The Report of the Executive

The Executive met on Tuesday, 8 January 2008. Present:- County Councillor John Weighell in the Chair. County Councillors John Fort BEM, Carl Les, Chris Metcalfe, Caroline Patmore, Helen Swiers, John Watson OBE and Clare Wood.

Also in attendance: County Councillors Andrew Backhouse, Elizabeth Casling, Geoffrey Cullern, Mrs M-A de Courcey-Bayley, Heather Garnett, Michael Knaggs, Leslie Parkes, Chris Pearson and Martin Smith.

The Executive met on Tuesday, 22 January 2008. Present:- County Councillor John Weighell in the Chair. County Councillors John Fort BEM, Carl Les, Chris Metcalfe, Caroline Patmore, Helen Swiers, John Watson OBE and Clare Wood.

The Executive met on Tuesday, 5 February 2008. Present:- County Councillor John Weighell in the Chair. County Councillors John Fort BEM, Carl Les, Chris Metcalfe, Caroline Patmore, Helen Swiers, John Watson OBE and Clare Wood.

Also in attendance: County Councillors Ron Haigh, Michael Knaggs and Paul Richardson.

1. **Revenue Budget 2008/09 and Medium Term Financial Strategy:** At its meeting on 8 January 2008, the Executive considered a report on the provisional local government finance settlement for 2008/09 to 2010/11 and, at its meeting on 5 February, 2008 considered a further, detailed report on the Medium Term Finance Strategy 2008/09 (MTFS) and Revenue Budget for 2008/09, which included details of the final settlement. A copy of the full report has been circulated in advance as part of this agenda, marked Appendix 1. It sets out a context for the development of the MTFS and the revenue budget in which it states that the County Council has a duty to provide efficient, value for money services. This remains the fundamental priority for the County Council and a high expectation from the public of North Yorkshire. The County Council compares very well against the tests set by the Audit Commission and other Inspectorates as well as demonstrating overall value for money.

Particular challenges that are current and will be ongoing include the increasing number of older vulnerable adults who need support; the need to improve further the educational attainment of children and the skill levels of adults; and the disposal of the large amounts of waste produced in the County in an environmentally acceptable way. The County Council priorities reflect the need to address these challenges and the Chief Executive’s Management Board, alongside the County Council's Executive Members, are very conscious of the need to keep under review both the challenges and the opportunities that arise.

The Government’s Comprehensive Spending Review, covering the next three years, was announced in the Autumn of 2007. Whilst this Review has given some certainty to funding levels from the Government to the County Council, for the next three years there is also the requirement to generate 3% year on year efficiencies. This means a 9.3% target for the whole period. The difference between previous years and the forthcoming period is that these efficiency savings must be cashable. As an already low spending, low taxing and high performing Council, this particular target will be extremely challenging. Plans to deliver this target are now being worked up in detail, so that there is no unnecessary delay in implementing the measures that will be necessary to achieve the target.

We now know that the Government have decided to continue with two tier local government arrangements in North Yorkshire. This requires all local government organisations in the county area to find ways of cooperating to maximise the Council Tax payers' investment. The Management Board continues to examine very carefully the duties that we are required to deliver and to ensure that proposals for any growth in expenditure and service developments are essential.

The Medium Term Financial Strategy 2008/11 is designed to ensure that resources are effectively deployed to provide and improve County Council services to communities across North Yorkshire, in line with the Council Plan. The County Council's detailed expenditure plans and Revenue Budget for 2008/09 seek to improve efficiency; to avoid service reductions; but provide some investment and strengthening of services; to manage or reduce identified risks; and to raise performance, which has generally continued to improve in 2007/08

Last year's increase in Council Tax was 4.9%. The County Council remains in the lowest taxing quartile of English Shire Counties, however, and is well below the average in terms of net expenditure per head of population. In terms of performance, the County Council is ranked as second out of the 34 County Councils. Audit Commission figures show 65% of performance indicators improved during the year and 38% of indicators are in the best quartile.

An MTFS is required in business process terms because it identifies the resources needed to achieve corporate objectives over the medium / longer term, links the Revenue and Capital budgets and, therefore, enables forward planning to take place with reference to levels of available funding. The objectives of the MTFS, as reaffirmed by the County Council in the 2007/08 Budget cycle, are as follows:

- to support the achievement of the vision and corporate objectives expressed in the Council Plan
- to maintain and improve service quality and the Council's improvement planning priorities, so as to secure high performance, which is sustainable over the medium term
- to meet and respond to the perceived needs and priorities of local people
- to manage and minimise the risks to local services and customers
- to achieve effective use of all land and property assets
- to maintain unallocated revenue balances equivalent to 2% of the net Revenue Budget
- to contain any rise in the Council Tax to a reasonable level

Budget workshops were held for all Members on the 11 July and 12 December 2007. At the Executive meeting held on 8 January 2008, Members received details of:

- the key points arising from the Provisional Local Government Finance Settlement for 2008/09 to 2010/11
- the implications of the Provisional Settlement for the Council Tax Precept
- the situation regarding capping
- an update regarding the expenditure assumptions in the MTFS
- consultation arrangements

Because of the lateness of the ODPM's announcement of the Provisional Settlement figures, the Executive was not in a position to provide details of any proposed Budget package to Members when the County Council met in December 2007. Since that date a package of Budget proposals has been prepared by the Executive and used in the consultation process. The report attached as Appendix 1 explains the details of that package; reflects the responses from the consultation process; and takes into account the details of the ODPM's Final Settlement figures, so that a formal Council Tax Precept and associated Budget package can be recommended to the County Council. The report also includes, in paragraph 12.17 the Section 25 opinion of he Corporate Director – Finance and Central Services, which is:-

"Taking all these factors and considerations into account the Corporate Director – Finance and Central Services is satisfied that the figures used in the Revenue Budget 2008/09 and the MTFS, as proposed, are realistic and robust and that the associated level of balances/reserves is adequate within the terms of the approved policy in relation thereto."

The Executive RECOMMENDS:

(i) That for the year beginning 1 April 2008, a Council Tax precept of £226,708,000 be issued to billing authorities in North Yorkshire, such precept to be paid in instalments on dates to be determined by the billing authorities.

(ii) That a net Revenue Budget requirement for 2008/09 of £322,670,000 be approved.

(iii) That the allocations to each Directorate, various corporate initiatives, and precepts/levies/contributions be as detailed in Appendix D and the Supplementary Papers in Appendix 1 for this report, subject to the Corporate Director – Children's and Young People Service being authorised, in conjunction with Executive Members, to take the final decision on the allocation of the Schools Block for the period 2008/09 to 2010/11.

(iv) That Corporate Directors be authorised to incur expenditure under the terms of any new specific grants.

(v) That the revenue elements of the Area Based Grant be allocated and managed in accordance with the procedures detailed in Appendix E and paragraph 9.26 of Appendix 1 respectively.

(vi) That in relation to the Waste Infrastructure Capital Fund, the Corporate Director – Business and Environmental Services be authorised, in consultation with the appropriate Executive Member, to consult with the Waste Partnership on the most appropriate method of allocating this grant and, having done so, to adhere to the management procedures referred to in paragraph 9.26(c) of Appendix 1.

(vii) That the policy target for the level of the General Working Balance be retained at 2% of the net Revenue Budget.

(viii) That the funds related to LABGI and LPSA Performance Reward Grant be transferred into the provision for the costs of Equal Pay claims and the Job Evaluation exercise.

(ix) That the Pending Issues Provisions be established and their approval arrangements be as detailed in paragraph 9.30 of Appendix 1.

(x) That short term funds to boiler / kitchen ventilation works, EDRMS and the ICT Infrastructure Strategy be allocated as detailed in paragraph 9.31 of Appendix 1.

(xi) That the Section 25 assurance statement provided by the Corporate Director – Finance and Central Services regarding the robustness of the estimates and the adequacy of the reserves be noted.

(xii) That the Medium Term Financial Strategy, and its caveats, as laid out in paragraph 9 and Appendix D of Appendix 1 be approved.

2. **Revision of Prudential Indicators:** The new Capital Finance system introduced in April 2004 is underpinned by the CIPFA Prudential Code for Capital Finance in Local Authorities. This Code requires every local authority to set a range of Prudential Indicators, as part of the Revenue Budget process and before the start of the financial year, to ensure that capital spending plans are affordable, prudent and sustainable.

The Prudential Indicators for 2007/08, covering the period up to 2009/10, were approved by County Council on 21 February 2007 and a full revision of all Indicators was approved by County Council on 10 October 2007.

As part of the 2008/09 Budget process, a fresh set of Indicators for the period up to 2010/11 now needs to be approved. These should be considered in conjunction with the item relating to Treasury Management. Each Prudential Indicator in the attached appendix is set out in terms of:-

- the updated Indicators to 2009/10 approved by County Council on 10 October 2007

- a revised set of Indicators with the addition of 2010/11

- appropriate comments on each Indicator including reasons for any significant variations.

In general the proposed Indicators reflect a number of common factors including

- the latest Capital Plan as adjusted for a number of known and forecast variations.

- updated information on Government Supported Borrowing approvals.

- updated capital financing costs reflecting the above

The Authorised Limit for external debt determined for 2008/09 will be the statutory limit determined under Section 3(1) of the Local Government Act 2003, which requires that a local authority shall determine and keep under review how much money it can afford to borrow in a given financial year.

The Executive RECOMMENDS:

(i) that the updated Prudential Indicators, set out in appendix 2 to the report, be approved.

(ii) That an Authorised Limit for External Debt of £410.7m in 2008/09, under Section 3(1) of the Local Government Act 2003, be approved.

3. Treasury Management: The County Council is required to adopt certain procedures in relation to Treasury Management. The County Council is expected to comply with the terms of the CIPