terms of reference. NYFOP provides the secretariat for NYFOP+.		No budget. Secretariat provided by NYFOP.	n/a	£400 grant to NYFOP towards the specific costs of NYFOP+	No routine report to NYCC elected member body, any issues arising feeding in to County Council processes in the usual way.	Some area committee older people champions attend meetings	No	Neil Irving	n/a	L	L	L	L	M	L	n/a
LGNYY Spatial Planning and Transport Board	BES	2	To provide strategic advice, direction and leadership on spatial planning and transport matters. Enable implementation of the Duty to Cooperate in plan making at a political level.	Dec 2017 - review of purpose undertaken by YNYERH Directors of Development. Agreed to reinstate the Board after a period of dormancy.	No meetings held.	To meet quarterly - direction to be provided by YNYERH Directors of Development and Heads of Planning Group.	No but no meeting held during 2017.	One Cllr from each local authority. Written terms of reference to be reviewed and updated. Secretariat function provided by City of York Council.		No budget. Secretariat provided by City of York Council.	n/a	No budget.	No routine report to NYCC elected member body, but regular report to LGNYY, with any issues arising feeding in to County Council processes in the usual way.	Cllr Andrew Lee - member	No	David Bowe / Carl Bunnage	n/a	L	L	L	L	L	L	n/a
LGNYY Housing Board	BES / HAS	2, 3	Identifying and responding to key housing issues; agreeing and managing the delivery of strategic housing investment priorities; undertaking sub regional research; and encouraging both innovative and consistent sub regional working across North Yorkshire.	2016	Implementation and performance management of ambitions in YNYER Housing Strategy. Delivery of 5,076 new homes including 915 affordable homes (174 through Rural Housing Enabler programme). Monitoring of delivery across all tenures, securing external funding to support delivery via HCA and Community Housing Fund.	Support increased level and pace of delivery of housing across all tenures. Maintain delivery of rural affordable housing through the Rural Housing Enablers programme and secure its sustainable future.	No	One Cllr from local authority and reps of key partners. Written terms of reference.	www.nycverhoising.co.uk/governance	Circa £160k pa (partnership costs plus rural housing enablers programme). Partnership posts funded by LA and YNYER LEP (£8K) contributions; RHE programme funded by LAs / Registered Provider / Leeds City Region / NYCC.	Hambleton District Council, including employer of partnership staff.	£6.5k contribution from Public Health budget per year 2015/16 to 2018/19 towards Rural Housing Enablers Programme and Housing Strategy Manager post.	No routine report to NYCC elected member body but regular report to LGNYY, with any issues arising feeding in to County Council processes in the usual way.	Cllr Andrew Lee - member	No	Carl Bunnage (BES) / Dale Owens (HAS)	Michael Leah	L	M	L	M	L	L	n/a

Name of partnership	Lead NYCC Directorate	Partnership type: 1. Statutory 2. Instrumental in influencing policy 3. Instrumental in controlling £ and other resources 4. Liaison only	Purpose and role of partnership	Date of last governance review (and if recently, action taken as a result)	Key achievements 2017/18	Issues and priorities 2018/19	Have there been any governance failures in 2017/18? Yes / No If yes, outline	Membership and governance arrangements of partnership	Link to governance document / terms of reference if published on internet	Annual partnership expenditure and main sources of income	Accountable body	NYCC budget contribution (in addition to officer time)	Which NYCC elected member body does the partnership report to and how often?	NYCC elected member(s) directly involved in partnership and role they play	Any issues (eg decision making, accountability, transparency, key policy areas)? Yes / No If yes, outline	NYCC lead officer	NYCC finance contact	Risk factors H/M/L 1 Probability of governance failure 2 NYCC objectives 3 NYCC financial 4 NYCC services 5 NYCC reputation						Overall partnership risk rating H/M/L	Legal Services governance review of high and medium risk partnerships - date last undertaken, summary and any action needed as a result
York, North Yorkshire & East Riding Local Enterprise Partnership	BES	2	The primary role of the LEP is provide strategic leadership to maximise the economic growth and job creation across York, North Yorkshire & East Riding. It is a public private partnership and its remit covers Business Growth, Skills and Infrastructure.	2013. LEPs are subject to an annual government review and S151 Officer signing off its Assurance Framework	£146m Growth Deal investment at 95% target after 3 years of programme. 5000 small businesses supported. 58 Schools engaged in Careers and Enterprise Advice.	Continued implementation of Growth Deal. Continued support for Small Business. Continued Implementation of EU Programme. Continued delivery of careers programme. Development of Local Industrial Strategy.	No	Main LEP Board - Business led partnership (9 business reps, 6 local authority reps). Supported by Business, Skills and Infrastructure Boards. Assurance Framework signed off by NYCC and Government.	www.businessinspiredgrowth.com/about-the-lep	NYCC £204k, City of York £40.5k, East Riding £60.75k, 7 x Districts £20.25k. BIS Funding £500k. Investment Funds inc Local Growth Fund £145k, Growing Places Fund (£9.4m) (to be used as a revolving fund), £246k pa Growth Hub.	NYCC	The Council's Economic & Partnership Unit has a NYCC budget of £204k and staff in the unit provide support to the LEP.	Annual reports to Transport, Economy and Environment Overview and Scrutiny Committee.	Cllr Carl Les - member	No	James Farrar	Michael Leah	L	H	H	L	H	M	November 2014. Veritau audit completed. Written constitution in place. Revised assurance framework signed off by NYCC S151 Officer annually in February.	
Leeds City Region (LCR) Local Enterprise Partnership	BES	2	To direct LCR policy in relation to economic development, transport, skills and infrastructure. On-going engagement continues , with the NYCC Leader maintaining a position on the LCR LEP Board. Primarily focused on transport and infrastructure. Potential risk through City Deal and plans for pooling of monies.	Unknown	1. Refresh of LCR Strategic Economic Plan. 2. Establishment of LCR (M1/M62 corridor) Enterprise Zone. With the devolution agenda, NYCC focus has been very much on YNYER LEP.	Deliver and implement refreshed LCR Strategic Economic Plan to accelerate growth; create a further £5.2bn in economic output and create an additional 62,000 jobs with focus on: supporting growing businesses; skills and jobs; resource efficiency; and infrastructure for growth.	No	Business led partnership (business reps and local authority reps, including NYCC rep). Written governance document.	www.the-lep.com/about/governance-and-funding	Circa £36m Growing Places Fund. Circa £1.4b City Deal (TBC). Circa £500m Infrastructure Fund (TBC).	Leeds City Council	Officer time only	No routine report to NYCC elected member body, although any issues requiring decisions or reports will be fed in through normal processes.	Cllr Carl Les - member	Need to monitor impact of West Yorkshire Combined Authority.	David Bowe	n/a	M	M	L	L	M	M	May 2014. NYCC not accountable body for LEP and essentially devotes time of members and officers to partnership working. Appropriate governance arrangements.	
Leeds City Region (LCR) Leaders Board	BES	2	To direct LCR policy and lead decision making in relation to housing, transport, and planning matters.	Unknown	Much of the focus of discussions and collaborative working throughout 2017 has been in connection with the devolution agenda, including the development of proposals for devolution on a pan-Yorkshire basis.	Deliver and implement refreshed LCR Strategic Economic Plan to accelerate growth; create a further £5.2bn in economic output and create an additional 62,000 jobs with focus on: supporting growing businesses; skills and jobs; resource efficiency; and infrastructure for growth.	No	Local Authority Leaders. Written governance document.		Circa £1.6m expenditure. Primarily funded by LA subscriptions and Government grant.	Leeds City Council	£37,428 contribution to LCR (2017/18).	No routine report to NYCC elected member body but regular report to LGNYY, with any issues arising feeding in to County Council processes in the usual way.	Cllr Carl Les - member	No	David Bowe / Carl Bunnage	Michael Leah	L	L	L	L	M	L	n/a	
Local strategic																									
Craven Local Delivery Team	CS	2, 3	Bring together operational managers of responsible authorities and others to ensure the delivery of the NYCSP Plan in the district; protect communities from crime and disorder and help people feel safer; deal with local community safety issues; assess local crime and disorder priorities and consult partners and the local community about how to deal with them.	2014	Campaigns on dangers of driving whilst using a mobile phone and danger of parking outside schools. Country watch initiative. Multi-Agency integrated community safety hub.	Continued operation and development of the community safety hub.	No.	Senior reps (members and officers) of key local community safety partners. Written governance document.		Craven District Council covers incidental costs and partnership support. Other income is from the PCC to be spent on projects/project delivery.	Craven District Council	None	Craven Area Committee - annually.	Cllr Andy Solloway - member	No	Neil Irving	n/a	L	L	L	L	M	L	n/a	
Hambleton Local Delivery Team	CS	2, 3	Bring together operational managers of responsible authorities and others to ensure the delivery of the NYCSP Plan in the district; protect communities from crime and disorder and help people feel safer; deal with local community safety issues; assess local crime and disorder priorities and consult partners and the local community about how to deal with them.	2014	Development and use of new ASB powers with partners as part of the multi agency problem solving process. Introduction of Traffic Bureau processes into Road Safety Speed Matrix meeting. Delivered projects to respond to emerging trends and issues as well as supporting local organisations to provide required services. Multi-Agency integrated community safety hub.	Continued operation and development of the community safety hub.	No	Senior reps (members and officers) of key local community safety partners. Written governance document.		Hambleton District Council covers incidental costs and partnership support. Other income is from the PCC to be spent on projects/project delivery.	Hambleton District Council	None	County Committee for Hambleton - annually	None - member	No	Neil Irving	n/a	L	L	L	L	M	L	n/a	

Name of partnership	Lead NYCC Directorate	Partnership type: 1. Statutory 2. Instrumental in influencing policy 3. Instrumental in controlling £ and other resources 4. Liaison only	Purpose and role of partnership	Date of last governance review (and if recently, action taken as a result)	Key achievements 2017/18	Issues and priorities 2018/19	Have there been any governance failures in 2017/18? Yes / No If yes, outline	Membership and governance arrangements of partnership	Link to governance document / terms of reference if published on internet	Annual partnership expenditure and main sources of income	Accountable body	NYCC budget contribution (in addition to officer time)	Which NYCC elected member body does the partnership report to and how often?	NYCC elected member(s) directly involved in partnership and role they play	Any issues (eg decision making, accountability, transparency, key policy areas)? Yes / No If yes, outline	NYCC lead officer	NYCC finance contact	Risk factors H/M/L 1 Probability of governance failure 2 NYCC objectives 3 NYCC financial 4 NYCC services 5 NYCC reputation					Overall partnership risk rating H/M/L	Legal Services governance review of high and medium risk partnerships - date last undertaken, summary and any action needed as a result
Harrogate District Community Safety Group	CS	2, 3	Bring together operational managers of responsible authorities and others to ensure the delivery of the NYCSP Plan in the district; protect communities from crime and disorder and help people feel safer; deal with local community safety issues; assess local crime and disorder priorities and consult partners and the local community about how to deal with them.	2014	Awareness raising re CSE and programme within schools. Continued problem solving work involving young people. Multi-Agency integrated community safety hub.	Continued operation and development of the community safety hub.	No	Senior reps (officers) of key local public sector partners. Written terms of reference.		Harrogate Borough Council covers incidental costs and partnership support. Other income is from the PCC to be spent on projects/project delivery.	Harrogate Borough Council	None	County Area Committee for the Harrogate District - annually	Cllr Cliff Trotter	No	Neil Irving	n/a	L	L	L	L	M	L	n/a
Harrogate District Public Services Leadership Board (PSLB)	CS	2, 3	To lead and support the design and delivery of quality services that are efficient, innovative and reflect the specific needs and priorities of our local communities; ensuring better outcomes and improving the lives of local people.	2016	Support of Credit Union. Financial Inclusion Strategy and Welfare Reform Action plan. New Care Models Programme - pilot local integrated team to serve Knaresborough, Boroughbridge and Green Hammerton. Local Fund development with Two Ridings Community Foundation.	Employment & Skills; Financial & Social Inclusion; Health & Wellbeing; and Sustainable Public Service provision across the Harrogate District.	No	Officers of local agencies. Written governance document.	www.harrogate.gov.uk/info/20124/partnership_working/319/partnerships	Harrogate Borough Council covers incidental costs and partnership support.	Harrogate Borough Council	None	No routine report to NYCC elected member body, any issues arising feeding in to County Council processes in the usual way.	None	No	Neil Irving	n/a	L	L	L	L	M	L	n/a
Richmondshire Local Delivery Team	CS	2, 3	Bring together operational managers of responsible authorities and others to ensure the delivery of the NYCSP Plan in the district; protect communities from crime and disorder and help people feel safer; deal with local community safety issues; assess local crime and disorder priorities and consult partners and the local community about how to deal with them.	2014	Development and use of new ASB powers with partners. Multi-Agency integrated community safety hub.	Continued operation and development of the community safety hub.	No	Senior reps (members and officers) of key local community safety partners. Written governance document.		Richmondshire District Council covers incidental costs and partnership support. Other income is from the PCC to be spent on projects/project delivery.	Richmondshire District Council	No budget.	Richmondshire Area Committee - annually.	Cllr Carl Les - member	No	Neil Irving	n/a	L	L	L	L	M	L	n/a
Ryedale Local Delivery Team	CS	2, 3	Bring together operational managers of responsible authorities and others to ensure the delivery of the NYCSP Plan in the district; protect communities from crime and disorder and help people feel safer; deal with local community safety issues; assess local crime and disorder priorities and consult partners and the local community about how to deal with them.	2014	Multi-Agency integrated community safety hub.	Continued operation and development of the community safety hub.	No	Senior reps (members and officers) of key local partners. Written governance document.		Ryedale District Council covers incidental costs and partnership support. Other income is from the PCC to be spent on projects/project delivery.	Ryedale District Council	None	Ryedale Area Committee - annually.	Cllr Val Arnold - member	No	Neil Irving	n/a	L	L	L	L	M	L	n/a
Scarborough District Local Public Service Executive (PSE) (includes Local Delivery Team function)	CS	2, 3	Identify opportunities to reduce costs of service delivery by removing waste and duplication; sharing overheads and support services and rationalising estate and assets. Identify key emerging issues for the Borough and negotiate changes to services and service delivery models which might better deliver outcomes for people.	2015	Development and review of Community Wellbeing Hubs. Review of Multi-Agency Problem Solving Arrangements.	Continued successful delivery of Community Well being Hubs and extension of the programme. Closer working on opportunities for sharing assets and estates. Support for the Ambitions for Health programme. Continued operation and development of the community safety hub.	No	Senior reps (officers) of key local public sector partners. Written terms of reference. Chaired by SBC Cabinet Member.		Scarborough Borough Council covers incidental costs and partnership support. Other income is from the PCC and other partners to be spent on projects/project delivery.	Scarborough Borough Council	None	Yorkshire Coast and Moors County Area Committee in respect of community safety issues - annually. Any other issues feeding in to County Council processes in the usual way.	None	No	Neil Irving	n/a	L	L	L	L	M	L	n/a

Name of partnership	Lead NYCC Directorate	Partnership type: 1. Statutory 2. Instrumental in influencing policy 3. Instrumental in controlling £ and other resources 4. Liaison only	Purpose and role of partnership	Date of last governance review (and if recently, action taken as a result)	Key achievements 2017/18	Issues and priorities 2018/19	Have there been any governance failures in 2017/18? Yes / No If yes, outline	Membership and governance arrangements of partnership	Link to governance document / terms of reference if published on internet	Annual partnership expenditure and main sources of income	Accountable body	NYCC budget contribution (in addition to officer time)	Which NYCC elected member body does the partnership report to and how often?	NYCC elected member(s) directly involved in partnership and role they play	Any issues (eg decision making, accountability, transparency, key policy areas)? Yes / No If yes, outline	NYCC lead officer	NYCC finance contact	Risk factors H/M/L 1 Probability of governance failure 2 NYCC objectives 3 NYCC financial 4 NYCC services 5 NYCC reputation					Overall partnership risk rating H/M/L	Legal Services governance review of high and medium risk partnerships - date last undertaken, summary and any action needed as a result
Selby District Local Delivery Team	CS	2, 3	Bring together operational managers of responsible authorities and others to ensure the delivery of the NYCSP Plan in the district; protect communities from crime and disorder and help people feel safer; deal with local community safety issues; assess local crime and disorder priorities and consult partners and the local community about how to deal with them.	2014	Multi-Agency integrated community safety hub. Campaign to raise awareness of Hate Crime.	Continued operation and development of the community safety hub.	No	Senior reps (members and officers) of key local community safety partners. Written governance document.		Selby District Council covers incidental costs and partnership support. Other income is from the PCC to be spent on projects/project delivery	Selby District Council	None	Selby Area Committee - annually.	Cllr Karl Arthur - member	No	Neil Irving	n/a	L	L	L	L	M	L	n/a
BES																								
Local Access Forum	BES	1	The County Council is required to set up and convene a LAF by Statute (CRoW Act 2000).	2015. Councillor membership reduced from 3 to 2 in 2017.	Responded to Local Development Plans, consultations from Natural England and MoD, District and County planning applications. Involved in partnership activity inc A1, Teesdale Way, Yorkshire Wolds Way. Influenced NYCC practice in relation to use of volunteers and some members directly involved in volunteering work. Ongoing liaison with Countryside Access Service.	Continuation of current arrangements and provision of strategic advice on access matters affecting NYCC's Countryside Access and Highways Services. LAF priorities for the coming year include HS2, ongoing NMU engagements on projects such as A59 Kex Gill and A66.	No	LAF purpose set out in statute.	www.gov.uk/guidance/local-access-forums-role-of-the-local-authority	No budget; NYCC provides officer time for secretariat.	NYCC	No budget - costs are officer time, admin support and meeting rooms.	No routine report to NYCC elected member body, any issues arising feeding in to County Council processes in the usual way.	Cllr Robert Heseltine and Cllr David Jeffels - members	No	Ian Kelly	Michael Leah	L	M	L	L	M	L	n/a
E Crime Project	BES	2, 3	To enable NYCC & City of York Council to deliver the national E-Crime sub project 1 in order to undertake E-Crime enforcement and to also co-ordinate national enforcement activity.	2016	Preliminary work for four major 'Copycat Website' trials in 2017/18 completed and legal challenges successfully challenged.	To successfully prosecute the four 'Copycat Website' trials. Total Crown Court time listed for the four trials is 48 weeks. 16 defendants and over 900 witnesses. Total consumer detriment over £54m.	No	NYCC and City of York Council.		Projected outturn for 2017/18 is £968k, funded by central government direct grant (£720k NYCC and £248k City of York Council).	NYCC	£720k	No routine report to NYCC elected member body, any issues arising feeding in to County Council processes in the usual way.	None	No	Mike Andrews	Michael Leah	L	L	H	L	H	M	April 2017. No concerns noted.
North Yorkshire, York and North York Moors Minerals and Waste Plan	BES	1, 2	Production of joint mineral and waste local plan (development plan document).	On-going	Progression of Examination in Public stage.	Finalisation of plan following Examination in Public.	No	Officer steering group. NYCC informal member input via the MWDF member working group and new Joint Member Working Group. Executive member/Executive sign-off at key project stages.		Estimated at circa £90k.	No official Accountable Body - joint responsibility, although NYCC would typically take lead role.	TBC - Indicative up to £50k	Informal reporting to MWDF member working group and new Joint Member Working Group. Executive member/Executive sign off at key project stages.	Cllr Andrew Lee (Chairman of MWDF member working group)	No	Vicky Perkin / Matt O'Neill	Michael Leah	L	M	L	M	M	L	n/a
York & North Yorkshire Waste Partnership	BES	2, 3	Delivering efficient waste management services that are in the best interests of the council tax payers of York & North Yorkshire - annual cost (value) of waste management in the sub-region (Inc. Yorwaste) is circa £80M. Continue to ensure delivery and review of joint waste strategy 'Lets talk less rubbish'.	2012	Progressed project to look at a harmonised collection system across the partnership area. City of York Council now hosts Partnership Manager and has assumed accountable body status.	Review of Green Waste Credits. Continue work on harmonised collection system project.	No	Portfolio holders for waste management at each of the partner authorities; overarching governance through LGNYY. No formal governance document however there is a Statement of Agreed Principles (SOAP).		Base budget is £28.5k made up of districts contributions	City of York Council	£0	No routine report to NYCC elected member body, any issues arising feeding in to County Council processes in the usual way.	None	No	Tony Norris	Michael Leah	L	H	L	L	H	M	April 2017. Ultimate governance through LGNYY. Effective financial control. Detailed and clear strategy recorded and being adhered to. No concerns noted.

Name of partnership	Lead NYCC Directorate	Partnership type: 1. Statutory 2. Instrumental in influencing policy 3. Instrumental in controlling £ and other resources 4. Liaison only	Purpose and role of partnership	Date of last governance review (and if recently, action taken as a result)	Key achievements 2017/18	Issues and priorities 2018/19	Have there been any governance failures in 2017/18? Yes / No If yes, outline	Membership and governance arrangements of partnership	Link to governance document / terms of reference if published on internet	Annual partnership expenditure and main sources of income	Accountable body	NYCC budget contribution (in addition to officer time)	Which NYCC elected member body does the partnership report to and how often?	NYCC elected member(s) directly involved in partnership and role they play	Any issues (eg decision making, accountability, transparency, key policy areas)? Yes / No If yes, outline	NYCC lead officer	NYCC finance contact	Risk factors H/M/L 1 Probability of governance failure 2 NYCC objectives 3 NYCC financial 4 NYCC services 5 NYCC reputation					Overall partnership risk rating H/M/L	Legal Services governance review of high and medium risk partnerships - date last undertaken, summary and any action needed as a result
95 Alive Road Safety Partnership	BES	2, 3	To make travelling in York and North Yorkshire safer, and act in a way that inspires the trust and confidence necessary to make people feel safer too. The role of the partnership is to develop, implement and oversee the strategies to deliver the vision.	2014	Delivery of partnership action plan, partly funded by PCC surplus camera enforcement funds. Delivery of revised Speed Management Protocol (SMP). Developed joint partnership funding bid for 2017/18 Partnership Action Plan with OPCC Funding. Developed new Partnership Road Safety Strategy. Upgraded partnership website. Strengthened partnership with Highways England.	Secure future funding to deliver action plan. Deliver 2017/18 Partnership Action Plan priorities with reduced budgets. Further develop delivery of SMP coordinated with Police roll out of Community Speed Watch volunteer programme. Motorcyclist, Cyclist, Older and Young driver safety programmes. Review bikeability training scheme funding. Review of public health funded programmes.	No	Lead partners - NYCC, North Yorkshire Police, Fire & Rescue, City of York, Highways England, Public Health. Supporting partners - local community safety partnerships and OPPC. Written governance document.		Each partner agency provides staff resource. OPPC grant of £27.8k from surplus speed awareness course fees will be made available in 2018/19 for road safety programmes (down from £142k in 2017/18).	NYCC	NYCC fund officer time. NYCC Road Safety & Travel Awareness budget and Public Health budget closely allied to aims and delivery; total of £340k for staffing, resources and programme delivery.	Annual report to each Area Committee and to Transport, Economy and Environment Overview & Scrutiny Committee. In addition, reports to BES Executive Members on an ad hoc basis.	Cllr Don Mackenzie - Road Safety and Cycling Champion	No	Fiona Ancell	Michael Leah	M	M	M	M	M	M	April 2017. Signed memorandum of understanding to govern partnership. No concerns noted.
North Yorkshire Timber Freight Quality Partnership	BES	4	Support the contribution of the forestry and timber industries to the North Yorkshire economy by ensuring that timber industries can access the timber resource whilst seeking to minimise the impact on the public road network, on local communities and on the environment.	None undertaken.	Continued communications between forestry industry and County Council. Updated online Timber Routes Map.	Maintain open lines of communication between NYCC and forestry industry. Update online Timber Routes Map. Explore external funding opportunities to support timber transport.	No	Independent Chair Jeremy Walker. Attendance by Executive Member for Highways and Transportation, Senior officers from BES, timber hauliers, forest owners and agents. Written governance document.	www.timbertransportforum.org.uk/groups/northyorkshire	Expenditure outlined in NYCC budget contribution.	NYCC	Officer time plus hire of venue for meetings (annual cost circa £170), honorarium for Chair (approx. £400 plus limited expenses). Contribution circa £500 per year towards national timber routes map.	No routine report to NYCC elected member body, any issues arising feeding in to County Council processes in the usual way.	Cllr Don Mackenzie - member.	No	Victoria Hutchinson / Andrew Bainbridge	Michael Leah	L	L	L	L	L	L	n/a
Settle Area Freight Quality Partnership	BES	4	To provide an opportunity to develop a partnership approach to dealing with issues related to HGV traffic through the Settle Area and to utilise this partnership approach reach voluntary workable solutions through consensus and concession.	None undertaken.	Meeting held in September 2017; communication lines are open between quarries / haulage industry and County Council.	Maintain open lines of communication between NYCC, "stakeholders" and quarrying / haulage industry.	No	Officers from NYCC BES H&T, parish council representatives and quarry managers. Written governance document.	www.nypartnerships.org.uk/safqp	Expenditure outlined in NYCC budget contribution.	NYCC	Officer time. Annual expenditure limited to hire of hall for meetings (usually 1 meeting each year, cost of hire circa £60 per meeting).	No routine report to NYCC elected member body, any issues arising feeding in to County Council processes in the usual way.	Cllr Richard Welch - chair.	No	Ken Martin	Michael Leah	L	L	L	L	L	L	n/a
Forest of Bowland Area of Outstanding Natural Beauty (AONB) Joint Advisory Committee (JAC)	BES	1,2, 3	AONBs were established in accordance with the National Parks and Access to the Countryside Act of 1949 and the Countryside and Rights of Way Act 2000. The statutory purpose of AONBs is to conserve and enhance the natural beauty of their area. NYCC is a relevant authority in legislation.	2017 Joint Advisory Committee meeting and review including renewal of management plan to 2024.	Delivery of AONB environmental enhancement and improvement projects. Dementia Friendly project delivering supported visits via rail to local farm, continue working with NYCC PROW team to improve promoted AONB routes, planning and development seminar on AONB matters, work with NY&Y Local Nature Partnership to extend and link up priority habitat within AONB	Renewal of 5 year management plan (statutory requirement). Delivery of AONB environmental enhancement and improvement projects, continue working with NYCC PROW team to improve promoted AONB routes, peatland restoration, work with Y&NY LNP on natural capital framework. http://forestofbowland.com/Management-Plan	No	Memorandum of understanding - JAC includes one NYCC elected member. There is also an Officers Steering Group.	www.forestofbowland.com/joint-advisory-committee	Around £356k. 75% funding from Defra. £621,000 including external funding projects. Other contributions from Lancashire CC and 6 district councils. DEFRA funding confirmed until March 2020.	Lancashire County Council	£5,430 a year. NYCC reduced the financial contributions by 20% in 2016/17.	No routine report to NYCC elected member body, any issues arising feeding in to County Council processes in the usual way.	Cllr Richard Welch - member of JAC.	No	Liz Small	Michael Leah	L	L	L	L	L	L	n/a
Nidderdale Area of Outstanding Natural Beauty (AONB) Joint Advisory Committee (JAC)	BES	1, 2, 3	AONBs were established in accordance with the National Parks and Access to the Countryside Act of 1949 and the Countryside and Rights of Way Act 2000. The statutory purpose of AONBs is to conserve and enhance the natural beauty of their area. NYCC is a relevant authority in legislation.	2017 Joint Advisory Committee meeting and review including renewal of management plan to 2024.	Delivery of AONB environmental enhancement and improvement projects. Awarded £350K HLF 'Wild Watch' grant. Obtained facilitation grant for Upper Nidderdale. Catchment sensitive farming projects, development of £3million HLF bid for River Skell; restoration of Wath Mill; hay meadow restoration Washburn Valley; Dark Skies Tourism Festival.	Renewal of 5 year management plan (statutory requirement). Delivery of AONB environmental enhancement and Improvement projects. Resubmission of River Skell project, connecting to nature HLF application, development of a virtual schools project. https://www.nidderdaleaonb.org.uk/nidderdale-aonb-management-plan-annual-review	No	Memorandum of understanding - JAC including three NYCC elected Members.	www.nidderdaleaonb.org.uk/joint-advisory-committee	£473,220. 75% funding from Defra. £621,000 including external funding projects. Other contributions from Harrogate BC. DEFRA funding has been confirmed until March 2020.	Harrogate Borough Council	£14,800 a year. NYCC reduced the financial contributions by 20% in 16/17. An additional £4,000 comes from PROW joint projects.	No routine report to NYCC elected member body, any issues arising feeding in to County Council processes in the usual way.	Cllr Mike Harrison, Cllr Stanley Lumley and Cllr Margaret Atkinson - members of JAC.	No	Liz Small	Michael Leah	L	L	L	L	L	L	n/a

Name of partnership	Lead NYCC Directorate	Partnership type: 1. Statutory 2. Instrumental in influencing policy 3. Instrumental in controlling £ and other resources 4. Liaison only	Purpose and role of partnership	Date of last governance review (and if recently, action taken as a result)	Key achievements 2017/18	Issues and priorities 2018/19	Have there been any governance failures in 2017/18? Yes / No If yes, outline	Membership and governance arrangements of partnership	Link to governance document / terms of reference if published on internet	Annual partnership expenditure and main sources of income	Accountable body	NYCC budget contribution (in addition to officer time)	Which NYCC elected member body does the partnership report to and how often?	NYCC elected member(s) directly involved in partnership and role they play	Any issues (eg decision making, accountability, transparency, key policy areas)? Yes / No If yes, outline	NYCC lead officer	NYCC finance contact	Risk factors H/M/L 1 Probability of governance failure 2 NYCC objectives 3 NYCC financial 4 NYCC services 5 NYCC reputation					Overall partnership risk rating H/M/L	Legal Services governance review of high and medium risk partnerships - date last undertaken, summary and any action needed as a result
Howardian Hills Area of Outstanding Natural Beauty (AONB) Joint Advisory Committee (JAC)	BES	1, 2, 3	AONBs were established in accordance with the National Parks and Access to the Countryside Act of 1949 and the Countryside and Rights of Way Act 2000. The statutory purpose of AONBs is to conserve and enhance the natural beauty of their area. NYCC is a relevant authority in legislation.	2017 Joint Advisory Committee meeting and review including renewal of management plan to 2024.	Delivery of AONB environmental enhancements; assist with Phase 2 Ryevitalise HLF bid; survey of key geodiversity sites controlling invasive Himalayan balsam and rhododendron; funding for natural flood management schemes at 2 villages; developing management post-Brexit; significant Public Rights of Way partner project with NYCC and North York Moors NPA apprentices.	Renewal of 5 year management plan (statutory requirement). AONB enhancement and improvement projects: Year 4 Monument Management Scheme; assistance with phase 2 of the Ryevitalise project; completion of the geodiversity survey, Rights of Way improvements, North York Moors Turtle Doves project. http://www.howardianhills.org.uk/ab-out-us/management-plan-and-work-programme/	No	JAC includes two NYCC elected Members. There is also Officers Steering Group.	www.howardianhills.org.uk/ab-out-us/partnership-and-funding/	£181,632. 75% funding from Defra. Other contributions from NYCC, Ryedale and Hambleton DCs, Historic England. DEFRA funding has been confirmed until 31st March 2020.	NYCC	£30,300. NYCC reduced the financial contributions by 20% in 16/17.	No routine report to NYCC elected member body, any issues arising feeding in to County Council processes in the usual way.	Cllr Caroline Patmore and Cllr. Caroline Goodrick - members of JAC.	No	Liz Small	Michael Leah	L	L	L	L	L	L	n/a
North Yorkshire and York Local Nature Partnership (LNP)	BES	2, 3	To drive positive change in North Yorkshire and York's natural environment, taking a strategic view of opportunities linking benefits of environment, people and the economy. LNP strategy provides context for delivery.	2014	Delivery of environmental projects to underpin growth, rural economy and health. DEFRA funding spent linking LEP, LNP and river catchment partnerships for joint project delivery. External funding bids for pollinator project and innovation on anaerobic digesters tackling green waste. LEP wide Natural Capital framework project initiated. Communication of government policies and funding to partners.	Projects to deliver key priorities in health, economy and environment. Deliver pathways to health and Selby and Scarborough trails projects, Natural capital framework and data project in partnership with LEP. Biomass biodiversity anaerobic digester project, support farmers in biodiversity projects. develop landscape scale tourism and environmental improvements such as in the Swale and Ure areas.	No	Senior officers of key local partners. Terms of Reference Document.	www.nypartnerhips.org.uk/lnp	£37,000 a year partnership spend on 2 year 0.5fte fixed term LNP Development Officer commenced 01/09/16. 2 year post funded by NYCC, North York Moors National Park and Howardian Hills AONB.	East Riding of Yorkshire Council (for LNP Development Officer post).	No direct contribution on an on-going basis. Provision of office for LNP Development Officer.	No routine report to NYCC elected member body, any issues arising feeding in to County Council processes in the usual way.	None	No	Liz Small	Michael Leah	L	L	L	L	L	L	n/a
North Eastern Inshore Fisheries and Conservation Authority (NEIFCA)	BES	1, 2, 3	Marine & Coastal Access Act 2009 - duty to champion and manage a sustainable marine environment and inshore fisheries. Partnership has a membership of 30 individuals including 13 local authority Members from 11 coastal local authorities (between Tyne & NE Lincolnshire).	2017 review of management activities at quarterly meeting	Support of Filey Brigg SPA conservation measures. Enforcement activity on non-compliant gear, vessels, premises. Monitoring of dredging activity. Work to source funding to replace NE IFCA's main patrol vessel. Development of North East Marine Plan with Marine Management Organisation (MMO). Completion of marine bio-diversity research surveys.	Support conservation and improvement of Filey Brigg SPA. Annual performance measures prepared by members. Enforcement and inspection activities. Work on bid to European Marine and Fisheries Fund regarding remote monitoring of fishing activities. Continue on establishing marine stock numbers and methods to improve habitat and fish recovery. Continue to source funding to replace NE IFCA's main patrol vessel.	No	Reps from the 11 coastal Local Authorities, 14 members appointed by Marine Management Organisation and 1 member appointed by each of Marine Management Organisation, Environment Agency and Natural England.	www.ne-ifca.gov.uk/about-us/our-members	£1.2m. Funded by levy on coastal authorities.	East Riding of Yorkshire Council	£258,266 (£54,900 of which is received as a grant from Defra).	No routine report to NYCC elected member body, any issues arising feeding in to County Council processes in the usual way.	Cllr David Chance & Cllr Tony Randerson - members.	NEIFCA asking for increase in partners' contribution 18/19 onwards. NYCC proportion of total levy is 22.2%, but only 2 members. Defra currently provides a grant of £54,900 but this is not guaranteed to continue.	Liz Small	Michael Leah	L	L	H	L	L	M	April 2017. Clear constitution to formalise governance arrangements. Bring kept under review - last updated April 2016. Arrangements in constitution appear robust.
Welcome to Yorkshire (W2Y)	BES	2	NYCC contribute to W2Y as part of support for tourism in the region.	2011	New Website. Bike Hub & Bike Libraries in NY. Rural Tourism Campaign. Tour de Yorkshire race.	Market Town Campaign. Cultural Tourism - Yorkshire Festival. Tour de Yorkshire Cuisine tour. Food & Drink Promotion - NY food festivals, marketing campaigns etc. Development of cycle tourism. Tour de Yorkshire race.	No	Public / private partnership. Written governance document.		£4.1m turnover in 2016/17. LA subs £452k.	W2Y	£84k	No routine report to NYCC elected member body, any issues arising feeding in to County Council processes in the usual way.	None	Future finding contributions / arrangements.	David Bowe	Michael Leah	M	L	M	L	M	M	April 2017. Limited company. Accounts up to date. Robust governance. No concerns noted. Review governance arrangements in 2017/18 because of greater importance in reputation.
North Yorkshire - Cleveland Coastal Forum	BES	3, 4	To promote Heritage Coast for economy, tourism, natural beauty and enjoyment. 5 year Heritage Coastal Strategy. https://coastalforum.wordpress.com/	2014	Start of restructure of Coastal Forum by SBC with new priorities for coastal conservation and developments to be decided. Support for HLF Landscape Partnership bid Saltburn to Sandsend .	Restructure of Coastal Forum by SBC continued with new priorities for coastal conservation and developments to be decided. Continued support for HLF Landscape Partnership bid Saltburn to Sandsend. Possible widening of group into a Yorkshire Coast group.	No	Member representation from NYCC, North York Moors NPA, Redcar & Cleveland BC, Scarborough BC.		None, no financial activity in last 2 years	Scarborough Borough Council	£500 in budget, but not paid as no financial activity in last 2 years.	No routine report to NYCC elected member body, any issues arising feeding in to County Council processes in the usual way.	Cllr Helen Swiers, Cllr David Jeffels and Cllr Joe Plant - members.	No	Liz Small	Michael Leah	L	L	L	L	L	L	n/a

Name of partnership	Lead NYCC Directorate	Partnership type: 1. Statutory 2. Instrumental in influencing policy 3. Instrumental in controlling £ and other resources 4. Liaison only	Purpose and role of partnership	Date of last governance review (and if recently, action taken as a result)	Key achievements 2017/18	Issues and priorities 2018/19	Have there been any governance failures in 2017/18? Yes / No If yes, outline	Membership and governance arrangements of partnership	Link to governance document / terms of reference if published on internet	Annual partnership expenditure and main sources of income	Accountable body	NYCC budget contribution (in addition to officer time)	Which NYCC elected member body does the partnership report to and how often?	NYCC elected member(s) directly involved in partnership and role they play	Any issues (eg decision making, accountability, transparency, key policy areas)? Yes / No If yes, outline	NYCC lead officer	NYCC finance contact	Risk factors H/M/L 1 Probability of governance failure 2 NYCC objectives 3 NYCC financial 4 NYCC services 5 NYCC reputation					Overall partnership risk rating H/M/L	Legal Services governance review of high and medium risk partnerships - date last undertaken, summary and any action needed as a result
Yorkshire Derwent Partnership	BES	3, 4	To provide environmental improvements for public and bio diversity to Yorkshire Derwent River Catchment in line with government policy and guidance.	2017 (new partnership)	Employed YDP dedicated project officer for 2 years. 5 year Catchment management plan developed. Projects to improve river catchment: stage 2 HLF Landscape Partnership Ryevitalise bid, tackling Yorkshire Invasive Species. EA grant for the Derwent Villages Natural Flood Management (NFM) projects. Additional project money applied for.	Delivery of first year of management plan. Invasive species treatments and development of volunteer groups. Deliver some Derwent Villages NFM projects. First Phase of Jugger Howe Project. Secure funding from the EA's Water Environment grant. Partnership website. Develop pilot project highlighting sediment reduction from agricultural land. £60,000 RFCC projects to be delivered.	No	Representation from Local Authorities, DEFRA, relevant business and community bodies on Board and officers steering group. Minuted meetings.	www.eastyorks.hireivertrust.org.uk/derwent-catchment-partnership.html	£80,00 revenue 17/18 from partnership members (inc Local Authorities, North York Moors NPA, Yorkshire Water Services Ltd). Capital expenditure on projects circa £60,000 and funded by partners and external funders..	NYCC	£25k	No routine report to NYCC elected member body, any issues arising feeding in to County Council processes in the usual way.	None	No	Liz Small	Michael Leah	L	L	L	L	L	L	n/a
North Yorkshire Flood Risk Partnership	BES	2	To coordinate and lead sub-regional activity aimed at reducing and managing flood risk.	2013	Support to the delivery of the Regional Flood and Coastal Committee (RFCC) capital programme. Strategic planning for flood risk.	Support to the delivery of the RFCC capital programme. Strategic planning for flood risk.	No	Member body with reps from Yorkshire RFCC, NYCC, City of York Council, Yorkshire Water, Environment Agency, and Internal Drainage Board core members. Written terms of reference - no formal decision making functions.		No budget	n/a	None	No routine report to NYCC elected member body, any issues arising feeding in to County Council processes in the usual way.	Cllr D Jeffels - member	No	Emily Mellalieu	Michael Leah	L	M	L	L	M	L	n/a
Rail North Ltd (RNL)	BES	2, 3	Strategic leadership for the development of Rail Strategy and priorities for Rail in the North of England. Development and management of Transpennine and Northern franchises.	2016	Formal governance arrangements established; successfully introduced the new franchises April 2016; working to establish priority investment portfolio for Control Period 6 and to influence Initial Industry Advice to Secretary of State. RNL board was not quorate (2016/17); to reduce the risk of this in future since 2016/17 each director has a formal deputy registered at Companies House.	Incorporation of Rail North into Transport for the North from 1 April 2018	No	An Association comprising Leaders from all 29 North of England LTAs representing the 5 northern City Region Combined Authorities, Unitary and two tier Authorities. The Association is supported by a Board of Directors (Rail North Ltd) of 11 'sector' representative Leaders (or nominated member reps).		Agreed annually by the Association. RNL board approved a 2017/18 budget of £647k which includes a recommendation to increase member contributions to £74k.	Accountability ultimately rests with DfT, although ambition for the Association is for the devolution of the Rail franchising powers and budget to Rail North Ltd.	£2,362 for 2017/18	No routine report to NYCC elected member body, any issues arising feeding in to County Council processes in the usual way.	Cllr Don Mackenzie - member on the Association and Director on the board of Rail North Ltd.	No	David Bowe / John Laking	Michael Leah	L	L	L	L	L	L	n/a
North Yorkshire Local Transport Body	BES	2, 3	To prioritise and oversee delivery of a programme of major transport schemes and to advise the Local Enterprise Partnership on transport priorities.	Assurance framework signed off by DfT.	The Local Transport Body no longer has a function either in terms of allocating money or managing already allocated money. Money previously allocated by it to the Harrogate Line Improvement was transferred to the LEP to oversee. The partnership is therefore not needed.	Formally 'de-constitute' the partnership and inform Members.	No	Member body which has 2 NYCC, 2 District Council & 1 LEP voting representatives. Assurance framework signed off by DfT.		£9.6m capital allocation between 2015/16 & 2018/19.	NYCC	Officer time only (capital allocation is direct grant from Department of Transport).	No routine report to NYCC elected member body, any issues arising feeding in to County Council processes in the usual way.	Cllr Don Mackenzie - member	No	David Bowe / Andrew Bainbridge	Michael Leah	L	M	H	L	M	M	April 2017. Audit in May 2014 concluded high assurance. No concerns noted. Further review/consideration will be given after devolution decisions and direction of the partnership is known.
Transport for the North (TfN)	BES	1, 2, 3	Statutory Body (Sub-national Transport Body) for long term planning, development and implementation of pan northern transport infrastructure and services (incorporates Rail North with effect from April 2018).	Statutory Instrument creating TfN January 2018. TfN constitution to be agreed at the first full meeting of the TfN Member Board in April 2018.	Publication of the consultation draft of the TfN Strategic Transport Plan in January 2018.	Agree final version of Strategic Transport Plan. Submit Northern Powerhouse Rail Strategic Outline Business Case to Government by December 2018.	No	As set out in the TfN Statutory Instrument and constitution. Governed by the 19 Local Transport Authorities that cover the North.		£10m annually agreed and provided by HMT.	At present a partnership board, but becoming a statutory body.	None	No routine report to NYCC elected member body, any issues arising feeding in to County Council processes in the usual way.	Cllr Carl Les - member; Cllr Don Mackenzie - substitute member.	No	David Bowe / Andrew Bainbridge	Michael Leah	L	M	L	L	L	L	n/a

Name of partnership	Lead NYCC Directorate	Partnership type: 1. Statutory 2. Instrumental in influencing policy 3. Instrumental in controlling £ and other resources 4. Liaison only	Purpose and role of partnership	Date of last governance review (and if recently, action taken as a result)	Key achievements 2017/18	Issues and priorities 2018/19	Have there been any governance failures in 2017/18? Yes / No If yes, outline	Membership and governance arrangements of partnership	Link to governance document / terms of reference if published on internet	Annual partnership expenditure and main sources of income	Accountable body	NYCC budget contribution (in addition to officer time)	Which NYCC elected member body does the partnership report to and how often?	NYCC elected member(s) directly involved in partnership and role they play	Any issues (eg decision making, accountability, transparency, key policy areas)? Yes / No If yes, outline	NYCC lead officer	NYCC finance contact	Risk factors H/M/L 1 Probability of governance failure 2 NYCC objectives 3 NYCC financial 4 NYCC services 5 NYCC reputation					Overall partnership risk rating H/M/L	Legal Services governance review of high and medium risk partnerships - date last undertaken, summary and any action needed as a result
York, North Yorkshire and East Riding LEP Area European Structural and Investment Funds Committee	BES	1, 2, 3	Responsible for the strategic oversight of local investments of both the Structural (ERDF and ESF) and EAFRD Growth Programme Funds and their operational delivery in line with the Operational Programme and the strategic alignment to the LEPs Strategic Economic Plan and ESIF Implementation Plan.	2015	Outlined above under York, North Yorkshire & East Riding Local Enterprise Partnership. Total Programme £84.56m - contracted £39.6m, unallocated £12.2m.	Outlined above under York, North Yorkshire & East Riding Local Enterprise Partnership. Post Brexit the priority is ensuring that the full allocation is contracted by the time that Article 50 expires (29 March 2019). The priority is also ensuring delivery of contracted projects remain on track to deliver greatest impact in the region.	No	Membership is representative of various sectors including LEP, LAs, HE/FE, Key Sectors, Vol/Com, LEADER/Local Groups, Equalities and Diversity, Managing Authorities.		No budget for partnership management	DCLG	None	No routine report to NYCC elected member body, although any issues requiring decisions or reports will be fed in through normal processes.	Cllr Andrew Lee - member.	No	James Farrar	Michael Leah	L	L	L	L	L	L	n/a
CYPS																								
North Yorkshire Children's Trust Board	CYPS	2	The North Yorkshire Children's Trust Board represents all the agencies working with children and young people across the county. The Board provides strategic and operational direction to improve outcomes for all children, young people and families within North Yorkshire.	Priorities for 2018 agreed in December 2017.	Development and adoption of Young & Yorkshire 2. On-going analysis of performance management framework and deep dive reports around each priority.	The agreed priorities for 2018 are: school readiness; social, emotional and mental health; child poverty and social mobility	No	Senior reps (mostly officers) of key local partners. Written governance document. Children's Safeguarding and Strategy Groups incorporated into Children's Trust Board arrangements.	cyps.northyorks.gov.uk/childrenstrust	Officer time funded by NYCC	NYCC	No	Executive as required. County Council sign off required for Children and Young People's Plan. Progress reports to Young People Overview and Scrutiny Committee.	Cllr Janet Sanderson - member.	No	Stuart Carlton	Howard Emmett	L	L	H	H	M	M	April 2017. Clear partnership agreement remains in place. No reported concerns. No concerns noted.
Local Children's Safeguarding Board	CYPS	1, 2	Section 14 of the Children Act 2004 sets out the objectives of LSCBs - to coordinate what is done by each person or body represented on the Board for the purposes of safeguarding and promoting the welfare of children in the area; and to ensure the effectiveness of what is done by each such person or body for those purposes.	Ofsted Inspection May 2014. The NYSCB action has been actioned. The NYSCB Business Plan is in place.	Continual development of practice guidance and one minute guides. Revision of vulnerability checklist threshold document. Implementation of new multi-agency e-learning Safeguarding Week Conference 2018 Commissioning of new/revised classroom based learning packages. Significant audit activity - practitioner, case file, schools.	Continued delivery through new streamlined planning structure and new business plan for 2016-2020. Specific key strategic priorities: Coordinate the work of agencies across multiple sectors for the purposes of safeguarding and promoting the welfare of children in the area. Ensure the effectiveness of the work across agencies in multiple sectors for safeguarding and promoting the welfare of children.	No	Lead Member Children's Services, Senior Managers from CYPS and Partners. All the health trusts are now full members. 'Working Together 2015' gives a statutory membership.	www.northyorks.gov.uk/childrens-services	£290k. Contributions from key partners - NYCC, Health, Police, Probation, CAFCAS, CDOP funding.	NYCC	£116k	Executive and Young People Overview and Scrutiny Committee.	Cllr Janet Sanderson - member.	No	Heather Pearson	Qingzi Bu	L	M	H	H	H	M	April 2018. LSCB continues to have robust suite of governance documents which are regularly reviewed and updated. No concerns.
North Yorkshire Education Partnership (Schools Forum)	CYPS	1, 2, 3	The schools forum was established to provide schools with greater involvement in the distribution of funding within their local authority and to act as a consultative and advisory body in relation to school funding. Since the Forum became the Education Partnership it also holds the four Improvement Partnerships to account for performance and impact of allocation of funds.	Reviewed on an ongoing basis upon receipt of relevant DfE guidance. Date of last review - March 2013.		Offer advice and guidance on national funding formula consultation. Support the priorities of the Improvement Partnerships to improve performance of all childminders, settings & schools and to build capacity. Focus on developing a sector led model and system leadership.	No	Comprises reps of headteachers & governors from secondary, primary & nursery schools (including academies and PRS), staff associations (UNISON & teacher unions), early years & childcare providers, Church of England & Roman Catholic dioceses, chairs of the Improvement Partnerships. Written constitution.	cyps.northyorks.gov.uk/nyep	£100k	NYCC	£100k (DSG)	Cllr Janet Sanderson and Cllr Patrick Mulligan (Executive Members) and Young People Overview and Scrutiny Committee - as required.	Cllr Janet Sanderson - member (non voting); Cllr Patrick Mulligan member (non-voting).	No	Marion Sadler (Clerk)	Howard Emmett	L	H	M	M	L	M	April 2017. No concerns noted. Effective constitution and clear guidance over its remit. Regular meetings being held and outcomes reported.
North Yorkshire Youth Justice Service (Management Board)	CYPS	1,2,3	To provide strategic direction and resourcing to enable the Youth Justice Service to meet its principal aim of preventing offending by children & young people. Section 38 of the Crime & Disorder Act 1998 places a duty on the Local Authority, acting in cooperation with other statutory partners, to ensure the availability of youth justice services for their area.	2017	Strong progress against majority of performance indicators contained within annual Youth Justice Plan including significant reduction in number of first time entrants into criminal justice system, excellent rates of victim participation and satisfaction, greater use of restorative practice. Following review YJS integrated within Prevention Service with effect from September 2017.	Uncertainty regarding ongoing funding, therefore limited opportunity for long term planning. Uncertainty as to which of the recommendations contained with the national review of the Youth Justice System will be implemented. Focus on reducing the rate and frequency of re-offending and continuing to reduce the number of first time entrants into the youth justice system.	No	Lead Member Children's Services, Senior Managers from CYPS and Partners.	www.northyorks.gov.uk/northyorkshire-youth-justice-service	£2.4 million (including value of seconded staff). Expenditure funded by statutory funding partners (NYCC, Police, Probation, Health) together with grant funding from the Youth Justice Board.	NYCC	£1.1 million.	Cllr Janet Sanderson and Cllr Patrick Mulligan (Executive Members) and Young People Overview and Scrutiny Committee - as required. Annually to Full Council.	Cllr Janet Sanderson) - member of Management Board.	No	Stuart Carlton (Chair of the Management Board).	Christian Player	L	M	M	H	M	M	April 2018. Deficit covered by reserves. Partners' contributions clear & honoured. Sustainable following service changes. Arrangements suitable but review in 2019.

Name of partnership	Lead NYCC Directorate	Partnership type: 1. Statutory 2. Instrumental in influencing policy 3. Instrumental in controlling £ and other resources 4. Liaison only	Purpose and role of partnership	Date of last governance review (and if recently, action taken as a result)	Key achievements 2017/18	Issues and priorities 2018/19	Have there been any governance failures in 2017/18? Yes / No If yes, outline	Membership and governance arrangements of partnership	Link to governance document / terms of reference if published on internet	Annual partnership expenditure and main sources of income	Accountable body	NYCC budget contribution (in addition to officer time)	Which NYCC elected member body does the partnership report to and how often?	NYCC elected member(s) directly involved in partnership and role they play	Any issues (eg decision making, accountability, transparency, key policy areas)? Yes / No If yes, outline	NYCC lead officer	NYCC finance contact	Risk factors H/M/L 1 Probability of governance failure 2 NYCC objectives 3 NYCC financial 4 NYCC services 5 NYCC reputation					Overall partnership risk rating H/M/L	Legal Services governance review of high and medium risk partnerships - date last undertaken, summary and any action needed as a result
North Yorkshire Coast Opportunity Area	CYPS	2,3	To oversee, direct and advise investment in the North Yorkshire Coast to improve social mobility. Funding of £6M over 3 years will be provided by the Department for Education (DfE). DfE have granted NYCC the funding, decisions on how it is allocated and spent thereafter has been delegated to the Programme Partnership Board	Partnership Board established July 2017	Delivery Plan agreed with DfE and published.	On-going implementation of the Delivery Plan. Priorities are: Early Years; maths; literacy; and more good secondary school places	No	Chair will be Sir Martin Narey. NYCC represented on the Board senior officer level		c.£2M provided by DfE.	TBC	This work is aligned with the existing NYCC commitment to the Scarborough Pledge (c.£0.75m).	Cllr Patrick Mulligan (Executive Member) every 6 months.	None	No	Richard Benstead	Howard Emmett	L	M	H	M	M	M	April 2018. Detailed delivery plan. Properly constituted board with suitable representation from the education sector. Funding from DfE. No concerns to note.
HAS																								
Transforming Care	HAS	1	To prevent admissions into Learning Disability (LD) specific in-patient beds. Facilitate timely discharge and community resettlement for people with complex LD and/or autism with behaviours that challenge including those with a mental health condition.	None undertaken.	Building the Right Support Community Model identified. Clear information relating to people impacted in North Yorkshire and York. Key workstream areas identified to progress.	Continuing to develop the work streams of: workforce, working with providers, community models and pathways for young people in transitions. Discharge of people who have been in inpatient beds for 5 years plus and ensuring effective preventative plans in place to avoid unnecessary admissions. Ensuring that timely and appropriate care and treatment planning is in place.	No	HaRD CCG on behalf on behalf of three CCGs plus Vale of York CCG, Tees Esk Wear Valley NHS Trust, NYCC, City of York Council, NHS England specialist commissioners. Agreed Terms of Reference.		Managed within partner agency resources	HaRD on behalf of CCGs	There will be a financial implications regarding individuals' care packages.	Elected members on Health and Well Being Board as required.	None	No	Kathy Clark / Helen Thirkell	Anton Hodge	M	M	M	M	M	M	April 2018. No governance concerns. Commissioning undertaken by HaRD CCG (also accountable body). Focussed on ensuring partners' work is complimentary.
Care Alliance Workforce Development	HAS	2	Support and Develop a skilled Adult Social Care workforce in all sectors in North Yorkshire and City of York	None undertaken.	Reviewed and developed Business Plan for 2017/18 to 2018/21. Successfully applied for £130,000 Workforce Development Fund monies from Skills for Care to support qualifications. Ran a mentoring scheme across the wider sector.	Funding secured from Health Education England to deliver a programme to the wider sector on Values Based Recruitment with Skills for Care.	No	NYCC, City of York Council, Skills for Care, ICG, private, voluntary and independent sector providers, Health Education England, Jobcentre Plus. Agreed terms of reference.		No regular income. External grant funding received for specific projects.	NYCC	None	No routine report to NYCC elected member body, any issues feed in to County Council processes in the usual way.	None	Objectives of the partnership are reliant on external fundraising or goodwill of partner organisations.	Julia Spencer	Anton Hodge	L	L	L	L	L	L	n/a
Health Protection Assurance Group	HAS	2	Oversees the health protection plans and arrangements and provides assurance to NYCC and the Health and Well being Board. The Group is North Yorkshire vehicle to oversee a statutory function, statute does not require a group.	December 2017. Changes were made to the number and nature of the sub groups.	Health Protection partnerships in North Yorkshire have been mapped and fully documented eg chairs and terms of reference. Assurance framework is in place and evidence base in order to qualify levels of assurance. Considering available funding streams including Workforce Innovation Fund.	Identifying vulnerable people in emergencies. NYCC Screening and Immunisation Local Improvement Plan. NYCC Pandemic Flu Plan. Screening Programme Mapping update.	No	Director of Public Health NYCC (Chair), Director of Public Health City of York Council, Public Health Consultants, Public Health England, Chief Environmental Health Officer rep, CCGs rep. NYCC Emergency Planning, NHS England Health Emergency Planning, Director for infection control and prevention from NHS provider trusts.		Existing partner agency resources - joint commissioning of community infection control team with HaRD CCG as lead commissioner.	NYCC	None	Cllr Caroline Dickinson (Executive member for Public Health) - as required.	None	Capacity within each individual organisations to respond and challenge of multi-agency operationalising of outbreak plans.	Lincoln Sargeant	n/a	L	L	L	M	M	L	n/a
Involvement forums (NY Learning Disabilities Partnership Board, NY Disability Forum, NY Carers Forum, over 50's forums, Mental health involvement forums)	HAS	2, 4	Visible public engagement on services and stronger user voice and influence.	Boards regularly review the work they undertake; board development is on-going.	Wide range of consultation, engagement and co-design activities. Volunteer led projects on disability access. Learning Disability Self Advocates Home Alone Project. Implementation of the learning disability strategy Live Well, Live Longer. Review of Learning Disability Partnership Board. NY Disability Forum presentation to Members Seminar. Mental Health lived experience contacts network.	Continue to actively contribute to NYCC and other partners service developments, strategies and consultations. Tendering of Lay Assessors will include people with lived experience. Ongoing implementation of review of Learning Disabilities Partnership Board. Consider how engage with disabled people in Hambleton and Richmondshire. Develop engagement mechanisms. Development work with over 50's forums.	No	Self advocates, community members, service users and carers, NYCC officers, other statutory agency reps. Written governance documents.	www.nypartnerships.org.uk/adults	Approx. £170k	NYCC but some groups moving towards being independently constituted.	£170,000	Cllr Michael Harrison and Cllr Caroline Dickinson (Executive Members) - as required.	None	No	Louise Wallace	Anton Hodge	L	L	M	L	M	L	n/a

Name of partnership	Lead NYCC Directorate	Partnership type: 1. Statutory 2. Instrumental in influencing policy 3. Instrumental in controlling £ and other resources 4. Liaison only	Purpose and role of partnership	Date of last governance review (and if recently, action taken as a result)	Key achievements 2017/18	Issues and priorities 2018/19	Have there been any governance failures in 2017/18? Yes / No If yes, outline	Membership and governance arrangements of partnership	Link to governance document / terms of reference if published on internet	Annual partnership expenditure and main sources of income	Accountable body	NYCC budget contribution (in addition to officer time)	Which NYCC elected member body does the partnership report to and how often?	NYCC elected member(s) directly involved in partnership and role they play	Any issues (eg decision making, accountability, transparency, key policy areas)? Yes / No If yes, outline	NYCC lead officer	NYCC finance contact	Risk factors H/M/L 1 Probability of governance failure 2 NYCC objectives 3 NYCC financial 4 NYCC services 5 NYCC reputation					Overall partnership risk rating H/M/L	Legal Services governance review of high and medium risk partnerships - date last undertaken, summary and any action needed as a result
North Yorkshire Drug and Alcohol Partnership Group	HAS	2	Advisory and reference group on substance misuse. Inform the development of the alcohol strategy. Inform the development of drugs strategy . Gather intelligence to inform strategy development and implementation, and delivery of services. Strategically address transition from young people to adult substance misuse services.	2016	Monitoring the implementation of the alcohol strategy. Received very positive evaluation for New Horizons. Successful CQC inspection of Spectrum. DISC (provider of New Horizons) overall positive CQC inspection. Implemented Family Drug and Alcohol Court.	Reviewing provider list for Needle Exchange (GPs) and Identification and Brief Advice, GPs and pharmacists. Reviewed process of monitoring of drug related deaths.	No	Chair: Director of Public Health NYCC, Members, Police, Prisons, DISC, New Horizons, Partnership, Compass Reach Commissioning Unit, Community Pharmacy, Yorkshire Ambulance Service, District Councils, National Probation Service, Office of Police and Crime Commissioner.		No funding of its own. Provides strategic direction for drug and alcohol commissioning priorities.	NYCC	c£5m Public Health	Elected members on Reporting is via delegated authority from the Health and Well Being Board.	None	No	Lincoln Sergeant	Anton Hodge	L	M	H	M	M	M	April 2017. Terms of reference agreed and in place for the Board. The terms are concise, but adequate for a Board which has no independent funding.
Safeguarding Adults Board	HAS	1	To provide strategic leadership for Adult Safeguarding arrangements and to challenge and quality assure partner agencies safeguarding practice.	2016.	Held first Adults, Children's and Community Safety Partnership Safeguarding Week across both North Yorkshire and York. Improved performance data. Review of outcomes in Strategic Plan. Strengthened contribution of GPs in safeguarding adults through identification and nomination of lead GPs.	Development of Learning and Improvement Framework and practical tools to implement culture of continuous learning across the partnership. Increase involvement of local groups in delivering Board outcomes at a local level. Increased awareness of the wider community through Safeguarding Week on cross Board and North Yorkshire and York footprint.	No	Strategic Board: NYCC, Police, CCGs, District Councils, ICG, Health Trusts, Healthwatch, NHS England, Director of Public Health. Four sub groups involving statutory partners plus District Councils, Probation, ICG, NYFF, Fire and Rescue, Health Trusts NHS England, LCSB.	www.nypartnerships.org.uk/sab	Three statutory partners - NYCC, Health and Police contribute £20k each towards the cost of running the SAB.	NYCC	£20k	Annual Reports to Care and Independence Overview and Scrutiny Committee and Health and Well being Board.	Cllr Michael Harrison - in attendance.	Organisational priorities and financial constraints impact on partners abilities to support / implement the SAB strategic outcomes / work programme.	Louise Wallace	Anton Hodge	L	M	L	H	H	M	April 2017. Appropriate governance arrangements in place. Structure was revised in July 2015. Clear structure is in place with adequate input and protection for NYCC. No concerns.
Health and Well Being (HWB) Board, Delivery Board, and Commissioners Forum.	HAS	2, 3	To oversee the development and implementation of the priorities agreed and set out within the Health and Well being Strategy. To improve the health and care outcomes for the people and communities of North Yorkshire.	2014	Further Integration of health and social care. Continued implementation of Joint HWB Strategy. Performance dashboard for the JHWB, including the Better Care Fund established. Mental Health Strategy implementation plan. LD Strategy. Carers and Dementia Green Papers approved. Agreed the Better Care Fund. Healthy Weight, Active Lives Annual Report.	Oversight of STP plans. Development of joint commissioning arrangements. Integrated delivery at locality levels. Oversight of implementation plans for Learning Disabilities, Carers, Dementia. Implementation of Healthy Weight, Active Lives strategy. Integration between health, care and blue light services. Revised pharmaceutical needs assessment.	No	NYCC, Clinical Commissioning Groups, representative from District Councils, NHS providers, Voluntary and Community Sector, NHS England, NY Healthwatch.	www.nypartnerships.org.uk/hwb	No funding of its own but it has oversight of the Better Care Fund (BCF) pooled budget and strategic direction for investment against HWB priorities.	Accountability rests with individual organisations for delivery of HWB plans.	None	Health and Well Being Board. The Board meets 6 times per year, with a balance of public meetings and development sessions.	Cllr Michael Harrison - Chairman, Cllr Janet Sanderson and Cllr Caroline Dickinson - members.	The complexity of accountability resting with individual member organisations and the fact that there can be competing interests.	Louise Wallace	Anton Hodge	L	M	H	M	H	M	May 2017. Clear governance arrangements in place. Regular board meetings held and statutory functions are being properly fulfilled. Joint strategy updated and published. No concerns.
Seasonal Winter Health Strategic Partnership	HAS / CS	2	Multagency partnership, leading and developing strategy and linking to existing partnerships which aim to improve and maintain health during the winter months and reduce excess winter deaths and fuel poverty.	2016	Commissioning a new service provider (Citizens Advice Mid North Yorkshire) to coordinate Warm and Well Programme and provide a single point of contact. Launch event for the strategy and its implementation plan.	Bid to Warm Homes Fund for £1 million supported by Citizens Advice Mid North Yorkshire. Deliver winter health communications plan. Deliver flu vaccination programme.	No	Members: NYCC officers, A&E Boards (replaced Local Resilience Groups), CCGs, District Council Winter Weather Groups, NHS Capacity Planning Groups, NHS Foundation Trusts, Voluntary Sector, Blue Light Services, Health Watch. The partnership feeds into the Health and Wellbeing Board and the North Yorkshire Local Resilience Forum.	www.warmandwell.org.uk/About-Us	Public Health Grant £50k and any additional external funding bids made by the partnership.	NYCC	£50k	No routine report to NYCC elected member body, any issues feed in to County Council processes in the usual way.	None	Accountable body to be determined for additional funding bids made by the partnership.	Kathryn Ingold	Anton Hodge	L	M	M	L	L	L	n/a
Healthy Weight, Healthy Lives	HAS	2	To deliver against the six priorities set out in the Healthy Weight, Healthy Lives Strategy and implementation plan across the obesity system in North Yorkshire	Established February 2018	n/a	Establish the Strategy Implementation Plan on a quarterly basis. Monitor and measure the success of the Strategy on a quarterly basis through reviewing an established set of indicators.	No	The Steering Group is accountable to the Health and Wellbeing Board. Working groups/place-based groups; task and finish groups will feed into the Steering Group.		No additional investment - utilisation of existing assets across multiple partners.	Health and Wellbeing Board	None	Elected members on Health and Well Being Board - as required.	None	Yes, engaging with the NHS to ensure referrals for people at risk.	Katie Needham / Ruth Everson	Anton Hodge	L	L	M	L	L	L	n/a

Name of partnership	Lead NYCC Directorate	Partnership type: 1. Statutory 2. Instrumental in influencing policy 3. Instrumental in controlling £ and other resources 4. Liaison only	Purpose and role of partnership	Date of last governance review (and if recently, action taken as a result)	Key achievements 2017/18	Issues and priorities 2018/19	Have there been any governance failures in 2017/18? Yes / No If yes, outline	Membership and governance arrangements of partnership	Link to governance document / terms of reference if published on internet	Annual partnership expenditure and main sources of income	Accountable body	NYCC budget contribution (in addition to officer time)	Which NYCC elected member body does the partnership report to and how often?	NYCC elected member(s) directly involved in partnership and role they play	Any issues (eg decision making, accountability, transparency, key policy areas)? Yes / No If yes, outline	NYCC lead officer	NYCC finance contact	Risk factors H/M/L 1 Probability of governance failure 2 NYCC objectives 3 NYCC financial 4 NYCC services 5 NYCC reputation					Overall partnership risk rating H/M/L	Legal Services governance review of high and medium risk partnerships - date last undertaken, summary and any action needed as a result
Integrated Planning and Commissioning Board in Hambleton, Richmondshire and Whitby	HAS	2,3	To shape commissioning priorities to meet the health and well being needs of the local populations underpinned by Section 75 agreements (Section 75 of the Health and Social Care Act 2006).	Established July 2017, review planned later in 2018.	Agreeing the Section 75 agreements and developing commissioning strategies	Further developing and implementing commissioning strategies. Key issue is challenging financial position for CCGs affecting ability to engage.	No	Senior officers of HAS and respective CCGs.		Initially £100k, potentially over time all that is in the scope of Section 75.	CCG and NYCC through Section 75 agreement.	Initially £50k, potentially over time all that is in the scope of Section 75.	Cllr Michael Harrison and Cllr Caroline Dickinson (Executive Members) - as required.	None	No	Richard Webb	Anton Hodge	L	M	M	M	M	L	n/a
Integrated Planning and Commissioning Board in Scarborough and Ryedale	HAS	2,3	To shape commissioning priorities to meet the health and well being needs of the local populations underpinned by Section 75 agreements (Section 75 of the Health and Social Care Act 2006).	Established September 2017, review planned later in 2018.	Agreeing the Section 75 agreements and developing commissioning strategies	Further developing and implementing commissioning strategies. Key issue is challenging financial position for CCGs affecting ability to engage.	No	Senior officers of HAS and respective CCGs.		Initially £100k, potentially over time all that is in the scope of Section 75.	CCG and NYCC through Section 75 agreement.	Initially £50k, potentially over time all that is in the scope of Section 75.	Cllr Michael Harrison and Cllr Caroline Dickinson (Executive Members) - as required.	None	No	Richard Webb	Anton Hodge	L	M	M	M	M	L	n/a

NORTH YORKSHIRE COUNTY COUNCIL

AUDIT COMMITTEE

21 JUNE 2018

PROCUREMENT AND CONTRACT MANAGEMENT STRATEGY UPDATE

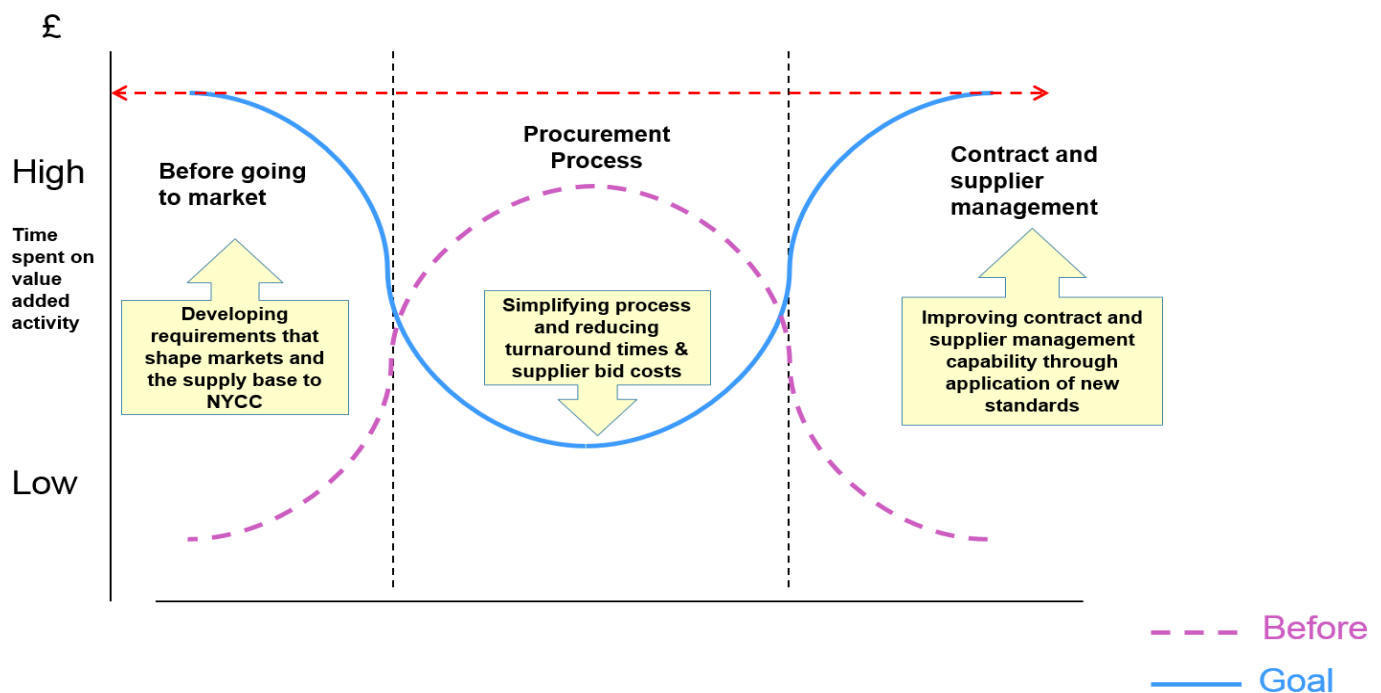
Report from Corporate Director, Strategic Resources

PURPOSE OF THE REPORT

- 1.1 To provide Members with an update on progress of delivery of the new Procurement and Contract Management Strategy, including the new Strategy Action Plan.
- 1.2 To inform Members of recent activity and next steps.

2.0 BACKGROUND

- 2.1 The Council spends over £350m externally each year across both revenue and capital and it is the Council's responsibility to use this money in the best way possible to achieve its objectives, especially during these years of austerity.
- 2.2 The Council has a good grasp on where money will be spent in the upcoming months/years through the Forward Procurement Plans (FPPs). FPPs allow Directorates (and their corresponding Senior Category Manager) to have an oversight of approaching procurements. As a result, resources and specialist support can be deployed where required to deliver good procurement.
- 2.3 Alongside this, the procurement manual, the gateway process and the procurement documentation that supports these processes have been further developed. This ensures that due process is undertaken and provides the opportunity to highlight any procurements which are considered to be "at risk" or falling below standards.
- 2.4 A good deal of the above is focused around the operational aspects of the procurement process itself i.e. supplier sourcing, supplier evaluation and awarding the contract. This is still essential in that it ensures the Council complies with its own Contract Procedure Rules and the wider EU procurement directives.
- 2.5 A large amount of effort is also needed before going to market in the pre-procurement 'Discovery' stage, as well as the post procurement contract and supplier management stage. The illustration below highlights how procurement is moving to a position where it concentrates much more of its attention on market and supplier management, both before the start of a procurement process and then ensuring the contract itself is properly managed.



- 2.6 Before a procurement starts, time taken to plan, research and analyse will add significant value to identifying solutions that will better meet the Council's needs. In addition, focusing on relationship development means that less time is spent resolving issues and more time applied to assessing quality in delivery and identifying opportunities for cost savings / benefit gains.
- 2.7 In December 2014, Management Board signed off the previous Corporate Procurement Strategy, which set targets and objectives up to 2020. As of June 2017 the vast majority of actions had been delivered. In view of this, and the new category management structure and approach to procurement at the Council, it was agreed that a substantial update to the strategy would be undertaken by the Head of Procurement and Contract Management.
- 2.8 This update has taken place, and the new Procurement and Contract Management Strategy was signed off at Corporate Procurement Board in May 2018. It seeks to build upon the good work undertaken to date, along with expertise and good practice within the Council, regionally and nationally from across sectors. In essence the revised strategy is more confident, ambitious and outward looking. For the first time, it will be an externally published document. The intention is to deliver greater value by increased involvement in the pre-procurement 'Discovery' stage, as well as the post procurement contract and supplier management stage.

3.0 NEW CORPORATE PROCUREMENT STRATEGY

- 3.1 The new Corporate Procurement Strategy takes into account the need to consider procurement much more widely than the sourcing, evaluation and award processes and is summed up succinctly in the vision statement which is:

"Working collaboratively to deliver efficiencies, value for money and sustainable quality through a proactive commercial approach to procurement and commissioning for the communities of North Yorkshire."

We have identified and described our strategic aims, objectives and priorities under 6 key themes, which are:

- 1) **Category Management**
- 2) **Technology**
- 3) **Policy and Process**
- 4) **Contract Management**
- 5) **People and Skills**
- 6) **Social Value**

Further detail around the different themes of the strategy can be seen in **Appendix 1**.

3.2 These themes are not designed to work in isolation, and there are a number of positive ambitions associated with these themes which will be delivered over the life of the strategy:

- Master category sourcing plans – People, Place & Professional.
- Unparalleled increase in supply chain intelligence and understanding
- Achieve savings and value for money for the communities of North Yorkshire
- Support the delivery of quality outcomes for service users
- Support the wider ambitions of the council and its partners
- Develop a very deep understanding of user needs
- Influence and operate commercially, understanding supply market capabilities.
- Practice robust contract management
- Attract suppliers of all sizes and from all sectors to want to work with the Council
- Attract procurement professionals to want to work for the Council, and
- Be recognised nationally as a procurement centre of excellence and expertise.

3.3 The Strategy complements and supports the work of the 2020 North Yorkshire Programme and links to a number of the cross cutting themes, such as commercial focus; partnership working and alternative delivery models.

3.4 This new strategy will help ensure that commercial arrangements and contracts awarded by the Council provide the very best value for money. We will also use our procurement spend to provide the very best social value for our communities.

4.0 NEW PROCUREMENT AND CONTRACT MANAGEMENT STRATEGY PROGRESSION

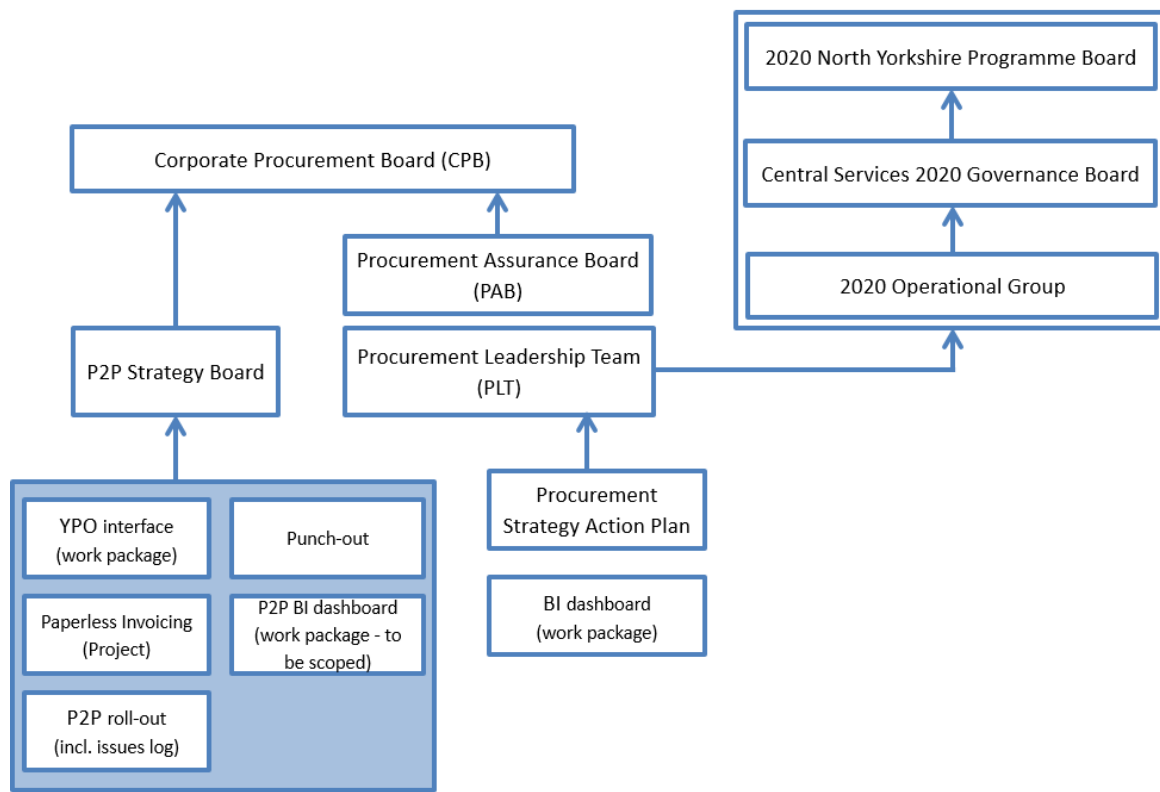
Strategy Action Plan

4.1 The new procurement and contract management strategy will be implemented through the activities detailed in the Strategy Action Plan, which can be seen in **Appendix 2**.

4.2 The Action Plan has been developed around the themes referred to in Section 3.1. Each theme has been broken down further into a number of actions. These actions link directly back to the strategy, particularly around the following parts:

- What we will achieve
- What we need to do to achieve the vision.

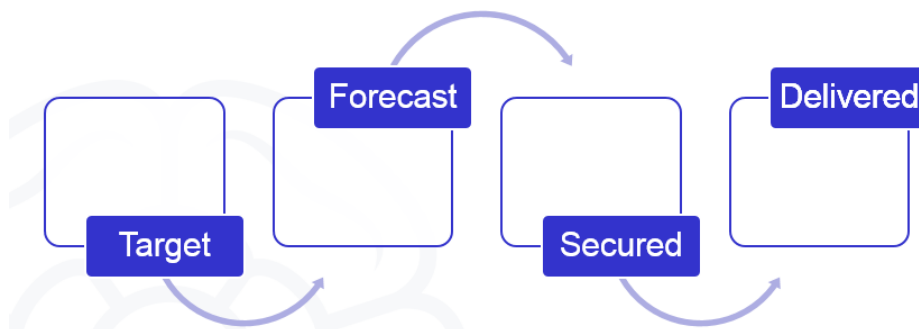
- 4.3 The actions are based around the principles of 'SMART' and have a time frame for completion. The Corporate Procurement Board is accountable for the delivery of the Action Plan and monitors performance and progress on a quarterly basis, in line with the governance structure set out below.



2020 Savings

- 4.4 Throughout the Strategy's life and its progression there will be a number of overarching corporate priorities. These include procurement savings which were set at an additional £1.15m by the end of 2020. This is the first time that the procurement function has been given a target to reduce budgets by a cash target, as previously savings were recorded as procurement savings but remained cash reductions within Directorate budgets. Procurement was therefore used as an enabler of savings, rather than a direct deliverer of savings.

- 4.5 The following approach is used to record procurement savings:



1. Target

At the very start of the procurement process there should be a target that applies to the project – this will be applicable normally only in the higher value tenders where detailed market analysis has taken place / is possible. This may be imposed (a Directorate or Service Area may have to maintain the same levels of service with a 5% drop in budget), or aspirational (aiming to achieve a 2% improvement on the current delivery cost).

2. Forecast

As the procurement proceeds through the 'Discovery' stage, market research and strategy development will give a more realistic overview of what savings and benefits may be achievable, enabling the tender process to begin with a fairly robust forecast of the expected benefits.

3. Secured

When bids / tenders are evaluated the decision to award a contract is based on a value judgment that indicates that the agreed contract will deliver certain benefits, as per the evaluation outcome. Once the contract is awarded, those benefits/savings are secured – that is, the contract will deliver them if it is managed, used and performs as expected.

4. Delivered

During the lifetime of the contract it is a key to ensure that the contract actually delivers the anticipated savings and benefits. Delivered savings are the most important savings as they are based on actual, bottom line savings that have impacted on the Council budget. Even if there have been challenges recording the savings before this stage, it is essential that this saving is recorded.

- 4.6 Any savings arising from procurement processes or contract management activity undertaken between January 2017 and March 2020 that is not already recorded as delivering against the North Yorkshire 2020 or Directorate 4% savings targets (as of January 1st 2017) are deemed procurement savings. Those savings delivered that are deemed cashable savings will count towards the £1.15 million procurement savings target.

- 4.7 As of June 2018 current 'Delivered' savings totaled £882,709.

Year	2020 Savings Target	Target	Forecast	Secured	Delivered	Total
2017/18	£300,000.00	£31,680.00	£1,000.00	£286,880.34	£111,212.87	£430,773.21
2018/19	£400,000.00	£718,600.00	£994,025.00	£131,764.00	£771,496.96	£2,615,885.96
2019/20	£450,000.00	£253,342.00	£134,000.00	£10,600.00	£0.00	£397,942.00
Total	£1,150,000.00	£1,003,622.00	£1,129,025.00	£429,244.34	£882,709.83	£3,444,601.17

- 4.8 There is a high degree of confidence in meeting the target by 2020. A process for removing the savings from budgets is being implemented to deliver the secured savings

into a specific savings budget code. This will be updated monthly to the 2020 Programme Board as the programme progresses.

5.0 RECOMMENDATIONS

5.1 Through the new Procurement and Contract Management Strategy we are committed to improving our approach to procurement and will continue to develop this approach over the next four years. We will ensure that our approach to procurement and contract management is appropriately commercial and our processes stand up to scrutiny and challenge.

Audit Committee are requested to:-

- a) Note progress on delivering the new procurement and contract management strategy
- b) Provide comments in order to further add value to the ongoing work on procurement, especially in relation to delivering the procurement and contract management strategy.

Gary Fielding
Corporate Director, Strategic Resources

Author of Report –

Kevin Draisey
Head of Procurement and Contract Management
07 June 2018

Appendix 1 – New Procurement and Contract Management Strategy Theme information



Theme 1 - Category Management

We have adopted a category management approach at NYCC, where logically segmented and related expenditure is grouped together objectively (data driven) to take advantage of better intelligence of our buying needs and of what supply chains have to offer. The categories are then managed through a continuous and systematic process in order to improve quality, savings and efficiency. This can lead to aggregation of demand where appropriate, and will determine why we buy what we do, how we buy it, from whom and with what results.

Category Management's close working relationship with service managers and commissioning colleagues is critical. Application of the overall process is mandatory but Senior Category Managers shall use their judgement in applying appropriate tools and techniques to develop a new flexible operating model based on better engagement and more effective planning of procurement activity. Category Sourcing Plans will be produced for each master category (People, Place, and Professional) that maps their future procurement activity and develops one to three year plans against which resources can be allocated and performance measured.

The desired outcome is to source more strategically, be more innovative and enable service managers and commissioners to get the most out of the market and supply chains. Data driven procurement is at the heart of our approach, and is summarised in our category management process.

We have adopted a category management approach, which starts with data from research, assessing needs and analysing options, through preparation of strategies, procurement, to mobilisation and contact management. This includes controlled contract exit management at the appropriate point. The overall aim of this approach is to ensure high quality outcomes and the very best value for money are achieved.

We will consult and engage with stakeholders throughout the procurement lifecycle, to ensure our procurements properly reflect need and opportunity, and take account of the wider context, including the council's plans and strategies, locality working and collaboration with others.

All master categories will work to common principles and rules, but strategies will be tailored to meet the needs of the specific sub category, reflecting the service area, stakeholder needs and the market place / supply chain, to ensure quality outcomes and value for money are achieved.

Theme 2 – Technology

Our commitment is to provide a modern and innovative procurement service, using the right technology and processes for our staff and our suppliers. This is vital in achieving our ambitions. We will lead on continuously reviewing our approach to ensure we respond to feedback, and develop the e-sourcing and e-purchasing systems we use.

A key element of our strategy is the use of our e-sourcing system YORtender, the e-sourcing procurement portal for the Yorkshire & Humber Region. We aim to ensure that we are using the systems full functionality to improve work processes for the Council and our Suppliers.

YORtender provides real benefits to all:

- A single procurement approach across the region
- A means to share, co-ordinate and collaborate on procurement exercises
- E-enabled for all to work smarter and to reduce procurement lead-times
- Suppliers can register their capabilities and interests in opportunities
- Suppliers receive email alerts of opportunities
- Immediate access to current opportunities
- News alert feature to communicate key information

E-purchasing is also integral to the overall success of procurement processes and involves the use of an electronic system/s to acquire and pay for supplies, services and works. The Council has recently invested in the Oracle iProc tool which offers e-purchasing, and Spend Analysis capability to assist in alleviating the pressures faced by operational buyers.

Ultimately, the aim is to enable many operational tasks in the Procure-to-Pay cycle to become electronic and / or self-service. The role of the Procurement and Contract Management service is to plan and source the contracts we buy from, including advice and oversight of the entire procurement cycle.

By further utilising e-sourcing and e-purchasing we aim to:

- reduce transaction costs;
- make processes more efficient;
- improve management information and visibility of spend;
- increase control and consistency of processes
- improve contract spend compliance.

Theme 3 – Policy and Process

We are responsible for optimising the statutory and legal boundaries of EU and UK Procurement Legislation to deliver the best processes and outcomes for the Council.

We will demonstrate clear ownership and accountability within our procurement activities, with structured governance, and assurance, to ensure clear, timely and auditable decision making. All procurement activity is accountable to the Corporate Procurement Board, chaired by the Corporate Director – Strategic Resources.

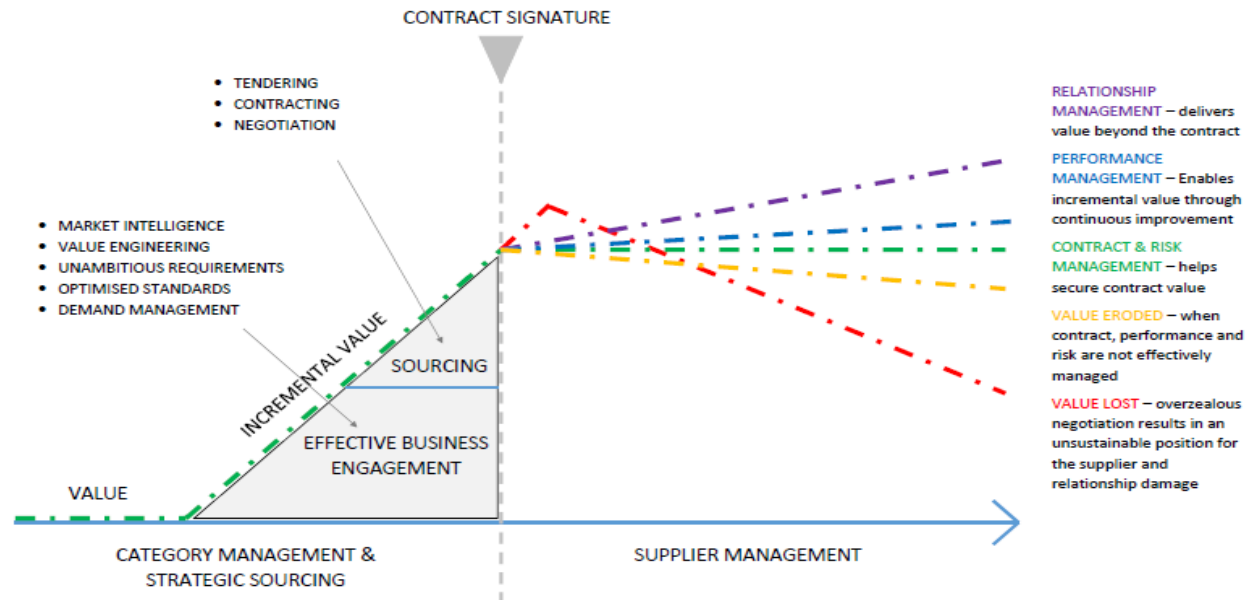
The Procurement and Contract Management Service will provide appropriate central support and challenge, ensuring lessons are learned and shared, in order to ensure continuous improvement in the council's procurement activities.

We will operate transparently, with a visible and accessible contracts register and forward procurement plans, robust management information, and clear bid and tender processes and documentation, to ensure a positive and professional relationship between the council and its procurement partners, and confidence in our approach from markets and the communities of North Yorkshire.

Theme 4 - Contract Management

Our ambition is to be recognised as a Contract Management leader in the public sector. We will aim to achieve this by delivering efficiencies, savings and service quality improvements through an assertive, proactive and consistent approach to supplier relationship and contract management.

There is a growing recognition of the need to improve contract management. It is often viewed as a bolt on or ceremonial role for service managers, who are either untrained or under resourced to deliver high quality contract management. There is an imbalance with the skills and resource suppliers allocate to managing contracts, which leave the public sector at a commercial disadvantage. This is shown in the diagram below:



In addition the need to satisfy increasing compliance and analytical requirements has also led to an increase in the adoption of more structured and complex contract management procedures. The need to improve contract management skills across the Council is clear.

The development of appropriate contract management processes and support from the Procurement and Contract Management service will enable a consistent approach to contract management to be embedded across the Council.

The NYCC contract management regime will include the management of risks such as contract management capability, contractor performance, changes in requirements, and stakeholder relationships. Where appropriate contract management plans will be utilised in order to ensure the value is created throughout life of the contract as per the graph below.

The council cannot rely on contract terms alone to ensure the performance and commitment that is needed thus we have to apply the best skills and capabilities to lead and manage our most critical commercial relationships.

Managing the relationship with a supplier is the responsibility of a nominated person with the time and effort allocated to the supplier reflecting the importance of the supplier to North Yorkshire County Council.

Contract managers responsibilities include:-

- Maintaining a comprehensive contracts register
- Ensuring contracts align with the business and offer value

- Ensuring contractual obligations are met by both parties
- Managing contracts throughout their lifecycle, including variations and extensions

The contract management team will segment contracts in relation to spend and criticality to the council and work with contract managers to assess and baseline contract management activities against industry best practice for strategic contracts.

Procurement will work with internal audit to identify shortfalls and create improvement plans to close contract management gaps.

A contract management practitioners group has been created to discuss best practice and confirm that the council's most critical supplier relationships are being base lined and are a priority with appropriate resource being available to manage them. It is important for contract management to work closely with business management, finance, procurement and legal services to ensure contracts are managed throughout their lifecycle. The practitioners group will identify those who are currently involved in contract management activities and where needed provide guidance and support as development needs emerge.

Contract management will seek to ensure that suppliers and their services are managed to ensure that the continuing quality and value for money is ensured. Contract managers within the business will ensure that effective contracts are in place, ensuring that the supplier delivers according to the terms, conditions and delivery targets contained within the contract. A key outcome that the business progresses with ensuring that the optimum value is achieved from the relationship with the supplier ideally in a collaborative manner building long-term relationships.

Theme 5 – People and Skills

We will look to invest in and develop the procurement skills and capacity of our staff, to ensure we are recognised nationally as the best local authority procurement and contract management service in the country

Our aim is to create within the service the combination of the right people, the right structure, and the right skills, aligned with career development opportunities and support. We will aim to attract, retain and motivate high-quality, skilled procurement commercial professionals where we are unable to develop from within.

Our staff will maintain and develop good skills in, strategic thinking with commercial acumen, along with operational and practical procurement expertise. They will be good relationship managers with the ability to influence, have good emotional intelligence and communication skills. This will help them be credible with stakeholders and suppliers.

They will know their supply markets, cost drivers and understand the regulatory environment in which they work. Investing in training and development programs for our staff will bring growth and succession planning to the service.

The Procurement and Contract Management service also has a wider role to play in the development of contract management and commercial skills across the Council, our partners and our customers. We are developing and delivering a high quality training offer to our customers and suppliers, including skills in tendering, maximising Social Value, and behaviours to enable improved contract management.

Theme 6 – Social Value

The Council has a responsibility to consider ways of taking account of social considerations in public procurement subject to compliance with the Regulations and the fundamental principles of procurement, such as transparency, integrity, economy, openness, fairness, competition and accountability

The Public Services (Social Value) Act places a requirement on the Council to consider how what is being procured may improve the economic, environmental and social well-being of North Yorkshire communities. It is essential to manage the risks of procurement, balancing compliance and control to deliver the potential to innovate and achieve more significant savings and social outcomes.

Economic considerations are about the contribution to the local economy, retaining, recirculating and leveraging funds in the neighbourhoods of North Yorkshire.

Delivering economic growth and supporting the creation of new jobs is a fundamental objective of the Council.

As a Council we want to grow our local economy and encourage local engagement in procurement activity where possible. It is recognised that the private and voluntary sector are important to our local economy and we need them to see Council contracts in a positive way and want to do business with us.

We will help facilitate this by running “Meet the Buyer” events to encourage companies to engage with and understand how to do business with the Council. This will enable suppliers to ask questions about what the Council is trying to achieve with its procurement approaches which will build relationships with our potential suppliers.

Conducting pre procurement ‘Discovery’ events on larger value contracts working with suppliers to understand the current thoughts on both project and procurement options will help drive innovation and support commissioning plans.

Appendix 2 – Procurement and Contract Management Strategy Action Plan

Theme	Action	Target Date	Lead Officer	Target Outcome	Review
Category Management	Research				
	Maximise the use of intelligence around supplier, market, service design and demand, developing the insight we provide to include forecasting	March 2018	Senior Category Managers	<p>Category strategies will add value to customers by bringing knowledge and understanding of an area of spend; including market expertise, cost and price factors, supply chain pressures and options for models of delivery. Data and intelligence will be used to inform the thinking and decision making which will lead to improved outcomes on projects.</p> <p>Staff will have access to the tools, development and support needed to deliver high quality category strategies, including timely, useful and user friendly intelligence and data.</p> <p>Percentage spend covered by category strategies.</p>	<p>Maximise the use of intelligence around supplier, market, service design and demand, developing the insight we provide to include forecasting.</p> <p>Annually.</p>
	Minimise the mis-categorisation within the prime data source, Oracle Financials	September 2018	Senior Category Managers	Establish value of errors within the Master categories and target key values, contracts and suppliers and prioritise remainder.	Annually.
	Analysis,				
	Standardise the creation and use of analytical tools	December 2018	Senior Category Managers	Identify from within the suite of SWOT, PESTLE, Porter's Competitive Analysis, Pareto, Kraljic Dutch Windmill, Marimeko the most appropriate templates and methods for populating from the prime data source extract.	Models evidenced, as appropriate, in Gate reports. Quarterly.
	Strategy				
	Develop and deliver innovative and meaningful category sourcing strategies across all master categories of spend to an agreed timetable	February 2018	Senior Category Managers	<p>Category strategies will support and complement the commissioning strategies and service plans of our customers and help shape and inform future planning. Stakeholders will actively participate in development of strategies that will identify a richer choice of strategic options for delivery.</p> <p>Procurement staff will be involved in business planning, with an increasingly complex facilitation</p>	Develop and deliver innovative and meaningful category sourcing strategies across all master categories of spend to an agreed timetable.

Theme	Action	Target Date	Lead Officer	Target Outcome	Review
				role across departments, services, the Council's companies and organisations. Staff will be enabled to broaden their category knowledge and develop their professional expertise by working across different service areas.	
	The Council identifies strategic outcomes in relation to assessed user needs, and design and secure appropriate services to deliver these outcomes	By 2020	Senior Category Managers	Procurement is seen as a key part of multifunctional teams delivering commissioning outcomes. Bringing Category Management to life by making integral to intelligence development of service delivery.	Annually.
	The Council better understands and manages demand through the commissioning process to better target services efficiently and effectively	By 2020	Head of Procurement	Demand Management is seen as a key commissioning activity.	
	The quick wins identified and taken into action by the service area	December 2018	Senior Category Managers	From the agreed Category Sourcing Plans (CSP), the quick wins are actioned and benefits captured and reported on within the version 2 of the CSP. Medium and long term actions are followed through.	Annually.
	Procurement				
	Deliver additional £1.1M of savings by 2020	April 2020	Head of Procurement	Monthly review of tracker for savings	Deliver additional £1.1M of savings by 2020.
	Identify cross dependencies across the Master categories with an expectation to reduce number of sole category provision	April 2019	Senior Category Managers	Working within Strategy workstreams development of user friendly, self-service resource planner bringing intelligence for pre-emptive stakeholder discussion.	Annually
	Manage				
	Review our procurement Structure to ensure it aligns with the needs of the business and	May 2018	Head of Procurement	Efficient and effective team that works alongside the commissioners, providing a consistent approach in the delivery of the business needs	Annually

Theme	Action	Target Date	Lead Officer	Target Outcome	Review
	delivery of the strategy				
	Create a performance dashboard	April 2018	Head of Procurement	On-going	Quarterly
	Influence respective Boards with the direction category management can take the future delivery of Council visions forward	January 2019	Senior Category Managers	Introduce as a standard agenda item across all procurement and contract and supplier relationship management meets, a <i>category management moment</i>	Annually
Technology	P2P				
	<ul style="list-style-type: none"> Support the roll out of the P2P process to enable more efficient requisitioning and ordering. Link and support with the P2P Project Board. 	April 2019	Head of Procurement	- Actions in line with P2P Project Board	December 2018
	<ul style="list-style-type: none"> Ensure that all appropriate commodity based contracts are provided in correct Oracle iProc compliant catalogues format. Catalogues are provided and uploaded to oracle iProc. 	April 2022	Contract Manager	- Corporate contracts and other appropriate contracts are reviewed for catalogue/punch out functionality	Annual Review
	<ul style="list-style-type: none"> Support P2P related projects <ul style="list-style-type: none"> Paperless invoicing YPO Interface Punch out 	December 2018 April 2019 (Paperless)	Head of Procurement	<ul style="list-style-type: none"> Continued support in relation to the projects going forward. Demonstrating process savings via P2P sub projects such as Paperless Invoicing. 	September 2018
	Procurement Dashboards / Data				
	<ul style="list-style-type: none"> Create bespoke Oracle procurement 	June 2018	Contract Manager	- Dashboards created and used by P&CM team.	June 2018

Theme	Action	Target Date	Lead Officer	Target Outcome	Review
	reports to deliver intelligence on workflow, category spend and payment performance.				
	<ul style="list-style-type: none"> Review Porge requirements 	September 2018	Head of Procurement	<ul style="list-style-type: none"> Development and presentation of a business case that demonstrates if the system offers additional information. 	September 2018
	YORtender				
	<ul style="list-style-type: none"> Review functionality and use of YORtender against other Authorities Involvement in regional procurement project for eSourcing System. 	December 2019 December 2020 (RUG)	Senior Category Procurement Officer	<ul style="list-style-type: none"> Ensure NYCC are using functionality that is available. Regional system is appropriate and fit for purpose. 	Quarterly review
	<ul style="list-style-type: none"> Review online evaluation functionality 	December 2019	Senior Category Procurement Officer	<ul style="list-style-type: none"> Provide different levels of online evaluation questionnaires events 	Quarterly review
	<ul style="list-style-type: none"> Train and Set-up evaluators 	December 2019	Senior Category Procurement Officer	<ul style="list-style-type: none"> Ensure all evaluators are trained in the use of online evaluation Approved evaluators add to the system with evaluator rights only 	Quarterly review
	<ul style="list-style-type: none"> YORtender housekeeping <ul style="list-style-type: none"> First purge – September 2018 Ongoing work - April 2022 	April 2022	Senior Category Procurement Officer	<ul style="list-style-type: none"> All records are actioned, completed and pushed to contract register within a reasonable amount of time. 	September 2018
	<ul style="list-style-type: none"> YORtender administration 	April 2019	Senior Category Procurement Officer	<ul style="list-style-type: none"> Workflow and events are reviewed to ensure most efficient processes. 	December 2018

Theme	Action	Target Date	Lead Officer	Target Outcome	Review
	<ul style="list-style-type: none"> Fully electronic Contracts Register via YORtender. 	April 2019	Contract Manager	<ul style="list-style-type: none"> All YORtender records are actioned and awarded timely. Current MS Excel spreadsheet is archived for full YORtender record. 	December 2018
	Signing contracts				
	<ul style="list-style-type: none"> Contracts are chased for updates and completed within a reasonable time period. 	April 2022	Category Procurement Officers	<ul style="list-style-type: none"> Contracts are completed timely closing down the procurement process. 	Monthly
	Storage of Contracts				
	<ul style="list-style-type: none"> Review current options for storage of contracts electronically 	September 2019	Contract Manager	<ul style="list-style-type: none"> Options appraisal on the different systems with the group agreeing one route. 	April 2019
	<ul style="list-style-type: none"> Contracts collated and filed appropriately 	December 2019	Senior Category Procurement Officer	<ul style="list-style-type: none"> A clear process on how and where contracts are stored and accessed. 	September 2019
	Reporting tools				
	<ul style="list-style-type: none"> Consider Contract Management System option 	December 2019	Contract Manager	<ul style="list-style-type: none"> Options appraisal on Contract Management system capabilities Consider combining Digital Signatures and Storage of Contracts into one system 	September 2019
	<ul style="list-style-type: none"> Project vision / allocation of resource to projects. <ul style="list-style-type: none"> LO to liaise with People & Skills Theme for progress. 	December 2018	Senior Category Procurement Officer	<ul style="list-style-type: none"> Procurement projects are allocated and resources recorded against projects to review capacity. 	September 2018

Theme	Action	Target Date	Lead Officer	Target Outcome	Review
	<ul style="list-style-type: none"> Reporting tools - general 	April 2022	Senior Category Procurement Officer	<ul style="list-style-type: none"> KPIs and general monitoring completed by standardised reporting tools. 	Quarterly
Policy and Processes	Seek to reduce barriers to doing business with the council without compromising due process.	April 2022	Head of Procurement	<p>Procurement processes reviewed to reduce unnecessary barriers to participation for SME's and VCSE's.</p> <p>Feedback from suppliers will inform and lead to improvements.</p> <p>The council will offer appropriate assistance and advice with bid writing / advising on the process through market engagement and specific bid events.</p> <p>We will undertake targeting and appropriate market engagement throughout the year.</p> <p>We will expand the functionality of YORtender i.e. ability for suppliers to upload generic quality data (insurance, accounts, etc) to simplify the process.</p>	Annually – feedback from suppliers will inform if we are making improvements.
	Review our procurement processes and Contract Procedure Rules (CPRs) to deliver the best processes and outcomes .	<p>April 2019</p> <p>February 2019</p> <p>April 2020</p>	Head of Procurement	<p>Review the CPRs to deliver an improved commercial approach to procurement and contract management, ensuring alignment to Public Contract Regulations (PCRs) 2015.</p> <p>Review and develop a standard suite of contract terms and conditions.</p> <p>Review all standard procurement documentation:</p> <ul style="list-style-type: none"> Procurement manual Tender / bid documentation Evaluation models Gateway template Letter templates Contract variations / extension / termination 	<p>Annually – next review due April 2019</p> <p>Monthly</p> <p>Monthly</p>

Theme	Action	Target Date	Lead Officer	Target Outcome	Review
				<p>template</p> <p>All documentation to ensure risk, contract management and social value are adequately addressed.</p> <p>This action will lead to a reduction in barriers to doing business with the council without compromising due process.</p>	
	Seek to ensure wider understanding of the principles of procurement within the council and engagement of the market to raise awareness.	April 2020	Head of Procurement	<p>Market engagement events will be utilised to raise awareness with suppliers / Providers. Market engagement surveys will be used in order to determine the impact of the events.</p> <p>Providing data routinely (i.e. contracts registers, forward procurement plans) will ensure improved transparency of information and opportunities to work with the council. The effectiveness of this will be measured through supplier feedback.</p> <p>An appropriate training / education piece will be rolled out through market engagements, director management teams (DMTs), service teams and other appropriate forums to raise awareness. The key messages will be tailored accordingly to engage.</p>	<p>Annually – feedback from suppliers will inform if we are making improvements.</p> <p>Quarterly</p> <p>Annually</p>
	The Procurement and Contract Management team advise client teams on the appropriate procedural routes, optimising the statutory and legal boundaries of Procurement Legislation in order to achieve required outcomes.	On-going	Head of Procurement	<p>Implications of the PCRs 2015 are understood and opportunities exploited. Learning and outcomes shared.</p> <p>We will capture the different routes to market i.e. open, restricted, light touch regime (LTR) in order to see how we are using different methods. The feedback from lessons learnt will help inform whether the chosen route was correct.</p>	Annually /Quarterly
	Lessons are learnt and shared , in order to	On-going	Head of Procurement	Lessons learnt template developed and	May 2018

Theme	Action	Target Date	Lead Officer	Target Outcome	Review
	evidence and achieve continuous improvement in procurement activities .			implemented. – May 2018. Inform and share best practice and areas for improvement through lessons learnt.	Review lesson learnt feedback via PAB Quarterly.
	Clear ownership and accountability is evidenced within procurement activities , resulting in transparent and auditable decision making .	July 2018	Head of Procurement	The CPRs ensure the approvals process is standardised and consistent, whilst still offering flexibility. Scheme of delegation in place for each master category area – reviewed annually with the DMTs. Initial schemes of delegation to be complete by July 2018.	Annually Annually reviewed
	Procurement EU thresholds reviewed and internal governance amended accordingly.	January 2018	Head of Procurement	EU procurement thresholds for goods, works and services are amended bi-annually. Associated internal governance must be amended in a timely fashion to reflect this and ensure compliance.	Bi-annually reviewed.
	Procurement Policy Notes (PPNs) are reviewed and impact assessed in order to understand implications on the council and actioned as appropriate.	On-going	Head of Procurement	PPN template developed and implemented. – February 2018 . PPNs are reviewed in a timely manner and the actioned. The wider procurement and contract management team are briefed and understand the implications.	February 2018 – review that template in use.
	PAS 91 available for use in Works procurements, where appropriate.	April 2018	Head of Procurement	PAS 91 is formatted in the council standard template and available for use in Works procurements, where appropriate.	April 2018
	Understand and implement the required actions associated with the European Single Procurement Document being electronic by	October 2018	Head of Procurement	European Commission provide free web-service to complete. https://ec.europa.eu/tools/espd/filter?lang=en	October 2018

Theme	Action	Target Date	Lead Officer	Target Outcome	Review
	October 2018.				
	Transparent information available to the market, with a visible contracts register and forward procurement plans .	July 2018 - on-going thereafter.	CM (contracts register) Head of Procurement (forward procurement plans).	Contracts register and forward procurement plans published quarterly by the Procurement and Contract Management Service.	Quarterly
	Understand and implement the required actions associated with the General Data Protection Regulation (GDPR).	May 2019 – all GDPR	Head of Procurement	Notify the council's suppliers impacted by the changes. Ensure relevant contracts are reviewed and varied as appropriate to mitigate risk. Ensure standard contract documentation and procurement templates take account of required changes to reflect GDPR requirements.	Review progress monthly.
	Horizon scanning identifies forthcoming changes to regulations to support and enable policy and process changes.	On-going	Head of Procurement	Horizon scanning is routinely undertaken to ensure identification of changes to policy and process in a timely manner. Through Horizon scanning the Procurement and Contract Management Service will maintain up to date knowledge and understanding of implications associated with Brexit.	Review through weekly updates email. Category Sourcing Plans. On-going
Contract Management	A contract and supplier management framework will be implemented across all strategic and critical suppliers by the end of 2018/19	March 2019	Contract Manager	Customers will be supported by specialised knowledge of contract management team and category specialists Clear roles and responsibilities for supplier and contract management Links to Category Management	July 2018
	Agree an annual plan of categorisation of strategic and critical suppliers	June 2018	Contract Manager	All stakeholders are clear in understanding the appropriate amount of contract management resource Links to Category Management	September 2018
	Where appropriate, the framework will be implemented beyond	December 2019	Contract Manager	Efficiencies, improvements and savings will be delivered through contract and supplier relationship management	September 2018

Theme	Action	Target Date	Lead Officer	Target Outcome	Review
	strategic and critical suppliers to extend the achievement of savings, service quality and efficiency benefits			Higher levels of performance will increase the reputation of both the team and the Council Links to Category Management	
	Create a Contract Management Practitioner Group to facilitate ongoing improvements in our approach to contract and supplier management.	March 2018	Contract Manager	Creates a robust & consistent approach to contract management across the Council Highlight the various levels of training required for the different types of contracts (e.g. Non-critical, leverage, bottleneck and strategic) This will facilitate ongoing improvements in our approach to contract and supplier management Problem solving sessions across the Council for various contract management activities Suppliers will benefit from open and structured relationships Links to People	May 2018
	The Council is more assertive and influential with suppliers through taking a more commercial approach to procurement and contract management.	April 2020	Contract Manager	Behaviours and partnership working considered as part of tender evaluations where appropriate. Links to Category Management	April 2019
	Ensure relevant staff, suppliers, partners and stakeholders are aware of the contract management strategy and understand how it relates to them particularly in relation to the council's saving's programme and continuous improvements	December 2019	Contract Manager	All the Council's contract managers are appropriately engaged Links to Category Management	July 2019
	Ensure that the appropriate Service	September 2018	Contract Manager	Increased engagement throughout the Council Links to Communication	July 2018

Theme	Action	Target Date	Lead Officer	Target Outcome	Review
	delivery teams are actively represented on the council's Contract Management Practitioner's group				
	Continue to develop training/awareness programmes in terms of up-skilling the council's contract managers	December 2018	Contract Manager	Continuous professional development for people Links to People	September 2018
	Educate, train and encourage internal purchasers to review their consumption of goods and services (demand management), reduce usage and adopt the mantra 'fitness for purpose'	April 2020	Contract Manager	Reduced requirements leading to savings Links to People	September 2019
	Maintain and improve the knowledge of staff, suppliers, partners and stakeholders to ensure that the Aims and Principles of the contract management strategy are embedded and continuously reviewed to reflect emerging good practice	April 2010	Contract Manager	Increased collaborative working Links to Communication	April 2019
	Contract Managers identified for all contracts along with standard training requirements & mandatory requirements	April 2019	Contract Manager	A database of all contracts with the appropriate contract manager details Training levels required for the requirement of the contract (e.g. Non-critical, leverage, bottleneck and strategic) All contract managers trained to the required levels identified for all the contracts they manage. Links to People	December 2018

Theme	Action	Target Date	Lead Officer	Target Outcome	Review
	Supplier Rationalisation - Review the existing portfolio and determine if there is cross over or over specification which is resulting in multiple supplier contracts.	September 2019	Contract Manager	Reduce duplication of contracts Improve economies of scale by standardising requirement Links to Category Management	December 2018
	Centralised Contract Management System	April 2020	Contract Manager	Options appraisal of contract management systems to determine add value Links to Technology Theme	September 2019
People and Skills	BEHAVIOURS AND PERFORMANCE Encourage and embed high performance and positive behaviours in all we do.	Ongoing	Head of Procurement	Staff act in accordance with the Council's corporate behaviours framework, delivering the required outcomes of excellent customer service, high performance and continuous improvement. Evidenced through customer satisfaction survey ratings and performance data.	Quarterly
		Ongoing	Head of Procurement	Appropriate individual and team performance management mechanisms are in place, recognising the right behaviours as well as outcomes. Evidenced in 1-2-1s, staff appraisals, team meetings and developing performance plans.	Quarterly
		April 2019	Head of Procurement	We have a clear understanding and shared agreement of our team culture, where we are now and where we want to be. We will develop a set of clearly defined metrics to track and manage our culture, focussed on enhancing the culture to improve overall performance. Evidenced through review of progress against the agreed metrics.	Quarterly
		April 2019	Head of Procurement	We have a clearly defined leadership brand, values and behaviours. We have clear linkages between our core values, management practices, and performance and culture metrics. The leadership team role model these values and behaviours and communicate them consistently. Evidenced through 1-2-1s, staff appraisals, team meetings and staff survey feedback.	August 2018
	STAFF Attract, retain and motivate	Ongoing	Head of Procurement	We attract, develop and retain the very best procurement staff with the professional, personal and technical skills to	Annually

Theme	Action	Target Date	Lead Officer	Target Outcome	Review
	high-quality, skilled procurement commercial professionals.			be a success in their roles. Evidenced by response rate to recruitment opportunities and staff retention rates.	
		Ongoing	Head of Procurement	We attract, develop and retain the very best procurement staff with the professional, personal and technical skills to be a success in their roles. Evidenced by response rate to recruitment opportunities and staff retention rates.	Annually
		Ongoing	Head of Procurement	Internal career development is encouraged at all levels. Development targets are captured and reviewed in 1-2-1s, and staff appraisals.	Quarterly
		Ongoing	Head of Procurement	Staff feel valued not only for the role they do and the contribution they make, but also for themselves as individuals. Evidenced through 1-2-1s, staff appraisals, team meetings and staff survey feedback.	Quarterly
		August 2019	Head of Procurement	Results of staff surveys reflect how our staff feel and provide opportunity for discussion and continuous improvement. Evidenced through 1-2-1s, staff appraisals, team meetings and staff survey feedback.	September 2018
	TRAINING Provide staff with the tools and knowledge to carry out their roles effectively.	Ongoing	Head of Procurement	We undertake regular training needs analyses, capturing the professional, personal and technical skills of our staff.	November 2018
		Ongoing	Head of Procurement	We promote and support professional training opportunities and continuing professional development, including CIPS.	December 2018
		December 2019	Head of Procurement	Our internal training offering and supporting material is developed and regularly reviewed to improve the procurement skills and capability of our team.	December 2018
		April 2020	Head of Procurement	Our training offering for Council officers and supporting materials are developed and regularly reviewed.	December 2018
	DEVELOPMENT Implement a development plan to train, coach and mentor our staff.	Ongoing	Head of Procurement	Staff feel they have the opportunity to develop and progress both personally and professionally. Evidenced through 1-2-1s, staff appraisals, team meetings and staff survey feedback.	Quarterly
		April 2019	Head of Procurement	Opportunities are available to develop practical skills in procurement and contract management through training,	December 2018

Theme	Action	Target Date	Lead Officer	Target Outcome	Review
				work shadowing and mentoring activity. The results of training are reflected through peer feedback, tangible outcomes, and improved performance.	
		Ongoing	Head of Procurement	All appraisals are agreed between staff and managers to capture the approach for development for that individual. Staff are active in shaping their own development to meet business needs. Evidenced through annual appraisals and six monthly reviews.	April 2018
		April 2022	Head of Procurement	We engage with other local authorities and organisations which provide scope for knowledge transfer and efficiency through working together, for example via regional procurement groups. <i>Links to Policy & Process.</i>	August 2018
		Ongoing	Head of Procurement	We learn lessons from procurement activities undertaken and continually develop and improve best practice. <i>Links to Policy & Process.</i>	Quarterly
	RESOURCE Effectively manage our resource against the required workload.	April 2019	Senior Category Procurement Officer	We capture resource data that is accurate and useful. Effective use of resource results in increased expertise, capacity and efficiency. Evidenced via an operational resource and performance dashboard, to allow us to record, control and manage the portfolio of procurement projects. To include the number and value of procurement projects (Regional Benchmarking Indicators). <i>Links to Technology</i>	September 2018
		June 2019	Senior Category Procurement Officer	We use project management and time recording solutions (for example Project Vision) effectively, to allow for better decision making supported by business intelligence. <i>Links to Technology</i>	June 2018
	COMMERCIALISM Explore commercial opportunities and increase the commercial awareness of procurement staff.	Ongoing	Head of Procurement	Staff are involved in a varied and challenging portfolio of projects to develop commercial skills. Evidenced through the performance dashboard and 1-2-1 discussions.	Quarterly
		April 2020	Head of Procurement	Our customers have strong commercial support to help shape, develop and challenge thinking around how to maximise income and models of delivery where appropriate.	September 2018

Theme	Action	Target Date	Lead Officer	Target Outcome	Review
				Evidenced through customer survey responses.	
		Ongoing	Procurement Business Partner	Commercial and income generation opportunities are explored and shared across the service.	Quarterly
Social Value	Set out a clear position regarding Social Value with policies and procedures in place to gain maximum value from procurement and contract management through inclusion of environmental and social value criteria for goods and services.	July 2018	Social Value Lead	We learn from other authorities and identify best practice in relation to Social Value.	July 2018
		July 2018	Social Value Lead	We can demonstrate examples/case studies of Social Value in practice within the Council and within other authorities.	July 2018
		December 2018	Social Value Lead	We have identified elements of the Council Plan as objectives which could be delivered through Social Value	December 2018
		July 2018	Social Value Lead	Existing policies and processes in relation to Social Value have been reviewed.	July 2018
		March 2019	Social Value Lead	Policies and procedures have been amended to raise the profile of Social Value and to maximise the Social Value that can be gained from procurement and contract management. (linked to Policy and Process theme)	March 2019
		March 2019	Social Value Lead	We have explored the flexibility in procurement processes such as the Light Touch regime to maximise the Social Value. (linked to Policy and Process theme)	March 2019
	Implement mechanisms for identifying, monitoring and measuring Social Value, which allow us to be open and transparent about the benefits achieved and the cost of	December 2018	Social Value Lead	Examples of Social Value already being delivered are reviewed and evidenced	December 2018
		March 2019	Social Value Lead	We are clear in our procurement documents about our Social Value requirements and expectations making them easy to understand and respond to.	Ongoing from March 2019
		March 2019	Social Value	Social value is included in the evaluation of tenders,	Ongoing from

Theme	Action	Target Date	Lead Officer	Target Outcome	Review
	delivery.		Lead	where appropriate.	March 2019
		March 2019	Social Value Lead	Social value is measured through effective contract management. (linked to Contract Management themes)	Ongoing from March 2019
		December 2018	Social Value Lead	Performance against KPIs is measured to determine a baseline position.	December 2018
		March 2019	Social Value Lead	KPI targets are set as to drive continuous improvement	March 2019
		March 2019	Social Value Lead	Performance is measured and reviewed against KPIs	Ongoing
	Raise awareness of Social Value and the opportunities available to internal stakeholders	July 2018	Social Value Lead	Develop and maintain Social Value expertise within the Procurement and Contract Management team. (linked to People and Skills theme)	July 2018 and reviewed annually
		December 2018	Social Value Lead	Spread knowledge and awareness among team through training/briefing sessions. (linked to People and Skills theme)	December 2018 and reviewed annually
		December 2018	Social Value Lead	A Social Value toolkit is available to assist commissioners and procurers to maximise Social Value. (linked to Policy and Process theme)	December 2018
		December 2018	Social Value Lead	The benefits of Social Value are demonstrated through sharing best practice and case study examples and/or workshops. (linked to Communication theme)	December 2018
		March 2019	Social Value Lead	Commissioners will be encouraged to consider Social Value as part of the service design process.	March 2019
	Engage with suppliers to raise awareness of	December 2018	Social Value Lead	Potential suppliers are encouraged to think about Social Value through Meet the Buyer events.	Ongoing from December 2018

Theme	Action	Target Date	Lead Officer	Target Outcome	Review
	economic, environmental and social well-being requirements which need to be factored into future contracts as appropriate.			(linked to Communication sub-theme)	
		December 2018	Social Value Lead	The benefits of Social Value are demonstrated through sharing best practice and case study examples (linked to Communication sub-theme)	Ongoing from December 2018
		March 2019	Social Value Lead	We explore the capability of suppliers to deliver social benefits through early market engagement. Results of engagement with the market is used to produce technical specifications, which align with the capabilities of suppliers and incorporate achievable social benefits.	Ongoing from March 2019
	The Council increases it's spend with local suppliers, SMEs and VCSEs across all categories.	December 2018	Social Value Lead	Local suppliers, SMEs and VCSEs are acknowledged as a key part of our supply chain and are encouraged to take part in Meet the Buyer events.	Ongoing from December 2018
		March 2019	Social Value Lead	Local suppliers, SMEs and VCSEs are targeted as part of discovery/market engagement events where possible.	Ongoing from March 2019
		October 2018	Social Value Lead	Contracts are split into lots to provide local suppliers, SMEs and VCSEs with opportunities, where possible.	Ongoing from October 2018
		March 2019	Social Value Lead	Where possible procurement processes are simplified to make it easier for local suppliers, SMEs and VCSEs to take part. Local suppliers, SMEs and VCSEs are supported to bid for opportunities with clear guidance and/or training sessions. (linked to Policy and Process theme)	Ongoing from March 2019
		October 2019	Social Value Lead	We encourage suppliers to have local presence and work towards employing local employees and volunteers, to engage with other local organisations/volunteer groups and to use local products and suppliers.	Ongoing from October 2019

Theme	Action	Target Date	Lead Officer	Target Outcome	Review
		March 2019	Social Value Lead	The percentage of spend through local suppliers, SMEs and VCSEs is increased.	Annually
	The Council develops local supply chains in sectors that will deliver the biggest impact on economic growth, including employment and skills opportunities.	March 2020	Social Value Lead	The Council engages and understands its local supply chains. It can identify where there are opportunities to impact on economic growth, including employment and skills opportunities	March 2020
		March 2020	Social Value Lead	There is an increase in the number of Jobs and training opportunities including number of apprenticeships and work placements are created via our supplier base for people in North Yorkshire.	Annually
	The Council improves the social well-being of individuals and neighbourhoods in North Yorkshire	October 2018	Social Value Lead	The Council engages, consults and co-produces services with individuals and neighbourhoods to result in services which meet their requirements.	Ongoing from October 2018
		March 2019	Social Value Lead	The Council encourages suppliers to provide opportunities for all to contribute through volunteering.	Ongoing from March 2019
		March 2019	Social Value Lead	Increased provision of facilities and resources for the individuals and neighbourhoods in North Yorkshire community.	Ongoing from March 2019
		March 2019	Social Value Lead	The Council improves the public health and well-being of its residents through procurement and contract management.	Ongoing from March 2019
	The Council reduces waste by making sustainable choices when procuring products and services, helping	March 2019	Social Value Lead	Procurement activities encourage a more efficient use of resources by minimising waste and reducing energy and fuel consumption in service delivery. Opportunities for sustainable procurement choices included in procurement processes where	Ongoing from March 2019

Theme	Action	Target Date	Lead Officer	Target Outcome	Review
	them to cut costs, and meet social economic and environmental objectives			proportionate and relevant.	
		March 2019	Social Value Lead	The Council encourages greener service delivery through specifications and evaluation criteria.	Ongoing from March 2019

NORTH YORKSHIRE COUNTY COUNCIL

AUDIT COMMITTEE

21 June 2018

RISK MANAGEMENT – PROGRESS REPORT

Report of the Corporate Director – Strategic Resources

1.0 PURPOSE OF THE REPORT

- 1.1 To receive details of the updated Corporate Risk Register.
- 1.2 To note progress on other Risk Management related matters

2.0 BACKGROUND

- 2.1 According to the Terms of Reference of the Audit Committee, its role in risk management is:
 - (i) to assess the effectiveness of the authority's risk management arrangements and
 - (ii) to review progress on the implementation of risk management throughout the authority.
- 2.2 Following a recommendation by this Committee, the Leader of the County Council and the Executive Member for Central Services formally approved a revised Corporate Risk Management Policy in March 2015 with a provision that it will be reviewed and updated every three years.
- 2.3 Regular reports to this Committee therefore cover the implementation of the Policy and associated Strategy as well as other related risk management matters in order to fulfill this role.

3.0 CORPORATE RISK REGISTER

- 3.1 The Corporate Risk Register (CRR) is fully reviewed every year and updated by the Chief Executive and Management Board in September/October. A six monthly review is then carried out in March/May.
- 3.2 A 6 monthly update of the Corporate Risk Register was carried out in April/May – see attached at **Appendix A**. This involved reviewing the risks, risk controls and risk reductions that had been identified for each of the risks and making amendments to the Register where necessary.
- 3.3 There are no changes to the risks considered within the register. The significant amendments that were made to the risks themselves are as follows:

- 2020 North Yorkshire Programme and beyond – as we are moving towards 2020 it is important to consider and agree how to address ongoing savings beyond 2020. As well as the work that is presently being carried out, a new action has been added to reflect ‘beyond 2020’ and ensure that plans are progressed in a timely manner.
- Funding Challenges – this risk is linked to the 2020 NY Change Programme risk above and as well as this Programme and the commercial companies, North Yorkshire Education Services are pushing ahead with a business plan to bring in income which will assist in the delivery of services. We will also continue to lobby Government for additional social care funding.
- Information Governance – work is progressing well to ensure compliance with the General Data Protection Regulations. As well as this challenging work, measures continue to be taken to ensure information is secure from cyber attacks and transferred securely.
- Partnership and Integration with the NHS – this risk has slightly changed its approach. It now looks further into how we need to work with Health Partners to maximise integration across the County Council footprint and ensure a better customer experience. Previously we were concentrating on the development and implementation of integration plans with the CCGs. The goal is to provide fully integrated services that break down organisational and psychological barriers to reduce complexity, inefficiency and risk to customers. As well as all the actions currently being carried out by the Children’s and Young People’s Service and the Health and Adult Services, a new action has been added to ‘Actively work with Partners on a new way for the health system to work in North Yorkshire’.
- Safeguarding Arrangements – regular updates are being provided to the Health and Adult Services Leadership team on the preparation and implementation of the new policy and procedures on Safeguarding, which are required to come into effect by April 2019. Training was provided to Elected Members in 2017 and an additional session has been planned. Training for staff and Partners needs to be reviewed and delivered by April 2019.
- Commercial Strategy – the controls and actions for this risk are moving on a pace. The Commercial Strategy has been finalised and communicated to stakeholders including staff; the Brierley Group performance reports have been produced and presented to the Shareholder Sub Committee of Executive and Shareholder Board; the selection criteria to win bids for commercial opportunities has been determined. Work continues on the strategy for North Yorkshire Education Services and investing in commercial opportunities where appropriate.

3.4 To assist Members interpret **Appendix A**

- Risks are identified by Management Board during a prep meeting and further discussion
- Each risk has then to be ranked based on the following:
 - existing risk controls in place
 - probability of the risk occurring (based on existing controls)
 - impact of the risk occurring (based on existing controls)
 - further risk controls which may reduce current probability or impact

- The prioritisation system follows a fairly traditional risk evaluation approach in that the **probability** and **severity** of risks is measured using High, Medium and Low categories
- However, to facilitate the assessment of the severity of each risk this is done in relation to 4 distinct **impact areas**:-
 - failure to meet key **service objectives** and standards – reflecting current service plans
 - **financial** impact
 - **service** delivery
 - loss of image or **reputation**

As each risk is ranked with reference to current controls and then future controls, the risk prioritisation system can compute a “score” in the range of 1 to 5

- 1 and 2 being a ‘red’ risk
- 3 and 4 being an ‘amber’ risk and
- 5 being a ‘green’ risk

One of the key things to look for in the Register is the movement of the score (described as Classification on the summary in **Appendix A**) as between the ‘Pre’ (i.e. present stage) and ‘Post’ (i.e. after risk mitigations are in place). For certain risks, however, this does not change as the risk mitigations cannot prevent the event (e.g. severe flood) but can address/reduce its impact.

4.0 ADDITIONAL RISK PRIORITISATION EXERCISES

4.1 As well as the bi-annual update of Corporate, Directorate and Service risk registers, additional workshops are also carried out to develop risk registers for specific areas of activity in the County Council. At this time these include:

- The Allerton Waste Recovery Park (AWRP) near Knaresborough which is now fully operational following a rigorous testing period. A risk register has been developed for ‘Operations’ and includes risks such as partnership working, finance, communications, and governance and contract management.
- Middle Deepdale School – a risk register has been developed to support a proposed new school which forms part of a residential housing development at Middle Deepdale in Scarborough. Initially the school was to be designed and built by the housing developer as part of an arrangement with Scarborough Borough Council. However, due to various legal and financial policy requirements, the proposed new school is now to be designed and built by NYCC through its design consultancy arrangements and procurement frameworks. Initial key risks identified include procurement, planning, budget, and engagement with developers, community and the existing school.

- Tour de Yorkshire - this register was developed this year for the 4th time, and again assisted in going through the planning of the event. It looked at risks such as partnership working, expectation management and engagement, communications and project management and programming. As we know the event was once again very successful.

5.0 RECOMMENDATIONS

That the Committee:

- (i) notes the updated Corporate Risk Register (**Appendix A**).
- (ii) notes the position on other Risk Management related matters

GARY FIELDING

Corporate Director – Strategic Resources

County Hall, Northallerton

June 2018

Author of report: Fiona Sowerby, Corporate Risk and Insurance Manager

Tel 01609 532400

Background papers: None

Corporate Risk Register

Appendix 1

Risk Register: month 6 (April 2018) – summary

Next Review Due: November 2018

Report Date: 14th May 2018 (pw)





Identity			Person		Classification													Fallback Plan		
Risk No	Risk Title	Risk Description	Risk Owner	Risk Manager	Pre						RR		Post						FBPlan	Action Manager
					Prob	Obj	Fin	Serv	Rep	Cat	RRs	Next Action	Prob	Obj	Fin	Serv	Rep	Cat		
◀▶	20/207 - 2020 North Yorkshire Change Programme and beyond	Failure to successfully implement the Programme and Modern Council ways of working resulting in inability to meet financial savings requirements, sub-optimal decision making and poorer quality of services.	Chief Exec	CSD SR AD T&C	H	H	H	H	H	1	13	31/03/2018	M	H	H	H	H	2	Y	All Mgt Board
◀▶	20/1 - Funding Challenges	Inadequate funding available to the County Council to discharge its statutory responsibilities and to meet public expectation for the remainder of the decade resulting in legal challenge, unbalanced budget and public dissatisfaction	Chief Exec	CD SR	H	H	H	H	H	1	11	31/03/2018	M	H	H	M	M	2	Y	All Mgt Board
◀▶	20/194 - Major Failure due to Quality and/or Economic Issues in the Care Market	Major failure of provider/key providers results in the Directorate being unable to meet service user needs. This could be caused by economic performance or resource capabilities including recruitment and retention. The impact could include loss of trust in the Care Market, increased budgetary implications and issues of service user safety.	CD HAS	HAS AD Q&E	H	M	H	M	H	1	13	30/04/2018	H	M	M	M	M	2	Y	HAS AD Q&E
◀▶	20/187 - Information Governance	Ineffective information governance arrangements lead to unacceptable levels of unauthorised disclosure of personal and sensitive data, poor quality or delayed responses to FoI requests, and inability to locate key data upon which the Council relies resulting in loss of reputation, poor decision making, fine, etc	Chief Exec	CD SR	H	M	M	M	H	1	6	31/05/2018	M	L	M	L	M	4	Y	CD SR
◀▶	20/334 - Opportunities for Devolution in North Yorkshire and Consideration of a Combined Authority	Failure to take advantage of Devolution opportunities in North Yorkshire resulting in reduced investment and impact on the growth and jobs across the whole of North Yorkshire.	Chief Exec	CD BES	H	M	H	M	M	1	4	30/06/2018	M	L	M	M	L	4	Y	Chief Exec CD BES

Corporate Risk Register

Risk Register: **month 6 (April 2018) – summary**

Next Review Due: **November 2018**

Report Date: **14th May 2018 (pw)**



Identity			Person		Classification													Fallback Plan		
Risk No	Risk Title	Risk Description	Risk Owner	Risk Manager	Pre						RR		Post						FBPlan	Action Manager
					Prob	Obj	Fin	Serv	Rep	Cat	RRs	Next Action	Prob	Obj	Fin	Serv	Rep	Cat		
	20/205 - Schools Organisation and Funding	Failure to assess and manage the combined effects of changes in the national school policy and funding framework, demographics (both rising and falling as a result of housing market changes) and national and local political circumstances, resulting in a fragmentation of the network of services for children, growing numbers of unsustainable and/or failing schools, insufficient school places, fragmentation due to academisation, increased public dissatisfaction, and loss of confidence in the County Council as local authority.	Chief Exec	CD CYPs	H	M	H	M	M	1	9	31/07/2018	M	M	M	M	M	4	Y	CD CYPs
	20/47 - Partnership and Integration with the NHS	Failure to shape and drive the configuration of the NHS from both a Commissioner and Provider perspective resulting in suboptimal maximisation of integration across the NYCC footprint, a negative impact on the customer experience and the possibility of fragmented care and poor outcomes	Chief Exec	CD HAS	M	M	H	M	M	2	20	31/03/2018	M	M	H	M	M	2	Y	CD HAS
	20/189 - Safeguarding Arrangements	Failure to have a robust Safeguarding service in place results in risk to vulnerable children, adults and families and not protecting them from harm.	Chief Exec	CD HAS CD CYPs	M	H	M	M	H	2	19	31/05/2018	L	H	M	M	H	3	Y	CD CYPs CD HAS
	20/219 - Commercial Strategy	Failure to successfully secure commercial opportunities within the Council resulting in lost net income to support budget savings, unresilient service, unskilled and insecure workforce.	Chief Exec	CSD Mgt Team	H	M	M	M	L	2	11	31/03/2018	M	M	M	M	L	4	Y	CSD Mgt Team

Corporate Risk Register

Risk Register: **month 6 (April 2018) – summary**

Next Review Due: **November 2018**

Report Date: **14th May 2018 (pw)**

Identity			Person		Classification													Fallback Plan		
Risk No	Risk Title	Risk Description	Risk Owner	Risk Manager	Pre						RR		Post						FBPlan	Action Manager
					Prob	Obj	Fin	Serv	Rep	Cat	RRs	Next Action	Prob	Obj	Fin	Serv	Rep	Cat		
	20/206 - Growth	Failure to deliver the ambition of Sustainable Economic Growth through the delivery of the right housing, transport, and connectivity infrastructure , whilst protecting the outstanding environment and heritage, and within the context of two-tier local government structure and wider macro-economic policy and processes. This results in an inability to attract, retain and grow businesses, increase the house building rate, raise living standards and increase spending power.	Chief Exec	CD BES	M	M	H	H	H	2	7	30/09/2018	M	M	M	M	M	4	Y	CD BES
	20/389 - Health and Safety	Major Corporate Health and Safety failure resulting in injuries, claims, reputational and service delivery impact and possible prosecution	Chief Exec	CD SR	L	M	M	M	H	3	5	31/08/2018	L	M	M	M	M	5	Y	CSD SR HoH SRM

Key	
▲	Risk Ranking has worsened since last review.
▼	Risk Ranking has improved since last review
◀▶	Risk Ranking is same as last review
- new -	New or significantly altered risk

Corporate Risk Register

Risk Register: **month 6 (April 2018) – detailed**

Next Review due: **November 2018**

Report Date: **14th May 2018 (pw)**

Phase 1 - Identification													
Risk Number	20/207	Risk Title	20/207 - 2020 North Yorkshire Change Programme and beyond				Risk Owner	Chief Exec		Manager	CSD SR AD T&C		
Description	Failure to successfully implement the Programme and Modern Council ways of working resulting in inability to meet financial savings requirements, sub-optimal decision making and poorer quality of services.						Risk Group	Strategic		Risk Type	CS 15/11		
Phase 2 - Current Assessment													
Current Control Measures			2020 Vision and Strategy in place; 2020 North Yorkshire Programme Plan in place and regularly reviewed/updated; Members workshops & political group sessions completed; briefings of Cabinet; regular Mgt Board/Programme Board meetings; staff communication constantly reviewed via intranet and new 'all staff' e mail Directorate and cross cutting themes programme board continue to meet and follow the governance structure; quarterly meetings with finance ADs and programme managers to align savings against programme budgets; Oracle improvements; Behaviour & skills framework reviewed; LGA corporate peer review; review carried out of governance and areas of future focus for Programme Board; all major change programmes are captured within this Programme to better manage dependencies and resources;										
Probability	H	Objectives	H	Financial		H	Services		H	Reputation	H	Category	I
Phase 3 - Risk Reduction Actions													
							Action Manager	Action by	Completed				
Reduction	15/54 - Regularly review the ICT strategy in light of changes in the organisation both before and after 2020 (ongoing)						CSD SR AD T&C	Fri-31-Aug-18					
Reduction	15/245 - Embed modern council principles through engagement and delivery of Service Operation Model (SOM), implementation of technology, property and OD measures, and a robust review process to measure impact and improvement. (linked to action 20/250)						CSD SR AD T&C	Wed-31-Oct-18					
Reduction	15/394 - Monitor action plan following peer review (ongoing)						CSD AD SR (ML) CSD SR AD T&C	Sat-31-Mar-18	Thu-30-Nov-17				
Reduction	15/406 - Continue to embed cultural change and new ways of working (transformational rather than as a savings programme)						CSD SR AD T&C	Tue-31-Mar-20					
Reduction	15/429 - Continually review capacity and capability within services and the impact upon the workforce of the future						CSD SR AD T&C	Fri-31-Aug-18					
Reduction	15/608 - Develop a time limited Beyond 2020 change programme to address ongoing savings for the new MTFS.						CSD Mgt Team	Thu-28-Feb-19					
Reduction	15/831 - Continue to monitor delay of Programmes and the effect on benefits (ongoing)						CSD SR AD T&C	Fri-31-Aug-18					
Reduction	15/837 - Continue to implement the Stronger Communities programme to mitigate against proposed budget cuts, support communities to take over local services, and promote community and individual resilience (ongoing)						CSD AD PP	Fri-31-Aug-18					
Reduction	20/250 - Implement the delivery plan for rationalisation of property in line with new ways of working including further refining of plan and securing resources for Northallerton and delivery of plan in Scarborough (linked to action 15/245)						CSD AD SR (AH)	Fri-31-Aug-18					
Reduction	20/403 - Carry out monthly monitoring of communications and engagement plan including key messages and themes (ongoing)						CSD HoC	Fri-31-Aug-18					

Corporate Risk Register

Risk Register: **month 6 (April 2018) – detailed**

Next Review due: **November 2018**

Report Date: **14th May 2018 (pw)**

Reduction	20/405 - Continue with the implementation plan for Customer Theme in line with new ways of working	Chief Exec	Fri-31-Aug-18	
Reduction	20/461 - Monitor joined up approach between 'Living Well', CYPS Prevention team and Stronger Communities team and escalate issues to Programme Board if necessary	CSD SR AD T&C	Fri-31-Aug-18	
Reduction	20/505 - Innovate new ideas to cover the shortfall in expected savings in line with the budget report ("the list"), and the anticipated MTFS gap	CSD Mgt Team	Thu-28-Feb-19	
Phase 4 - Post Risk Reduction Assessment				
Probability	M	Objectives	H	
		Financial	H	
		Services	H	
		Reputation	H	
		Category	2	
Phase 5 - Fallback Plan				
				Action Manager
Fallback Plan	20/529 - Reprioritisation of savings, further consideration of structures and ways of working			All Mgt Board



Corporate Risk Register

Risk Register: month 6 (April 2018) – detailed

Next Review due: November 2018

Report Date: 14th May 2018 (pw)

Phase 1 - Identification													
Risk Number	20/1	Risk Title	20/1 - Funding Challenges					Risk Owner	Chief Exec		Manager	CD SR	
Description	Inadequate funding available to the County Council to discharge its statutory responsibilities and to meet public expectation for the remainder of the decade resulting in legal challenge, unbalanced budget and public dissatisfaction							Risk Group	Resources		Risk Type		
Phase 2 - Current Assessment													
Current Control Measures			Existing MTFs; Members Budget seminars; 2020 North Yorkshire Programme & constituent elements including service reviews; review of 2020NY in Members seminars, Cabinet, and Overview and Scrutiny Committees where Directorate based; 2020NY Programme Governance; modelling on implications of external funding levels (eg Spending Review Settlement); next phase of savings ideas generated; meetings with traded services' managers completed; interim NYES business plan in place; sustainable additional social care funding;										
Probability	H	Objectives	H	Financial		H	Services		H	Reputation	H	Category	I
Phase 3 - Risk Reduction Actions													
								Action Manager	Action by	Completed			
Reduction	20/42 - Review (deep dives) specific high-risk base budgets such as HAS Care and Support, SEN Transport and School Improvement in 2018/19							CD SR	Sun-31-Mar-19				
Reduction	20/46 - Ensure effective consultation/communication with staff, public and Members about ongoing savings requirements							All Mgt Board	Sun-30-Sep-18				
Reduction	20/52 - Refresh and carry out a revised plan for reviewing base budgets in 2018/19 on a risk based assessment							CD SR	Sun-31-Mar-19				
Reduction	20/261 - Develop business plan for NY Education Services based on the business plans developed by services (interim plan completed)							CD SR	Sat-31-Mar-18	Sat-31-Mar-18			
Reduction	20/386 - Approve detailed business plans for each of the associated businesses: NY Education Services, Yorwaste, Property Services etc. by Shareholder Committee and Brierley Board and put in place a monitoring regime (Forward Plan) for progress							CD SR	Mon-30-Apr-18				
Reduction	20/402 - Ensure that additional social care funding is used in a sustainable way (ie non recurrent). Further lobbying required with Govt to establish how this dovetails with improved BCF and additional funding post green paper.							CD HAS CD SR	Sat-31-Mar-18	Sat-31-Mar-18			
Reduction	20/491 - Identify and target additional savings through corporate Procurement Strategy (ongoing)							CD SR	Sun-30-Sep-18				
Reduction	20/616 - Develop a detailed NYES 5 year rolling business plan and its associated budget and profit projection							CD SR CSD SR NYES Com Dir	Fri-30-Nov-18				
Reduction	20/617 - Continue to lobby Govt for additional social care funding (ongoing)							CD HASCD SR	Sun-31-Mar-19				
Reduction	20/618 - Develop a time limited Beyond 2020 change programme to address ongoing savings for the new MTFs.							All Mgt Board	Thu-28-Feb-19				
Reduction	20/1190 - Raise profile and continue to lobby Government in relation to DSG and High Needs funding							CD SR	Sun-31-Mar-19				

Corporate Risk Register

Risk Register: **month 6 (April 2018) – detailed**

Next Review due: **November 2018**

Report Date: **14th May 2018 (pw)**

Phase 4 - Post Risk Reduction Assessment											
Probability	M	Objectives	H	Financial	H	Services	M	Reputation	M	Category	2
Phase 5 - Fallback Plan											
											Action Manager
Fallback Plan	20/504 - Further fundamental review in order to discharge statutory responsibilities										All Mgt Board

Corporate Risk Register

Risk Register: **month 6 (April 2018) – detailed**

Next Review due: **November 2018**

Report Date: **14th May 2018 (pw)**

Phase 1 - Identification													
Risk Number	20/194	Risk Title	20/194 - Major Failure due to Quality and/or Economic Issues in the Care Market				Risk Owner	CD HAS		Manager	HAS AD Q&E		
Description	Major failure of provider/key providers results in the Directorate being unable to meet service user needs. This could be caused by economic performance or resource capabilities including recruitment and retention. The impact could include loss of trust in the Care Market, increased budgetary implications and issues of service user safety.						Risk Group	Legislative		Risk Type	HAS Dir 3/162		
Phase 2 - Current Assessment													
Current Control Measures			Regular review and monitoring contracts; standard contract terms; approvals process; regular meetings to share best practice; experienced staff; regular communication with providers; bulletins; customer feedback; Engagement Group; legal services; CQC; Financial Services & insurance consultation; Market Development Board; market analysis and mapping and information analysis (Locality Provider group); capacity planning; alerts system including brokerage; Service Unit & provider BCPs; QA Framework developed; guidance and ongoing training for purchasing staff; engage with AD ASS; reg meetings with Q&M, Health Commissioner and police; robust comms with CCGs; quality monitoring embedded in Dir perf monitoring; market position statement; reviewed the actual cost of care exercise to incorporate the impact of the national living wage; QI team in place; market improvement team recruited;										
Probability	H	Objectives	M	Financial		H	Services		M	Reputation	H	Category	1
Phase 3 - Risk Reduction Actions													
							Action Manager	Action by		Completed			
Reduction	20/468 - Continue to revise and update a market position statement						HAS AD Com		Fri-31-Aug-18				
Reduction	20/469 - Jointly with Health continue to monitor baseline assessments QA framework and risk profiles of providers; targets are reviewed at quarterly officer meetings and info fed into engagement group; pursue opportunities for joint working between HAS and NHS						HAS AD Com		Tue-30-Apr-19				
Reduction	20/470 - Re-establish quarterly Partnership and Partner Liaison meetings (market development board), market analysis and mapping and information sharing (Locality Provider Group in place); engagement processes being reviewed						HAS AD Com		Mon-30-Apr-18		Sat-31-Mar-18		
Reduction	20/471 - Continue with regular engagement meetings with CQC locally and engage with CQCs national programme of identifying providers where there is significant risk of failure; being reviewed						HAS AD Com		Tue-30-Apr-19				
Reduction	20/473 - Continue to engage in ADASS work to manage major problems occurring, such as financial issues in the care provider market and ensure robust contingency planning and to learn lessons from serious case reviews at a national level; more work being done to enhance regional ways of working						HAS AD Com		Tue-30-Apr-19				
Reduction	20/474 - Work with Veritau on audits of individual suppliers (ongoing)						HAS AD Com		Tue-30-Apr-19				
Reduction	20/486 - Continue to implement action plan following outcome of heat map exercise and ensure inclusion of NHS and Partners (ongoing)						HAS HoHR		Fri-31-Aug-18				
Reduction	20/492 - Review any opportunities to stabilise the market through additional Govt funding given to social care for this purpose (review position each year for next 3 years of funding)						CSD AD SR (AH) HAS AD Com		Tue-30-Apr-19				
Reduction	20/523 - 2020 Market shaping/development project						HAS AD Com		Sun-30-Sep-18				
Reduction	20/524 - Workforce group to develop and support workforce across the sector						HAS HoHR		Sun-31-Mar-19				

Corporate Risk Register

Risk Register: **month 6 (April 2018) – detailed**

Next Review due: **November 2018**

Report Date: **14th May 2018 (pw)**

Reduction	20/526 - Carry out migration of data to CONTROCC from the Q&M database and a range of spreadsheets (for example the Provider List)						HAS AD Com	Mon-31-Dec-18			
Reduction	20/1166 - Carry out recruitment for market improvement team; posts still with JE, recruitment to commence in 2018						HAS AD Com	Mon-30-Apr-18	Sat-31-Mar-18		
Reduction	20/1188 - Monitor issues caused by the complex partner relationships, meetings and structures and raise at HASLT where appropriate						HAS AD Com	Tue-30-Apr-19			
Phase 4 - Post Risk Reduction Assessment											
Probability	H	Objectives	M	Financial	M	Services	M	Reputation	M	Category	2
Phase 5 - Fallback Plan											
									Action Manager		
Fallback Plan	20/548 - Make client safe, crisis meeting, implement relevant steps, consultation with senior staff and relevant organisations (e.g. Police CQC). Effective communication to relevant parties, utilise established failure plan.								HAS AD Q&E		



Corporate Risk Register

Risk Register: month 6 (April 2018) – detailed

Next Review due: November 2018

Report Date: 14th May 2018 (pw)

Phase 1 - Identification											
Risk Number	20/187	Risk Title	20/187 - Information Governance				Risk Owner	Chief Exec		Manager	CD SR
Description	Ineffective information governance arrangements lead to unacceptable levels of unauthorised disclosure of personal and sensitive data, poor quality or delayed responses to FoI requests, and inability to locate key data upon which the Council relies resulting in loss of reputation, poor decision making, fine, etc						Risk Group	Legislative		Risk Type	CS 15/161
Phase 2 - Current Assessment											
Current Control Measures			Additional data governance support; Information Governance Strategy including the associated Policy and Procedure Framework; CIGG Action Plan; data breach process; messages from senior management; staff induction; Info Gov on line training; Information Asset Owners identified; information asset registers; DIGCs; posters; intranet information; regular monitoring of electronic communication by ICT; series of unannounced security compliance visits by internal audit; application of all the features of the Information Security Management System (ISMS); FoI – controls include central monitoring of receipt and progress, regular review by Veritau and review of outstanding cases by the Chief Exec on a monthly basis; proactive monitoring of all data; terms of reference reviewed; Directorate Group; internal audit support investigation of significant data breaches; CIGG consider reasons for data breaches and cascade lessons learned; secure physical storage and internal info transfer issues resolved; Non NYCC Network Access Policy produced; e learning training packages refreshed; targeted phishing campaigns; Information Sharing Protocol in place; SAR - controls include central monitoring of receipt and progress; service IARs updated								
Probability	H	Objectives	M	Financial	M	Services	M	Reputation	H	Category	1
Phase 3 - Risk Reduction Actions											
							Action Manager	Action by	Completed		
Reduction	15/423 - Continue to emphasise personal responsibility of staff for all information in this area, emphasise support from Strategic Resources and consider disciplinary action in cases of data breaches						CD SR CSD ACE BS	Fri-31-Aug-18			
Reduction	15/426 - Ensure individual information sharing agreements completed for each data sharing activity (some agreements are already in place) - (ongoing)						Ho Int Audit	Fri-31-Aug-18			
Reduction	15/431 - Work within services in a prioritised order to ensure information is secure and transferred securely (ongoing)						CSD SR AD T&C	Fri-31-Aug-18			
Reduction	15/433 - Continue communications to staff to ensure good Information Governance including messages from Management Board and associated campaigns (ongoing)						CSD SR AD T&C Ho Int Audit	Fri-31-Aug-18			
Reduction	15/611 - Ensure GDPR compliance by May 2018 deadline						CSD SR AD T&C	Thu-31-May-18			
Reduction	20/450 - Continue to review information asset registers and target training where appropriate (ongoing)						CSD SR AD T&C Ho Int Audit	Fri-31-Aug-18			
Phase 4 - Post Risk Reduction Assessment											
Probability	M	Objectives	L	Financial	M	Services	L	Reputation	M	Category	4
Phase 5 - Fallback Plan											
									Action Manager		
Fallback Plan	15/514 - Review Action Plan and new technology and continue to raise awareness. Invite ICO to carry out an audit of NYCC IG systems									CD SR	

Corporate Risk Register

Risk Register: month 6 (April 2018) – detailed

Next Review due: November 2018

Report Date: 14th May 2018 (pw)

Phase 1 - Identification													
Risk Number	20/334	Risk Title	20/334 - Opportunities for Devolution in North Yorkshire and Consideration of a Combined Authority				Risk Owner	Chief Exec		Manager	CD BES		
Description	Failure to take advantage of Devolution opportunities in North Yorkshire resulting in reduced investment and impact on the growth and jobs across the whole of North Yorkshire.						Risk Group	Strategic		Risk Type	BES 7/174		
Phase 2 - Current Assessment													
Current Control Measures			Devolution proposals submitted to Govt., LEP strategic economic plan in place; NYCC retains the Infrastructure Delivery Steering Group; NYCC wide co-ordination of development needs linked to District plans; local authorities are moving towards a joint committee & considering a combined authority; LA Director group in place; plan detailing powers and funding developed; consensus of Yorkshire local authorities on Devolution geography and opportunities;										
Probability	H	Objectives	M	Financial		H	Services		M	Reputation	M	Category	1
Phase 3 - Risk Reduction Actions													
							Action Manager	Action by		Completed			
Reduction	20/364 - Gain political support both locally and nationally (ongoing)						Chief Exec	Tue-31-Jul-18					
Reduction	20/916 - Establish the geography on which to secure Devolution (consensus of Yorkshire local authorities achieved, support from Govt Minister required)						Chief Exec	Sat-30-Jun-18					
Reduction	20/917 - Develop detailed business cases for all requirements						Chief Exec	Sat-30-Jun-18					
Reduction	20/1397 - Negotiate the economic barriers and opportunities which Devolution can take advantage of with Government (consensus of Yorkshire local authorities achieved, support from Govt Minister required)						CD BES	Sat-30-Jun-18					
Phase 4 - Post Risk Reduction Assessment													
Probability	M	Objectives	L	Financial		M	Services		M	Reputation	L	Category	4
Phase 5 - Fallback Plan													
										Action Manager			
Fallback Plan	20/551 - Consider a North Yorkshire deal										Chief Exec CD BES		

Corporate Risk Register

Risk Register: **month 6 (April 2018) – detailed**

Next Review due: **November 2018**

Report Date: **14th May 2018 (pw)**

Phase 1 - Identification													
Risk Number	20/205	Risk Title		20/205 - Schools Organisation and Funding			Risk Owner	Chief Exec	Manager		CD CYPS		
Description	Failure to assess and manage the combined effects of changes in the national school policy and funding framework, demographics (both rising and falling as a result of housing market changes) and national and local political circumstances, resulting in a fragmentation of the network of services for children, growing numbers of unsustainable and/or failing schools, insufficient school places, fragmentation due to academisation, increased public dissatisfaction, and loss of confidence in the County Council as local authority.						Risk Group	Strategic	Risk Type				
Phase 2 - Current Assessment													
Current Control Measures				Consistent monitoring of forecast numbers. Links with District Councils and developers over major housing developments (including ISDG work). Cross-directorate "Strategic Priority Schools" approach. Work with the Education Partnership, Keep up to date with current publications, email, etc. Reg review of DfE and other critical websites. Liaison with other LAs. Early assessment of resource implications on new development. Advocacy of NYCC case for funding, new procedures for grant & award acceptance, involvement in appropriate national conferences, participation in DfE priorities when possible, collaboration guidance and toolkit, review of planning areas to explore the level of need; framework for prioritisation of school organisation issues, briefings provided for elected Members and NY Education Partnership; involvement with White Paper strategic board; liaison with Education Funding Agency (EFA), DfE and Regional Schools Commissioner (RSC)									
Probability	H	Objectives	M	Financial		H	Services		M	Reputation	M	Category	I
Phase 3 - Risk Reduction Actions													
							Action Manager	Action by	Completed				
Reduction	20/538 - Continue to work with and use effective lobbying channels eg Educational Building and Development Officers Group (EBDOG)						CSD AD SR (AH) CYPS AD E&S	Tue-31-Jul-18					
Reduction	20/539 - Develop arrangements to support the process of academisation, where it has been started, to ensure smooth transfer of schools. Assist groups of schools, where appropriate, to develop locally focused Multi Academy Trusts or other appropriate arrangements						CYPS AD E&S	Tue-31-Jul-18					
Reduction	20/540 - Assess implications for the market of changes to early years funding						CYPS AD E&S	Tue-31-Jul-18					
Reduction	20/541 - Continue to encourage, support and build capacity to enable schools to work collaboratively to seek to ensure continued viability						CYPS AD E&S	Tue-31-Jul-18					
Reduction	20/544 - Ensure consistent approach corporately to infrastructure funding, including CIL						CYPS AD E&S	Tue-31-Jul-18					
Reduction	20/545 - Continual review of the estate including maintenance requirement (ongoing)						CSD AD SR (AH)	Tue-31-Jul-18					
Reduction	20/546 - Exploit alternative sources of funding for the delivery of new school spaces and encourage free school applications where appropriate						CYPS AD E&S	Tue-31-Jul-18					
Reduction	20/547 - Develop constructive relationships with the Regional Schools Commissioner and receive their practical support						CYPS AD E&S	Tue-31-Jul-18					
Reduction	20/548 - Work with the Property team to mitigate risks to the delivery of the 2016/17 and 2017/18 capital plans arising from the transfer of the contract with Mouchel to an in-house arrangement						CYPS AD E&S	Tue-31-Jul-18					

Corporate Risk Register

Risk Register: **month 6 (April 2018) – detailed**

Next Review due: **November 2018**

Report Date: **14th May 2018 (pw)**

Phase 4 - Post Risk Reduction Assessment											
Probability	M	Objectives	M	Financial	M	Services	M	Reputation	M	Category	4
Phase 5 - Fallback Plan											
										Action Manager	
Fallback Plan	20/629 - Investigate failure and resolve; member briefings; media mgt									CD CYPs	



Corporate Risk Register

Risk Register: month 6 (April 2018) – detailed

Next Review due: November 2018

Report Date: 14th May 2018 (pw)

Phase 1 - Identification													
Risk Number	20/47	Risk Title	20/47 - Partnership and Integration with the NHS				Risk Owner	Chief Exec		Manager	CD HAS		
Description	Failure to shape and drive the configuration of the NHS from both a Commissioner and Provider perspective resulting in suboptimal maximisation of integration across the NYCC footprint, a negative impact on the customer experience and the possibility of fragmented care and poor outcomes						Risk Group	Partnerships		Risk Type	CYPS 24/221 HAS 3/180		
Phase 2 - Current Assessment													
Current Control Measures			<p>HAS: Effective HWB partnership with clear governance providing strategic leadership with a shared performance dashboard; chief Officer representation influencing the development of STPs; HASLT locality delivery model in place actively shaping local integration plans; Joint leadership in Harrogate delivering a new model of care through Vanguard, and further developing and implementing joint commissioning and potentially delivery in Scarborough; agreement in 2016/17 to protect social care through the Better Care Fund; agreement with NY Commissioner Forum to develop joint commissioning arrangements that will include CHC and other areas; Health and Well-being Strategy in place; corporate task and finish group for DToC in place; HWB development sessions; Integration and Better Care Fund Plan 2017/19 developed with CCGs and agreed at Health and Wellbeing Board; 2020 Health Programme focussing on integration established; sustainable additional social care funding;</p> <p>CYPS: H&W Board; Children's Trust Board; Public Health team; CYPLT; Dir of partnership Commissioning; joint post of Commissioning Manager; joint post of Public Health analyst; CYPS Plan; Health and Well-being Strategy refreshed with children's health as a priority and aligned with the CYPS Plan; JSNA; CYPLT fully briefed and up to date with the changing commissioning landscape and the different roles involved; appropriate engagement secured with CCGs'leads for children for commissioning affecting children and young people and their families; services recommissioned for 0-5 and 5 - 19 Healthy Child Programme to ensure close alignment with Preventative Services; children's health performance reviewed at the Children's Trust Board to monitor the impact of changes on children's health outcomes in North Yorkshire; Work with Public Health to embed PH outcomes into the work of CYPS; specifications for 0-5 healthy child service in place; 'Future in Mind' strategy reflects the needs of Children and Young People in N Yorkshire; tender process for future contracts; analyses of children's health in N Yorkshire, raising awareness and seeking actions from partner agencies to mitigate risks around children's physical and mental health and to inform commissioning decisions;</p>										
Probability	M	Objectives	M	Financial		H	Services		M	Reputation	M	Category	2
Phase 3 - Risk Reduction Actions													
							Action Manager	Action by		Completed			
Reduction	20/60 - Ensure that we account for the BCF funding as per the Regulations on a quarterly basis						CSD AD SR (AH)		Fri-31-Aug-18				
Reduction	20/362 - Ensure NHS partners are fully aware of the democratic and political environment they are operating within and liaise with Scrutiny colleagues to ensure a positive outcome (ongoing)						CD HAS		Fri-31-May-19				
Reduction	20/363 - Actively monitor relationships, priorities and communications and ensure that HAS managers are fully engaged at appropriate level and review at HAS WLT on a regular basis (ongoing)						CD HAS		Fri-31-May-19				
Reduction	20/399 - Develop and implement joint commissioning plans with the CCGs and shape and influence models of primary community health and social care in each locality						HAS AD H&I		Tue-30-Apr-19				
Reduction	20/402 - Ensure that additional social care funding is used in a sustainable way (ie non recurrent). Further lobbying required with Govt to establish how this dovetails with improved BCF and additional funding post green paper.						CD HAS CD SR		Sat-31-Mar-18		Sat-31-Mar-18		
Reduction	20/451 - Agree and implement new models of care in all CCG localities (2 localities Harrogate and Scarborough by Sept 2017 identified and progressing, and remaining 3 localities by Sept 2018						CD HAS		Sun-30-Sep-18				

Corporate Risk Register

Risk Register: **month 6 (April 2018) – detailed**

Next Review due: **November 2018**

Report Date: **14th May 2018 (pw)**

Reduction	20/452 - Engage wider HASLT in testing the implications of different integration models	HAS AD Com HAS AD H&I	Fri-31-May-19	
Reduction	20/453 - Continue to monitor the impact of the challenge of having 3 STPs, including through Health scrutiny	HAS AD H&I	Fri-31-May-19	
Reduction	20/457 - Improve the DToC (Delayed Transfer of Care) performance to avoid financial penalties and reputational issues. Implement the work programme of the Transfers of Care Board.	HAS AD C&S HAS AD Com	Sun-30-Sep-18	
Reduction	20/458 - Consider the viability of local Risk Management Agreements with NHS Partners for integration plan(s), locality plan(s) and joint commissioning arrangements (ongoing)	CSD AD SR (AH) HAS AD H&I	Fri-31-Aug-18	
Reduction	20/459 - Review governance arrangements for the Health and Wellbeing Board to ensure delivery of the joint H & W Strategy	HAS AD H&I	Sun-30-Sep-18	
Reduction	20/477 - Continue to ensure Healthy Child team and Prevention team collaborate effectively to deliver improved outcomes of Children, Young People and Families	CYPS C&F HoPrev	Sun-30-Sep-18	
Reduction	20/481 - Continue to contribute to the delivery of the workplan for the Health and Well-being Board in relation to children's health priorities and ensure strategic decision making in Health is influenced through alignment with the JSNA and the Children and Young People's Plan (ongoing)	CD CYPS	Sun-30-Sep-18	
Reduction	20/527 - Work with the commissioned provider to ensure Mental Health services are effective (ongoing)	CYPS C&F HoRes	Tue-31-Jul-18	
Reduction	20/528 - Address lessons learned from the SEND inspection to strengthen the partnership with Health (ongoing)	CYPS AD Incl	Tue-31-Jul-18	
Reduction	20/529 - Continuously improve partnership with CYP & Families, Health Commissioners and SEMH providers through SEMH steering group and SEMH implementation plan	CYPS Incl HoIE	Tue-31-Jul-18	
Reduction	20/531 - Hold regular contract monitoring and quality assurance meetings with providers including on site commissioning visits	CYPS Comm Mgr Health	Sat-30-Jun-18	
Reduction	20/542 - Carry out financial modelling and continue dialogue between Integration and Health (as and when required and ongoing)	CSD AD SR (HE)	Fri-31-Aug-18	
Reduction	20/565 - Actively work with Partners on a new way for the health system to work in North Yorkshire	HAS AD H&I	Sun-30-Sep-18	
Reduction	20/1189 - Carry out preparations for potential CQC area review regarding integration; NYCC are not in the first group of reviews so earliest date this would be needed is now Sep 2018	HAS LT	Sun-30-Sep-18	
Phase 4 - Post Risk Reduction Assessment				
Probability	Objectives	Financial	Services	Reputation
M	M	H	M	M
Phase 5 - Fallback Plan				
				Action Manager
Fallback Plan	20/210 - Escalation to CMB and Executive Members, further engagement with senior tiers in NHS locally, regionally and nationally.			CD HAS

Corporate Risk Register

Risk Register: month 6 (April 2018) – detailed

Next Review due: November 2018

Report Date: 14th May 2018 (pw)

Phase 1 - Identification													
Risk Number	20/189	Risk Title	20/189 - Safeguarding Arrangements				Risk Owner	Chief Exec	Manager	CD HAS CD CYPS			
Description	Failure to have a robust Safeguarding service in place results in risk to vulnerable children, adults and families and not protecting them from harm.						Risk Group	Safeguarding	Risk Type	CYPS 24/250 HAS 3/27			
Phase 2 - Current Assessment													
Current Control Measures			CYPS – LSCB Safeguarding website; regularly reviewed procedures; practice standards issued to teams to support consistent practice; monthly performance data which is monitored regularly to seek assurance over key performance headlines; case file audit process; manager authorisation of all assessments; ICS; newly formed integrated family support service; training strategy; clear supervision process which is audited on a regular basis; strengthened Multi agency screening team (MAST); OFSTED 'good' categorisation; delivery and implementation of the VEMT approach with the LSCB; working with colleagues and the CCG lead to ensure appropriate resources available for complex young people; HAS - Detailed action plan; Safeguarding general manager and team; strengthening of Safeguarding policy team; case file audit and review; independent chair to Safeguarding Board in place; risk enablement panel in place and being reviewed; countywide safeguarding general manager in place; testing of initial performance metrics for Safeguarding Board has taken place further developing performance activity; initial safeguarding procedures reviewed linked to consultation in light of the Care Act and are being reviewed again; safeguarding board performance framework; Q&E [protocol for the relationship between Adults Social Care (and Children's Trust) and the Health and Wellbeing Board agreed and implemented;] information framework for serious incident data, eg drug death etc in place										
Probability	M	Objectives	H	Financial		M	Services		M	Reputation	H	Category	2
Phase 3 - Risk Reduction Actions													
							Action Manager	Action by	Completed				
Reduction	20/374 - Ensure compliance with Safeguarding Board and Children and Families' procedures [CYPS]						CYPS AD C&F	Sat-30-Jun-18					
Reduction	20/376 - Continue the new developments with the MAST to strengthen responses to children and young people who go missing or who are vulnerable to CSE by improved intelligence and information sharing arrangements [CYPS]						CYPS C&F HoS&LAC	Sat-30-Jun-18					
Reduction	20/377 - Ensure where there is a concern that a young person is being exploited that the Bedfordshire risk assessment tool is always completed [CYPS]						CYPS C&F HoS&LAC	Tue-31-Jul-18					
Reduction	20/378 - Ongoing Mgt file audit of case files against established assessment standards and staff supervision files [CYPS]						CYPS C&F SMT	Sat-30-Jun-18					
Reduction	20/379 - Monitoring and management of performance against agreed targets in the SMT action plan [CYPS]						CYPS C&F SMT	Sat-30-Jun-18					
Reduction	20/382 - Feed into review of EDT arrangements (adult lead); main submission into review made but ongoing liaison will continue [CYPS]						CYPS AD C&F	Sat-30-Jun-18					
Reduction	20/384 - Introduction of 'Practice Weeks' where managers will visit locations to observe and review practice [CYPS]						CYPS AD C&F	Sat-30-Jun-18					
Reduction	20/456 - Continue to report regularly to HASLT, Care and Independence O&S Committee and Health and Wellbeing Board particularly in light of preparation for the latest policy and procedures. [HAS]						HAS AD H&I	Sun-31-Mar-19					
Reduction	20/487 - Continue to work with Quality and Engagement team to improve quality assurance (development of new approaches and tools around working with providers on quality assurance issues); including work and regular meetings with CQC, Health and Healthwatch [HAS]						HAS AD C&S HAS AD H&I	Tue-30-Apr-19					

Corporate Risk Register

Risk Register: **month 6 (April 2018) – detailed**

Next Review due: **November 2018**

Report Date: **14th May 2018 (pw)**

Reduction	20/489 - Continue joint work with CYPS and the Community Safety Partnership (together with formal quarterly meetings of the InterBoard Network to be set up by Jun 2018) [HAS]	HAS AD H&I	Tue-30-Apr-19	
Reduction	20/490 - Ensure training in respect of latest policies and procedures for elected Members, staff and Partners is reviewed and delivered [HAS]	HAS AD C&S	Sun-31-Mar-19	
Reduction	20/532 - Bringing in further experienced staff whenever possible to address significant vacancies in the structure [HAS]	HAS AD C&S	Thu-31-May-18	
Reduction	20/534 - Carry out the supervisory body role for DoLS to ensure the system is as effective as possible within existing resources (reliant of Law Commission proposals that have been delayed – linked to action 20/615) [HAS]	HAS AD H&I	Mon-31-Dec-18	
Reduction	20/535 - Continue to ensure Partners are fully engaged with Safeguarding Boards centrally and locally, particularly new health partners (CCGs). Carry out review of local arrangements with Children's Safeguarding Board and Community Safety Partnerships [HAS]	HAS AD C&S HAS AD H&I	Fri-31-May-19	
Reduction	20/536 - Embedding safeguarding work to deliver the Transforming Care programme incl. embedding the care act role of Principal Social Worker and Safeguarding Board Manager [HAS]	HAS AD C&S	Thu-31-May-18	
Reduction	20/595 - Ensure in house provider workforce have appropriate training and development in this area [HAS]	HAS C&S Ho PS	Thu-31-May-18	
Reduction	20/596 - Continue to strengthen Governance arrangements in HAS following consideration of North Yorkshire and national safeguarding adult reviews (ongoing) [HAS]	HAS AD C&S	Fri-31-May-19	
Reduction	20/597 - Consider recommendations from commissioned independent review of safeguarding practice as part of the preparations for the implementation of the latest policy and procedures [HAS]	HAS AD C&S	Tue-30-Apr-19	
Reduction	20/615 - Continue with scoping work in preparation of implementing the Law Commission proposals (linked to action 20/534) [HAS]	HAS AD C&S HAS AD H&I	Mon-31-Dec-18	
Phase 4 - Post Risk Reduction Assessment				
Probability	L	Objectives	H	
		Financial	M	
		Services	M	
		Reputation	H	
		Category		3
Phase 5 - Fallback Plan				
		Action Manager		
Fallback Plan	20/545 - Carry out necessary review of approach, target underperforming areas and take on lessons learned from any serious case reviews		CD CYPS CD HAS	

Corporate Risk Register

Risk Register: month 6 (April 2018) – detailed

Next Review due: November 2018

Report Date: 14th May 2018 (pw)

Phase 1 - Identification											
Risk Number	20/219	Risk Title	20/219 - Commercial Strategy				Risk Owner	Chief Exec		Manager	CSD Mgt Team
Description	Failure to successfully secure commercial opportunities within the Council resulting in lost net income to support budget savings, unresilient service, unskilled and insecure workforce.						Risk Group	Strategic		Risk Type	CS 15/201
Phase 2 - Current Assessment											
Current Control Measures			NYES; Commercial Board; Commercial strategy in place; action plan in place; initial commercial challenge sessions have taken place; website with ability of customers to buy on line; relationship managers liaise between the Heads of Traded Services and customers; Exec subcommittee and Brierley Board established as part of governance arrangements; Brierley Group Performance report; selection criteria to win bids for commercial opportunities to optimise rewards determined; cash invested in commercial opportunities where appropriate; NYES strategy refreshed								
Probability	H	Objectives	M	Financial	M	Services	M	Reputation	L	Category	2
Phase 3 - Risk Reduction Actions											
							Action Manager	Action by	Completed		
Reduction	15/208 - Collective meeting of Brierley Group to be arranged to share Vision and direction						CSD AD SR (ML)	Sat-31-Mar-18	Wed-31-Jan-18		
Reduction	15/246 - Finalise Commercial Strategy and communicate to stakeholders including staff						CSD AD SR (ML)	Sat-31-Mar-18	Mon-30-Apr-18		
Reduction	15/247 - Production and presentation of Brierley Group Performance reports						CSD AD SR (ML)	Mon-30-Apr-18	Mon-30-Apr-18		
Reduction	15/503 - Carry out NYES commercial challenge sessions to monitor progress against commercial targets in the Autumn and at the end of the financial year						CSD AD SR (ML)	Sat-31-Mar-18	Sun-31-Dec-17		
Reduction	15/521 - Invest cash in commercial opportunities where appropriate						CSD AD SR (KI)	Sat-31-Mar-18	Sat-31-Mar-18		
Reduction	15/522 - Determine selection criteria to win bids for commercial opportunities to optimise rewards						CSD AD SR (ML)	Sat-31-Mar-18	Sat-31-Mar-18		
Reduction	15/609 - Review training on commercial and take appropriate actions						CD SR	Mon-31-Dec-18			
Reduction	15/610 - Refresh of NYES strategy and approach						CSD SR NYES Com Dir	Sat-31-Mar-18	Sat-31-Mar-18		
Reduction	20/245 - Production and Shareholder approval of Brierley Group Business Plans						CSD AD SR (ML)	Sat-31-Mar-18	Mon-30-Apr-18		
Reduction	20/375 - Embed selection criteria to win bids for commercial opportunities to optimise rewards						CSD AD SR (ML)	Mon-31-Dec-18			
Reduction	20/381 - Develop and implement an internal communications plan to publicise the Commercial Strategy						CSD AD SR (ML) CSD HoC	Sat-30-Jun-18			
Phase 4 - Post Risk Reduction Assessment											
Probability	M	Objectives	M	Financial	M	Services	M	Reputation	L	Category	4

Corporate Risk Register

Risk Register: **month 6 (April 2018) – detailed**

Next Review due: **November 2018**

Report Date: **14th May 2018 (pw)**

Phase 5 - Fallback Plan		
		Action Manager
Fallback Plan	15/550 - Review financial position and invoke budget cuts as necessary	CSD Mgt Team

Corporate Risk Register

Risk Register: month 6 (April 2018) – detailed

Next Review due: November 2018

Report Date: 14th May 2018 (pw)

Phase 1 - Identification											
Risk Number	20/206	Risk Title	20/206 - Growth				Risk Owner	Chief Exec	Manager	CD BES	
Description	Failure to deliver the ambition of Sustainable Economic Growth through the delivery of the right housing, transport, and connectivity infrastructure , whilst protecting the outstanding environment and heritage, and within the context of two-tier local government structure and wider macro-economic policy and processes. This results in an inability to attract, retain and grow businesses, increase the house building rate, raise living standards and increase spending power.						Risk Group	Strategic	Risk Type	BES 7/232	
Phase 2 - Current Assessment											
Current Control Measures			Direct contribution and support, including through provision of accountable body function, to the YNYER Local Enterprise Partnership; Establishment of an Economic Growth Function within BES; Proactive engagement in LGNY partnership working including through Directors of Development, Chief Housing Officers, and Economic Development Officer Groups; Lead role in enabling and developing YNYER Spatial Framework; Lead role in supporting and developing the NYCC Infrastructure Delivery Steering Group/Growth Plan Steering Group; Lead role in initiating and developing the NYCC Economic Growth Plan; Work to secure Combined Authority / Devolution deal with Government; NYCC Economic Growth Plan completed and approved by Executive; collaborative working arrangements with District Councils in place; the YNYERH Spatial Framework is in place as a basis for further development work								
Probability	M	Objectives	M	Financial	H	Services	H	Reputation	H	Category	2
Phase 3 - Risk Reduction Actions											
							Action Manager	Action by	Completed		
Reduction	20/549 - Carry out corporate implementation of NYCC Economic Growth and Delivery Plan (annual review of progress); growth plan approved now need to produce, implement and monitor an action plan						BES AD GP&TS BES GP&TS HoSP&EG	Sun-31-Dec-17	Wed-31-Jan-18		
Reduction	20/550 - Embed enhanced collaborative working arrangements with District Councils (annual review of progress) - ongoing						BES AD GP&TS	Sun-30-Sep-18			
Reduction	20/551 - Ensure further detailed stakeholder engagement and development of the YNYER Spatial Framework to enable effective long-term planning and investment of infrastructure for growth (phase 2).						BES AD GP&TS	Mon-31-Dec-18			
Reduction	20/552 - Maintain good working relationship with the LEP (ongoing)						CD BES	Sun-30-Sep-18			
Reduction	20/553 - Understand and investigate any impacts of Brexit and ensure opportunities are taken						BES AD EPU CD BES	Sun-30-Sep-18			
Reduction	20/598 - Deliver the natural capital investment strategy environmental enhancement project via the Local Nature Partnership						BES AD GP&TS	Sun-31-Mar-19			
Reduction	20/599 - Continue to monitor the Devolution agenda and communication with stakeholders to maximise opportunities (ongoing)						BES AD GP&TS	Sun-30-Sep-18			
Phase 4 - Post Risk Reduction Assessment											
Probability	M	Objectives	M	Financial	M	Services	M	Reputation	M	Category	4

Corporate Risk Register

Risk Register: **month 6 (April 2018) – detailed**

Next Review due: **November 2018**

Report Date: **14th May 2018 (pw)**

Phase 5 - Fallback Plan		
		Action Manager
Fallback Plan	20/553 - Review and revise existing arrangements for sustainable economic growth	CD BES



Corporate Risk Register

Risk Register: month 6 (April 2018) – detailed

Next Review due: November 2018

Report Date: 14th May 2018 (pw)

Phase 1 - Identification											
Risk Number	20/389	Risk Title	20/389 - Health and Safety				Risk Owner	Chief Exec		Manager	CD SR
Description	Major Corporate Health and Safety failure resulting in injuries, claims, reputational and service delivery impact and possible prosecution						Risk Group	Legislative		Risk Type	CS 15/183
Phase 2 - Current Assessment											
Current Control Measures			HSRM Service Plan feeding into Directorate Action Plans; H&S team; Corporate H&S Policy; Corporate and Directorate H&S procedures; intranet and cyps.info sites; Directorate RM groups; RM Working groups; H&S Champions and lead officers; reporting on a regular basis; on-going H&S risk assessment, training, monitoring and audit; corporate H&S training; managers' and employees' online H&S training and other modules revised; health and safety function within NYCC (3rd stage) reviewed; new structure for the shared service with City of York Council agreed and implemented;								
Probability	L	Objectives	M	Financial	M	Services	M	Reputation	H	Category	3
Phase 3 - Risk Reduction Actions											
							Action Manager	Action by	Completed		
Reduction	15/248 - Continue delivery of the programme of H&S monitoring (ongoing)						CSD AD SR (AH)	Fri-31-Aug-18			
Reduction	15/249 - Implement the revised directorate H&S action plans in line with the top 10 risks agreed at CRMG and report performance on key priorities						CSD AD SR (AH)	Fri-31-Aug-18			
Reduction	15/255 - Ensure appropriate operating standards of H&S risk assessments exist and are being implemented locally (linked to 15/249 above)						CSD AD SR (AH)	Fri-31-Aug-18			
Reduction	15/257 - Review and revise the corporate H&S procedures alongside alignment with the safety management system						CSD SR HoHSRM	Fri-31-Aug-18			
Reduction	15/417 - Consider H&S implications of significant changes for delivery of services within the Council and factor into Directorate H&S action plans						CSD AD SR (AH)	Fri-31-Aug-18			
Phase 4 - Post Risk Reduction Assessment											
Probability	L	Objectives	M	Financial	M	Services	M	Reputation	M	Category	5
Phase 5 - Fallback Plan											
									Action Manager		
Fallback Plan	20/628 - Liaise with HSE, media management, implement fatal/serious injury response guide									CSD SR HoHSRM	

AUDIT COMMITTEE - PROGRAMME OF WORK 2017 / 18

	ANNUAL WORKPLAN	SEPT 17	DEC 17	MAR 18	JUNE 18	JULY 18	OCT 18	DEC 18	APR 19
	Audit Committee Agenda Items								
A	Training for Members (as necessary)				1	3	TBA	2	TBA
	Annual Internal Audit Plan			*	*				*
	Annual report of Head of Internal Audit				*				
	Progress Report on Annual Internal Audit Plan	*		*			*		*
	Internal Audit report on Children and YP's Service	*			*				
	Internal Audit report on Computer Audit/Corporate Themes/Contracts	*					*		
	Internal Audit report on Health and Adult Services		*			*			
	Internal Audit report on BES		*					*	
	Internal Audit report on Central Services			*					*
B	Annual Audit Letter		*				*		
	Annual Audit Plan (NYCC & NYPF)			*					*
	Annual Report / Letter of the External Auditor	*				*			
	Interim Audit Report				*				
	Discussion with External Auditor on 1-to-1 basis			*					
C	Statement of Final Accounts including AGS (NYCC + NYPF)	*			*	X			
	Letter of Representation	*				X			
	Chairman's Annual Report	*					*		
	Effectiveness of Audit Committee				*				
	Changes in Accounting Policies			*					*
	Corporate Governance – review of Local Code + AGS			*	*				
	– progress report inc re AGS				*				
	Risk Management (inc Corporate R/R) – progress report		*		*			*	
	Partnership Governance – progress report				*				
	Information Governance – progress report			*					*
	Review of Finance,/Contract/Property Procedure Rules	TBA	TBA	TBA	TBA	TBA	TBA	TBA	TBA
	Business Continuity						*		
	Audit Committee Terms of Reference		*					*	
	Counter Fraud			*					*
	Contract Management		[No]						
	Governance of external companies		[Yes]					*	
	Treasury Management – Executive February			*					*
	Corporate Procurement Strategy (including Contract Mgt)				*		*		
	VFM Review			*					
D	Work Programme	*	*	*	*	*	*	*	*
	Progress on issues raised by the Committee (inc Treasury Management)	*	*	*	*		*	*	*
E	Agenda planning / briefing meeting								
	Audit Committee Agenda/Reports deadline								
	Audit Committee Meeting Dates	07/09	30/11	01/03	21/06	26/07			

A = Internal Audit
B = External Audit
C = Statement of Final Accounts / Governance
D = Other
E = Dates

⚙ before formal meeting
 1 Budget Plan
 2 External and Internal Auditors
 3 HAS
 Sessions to be sorted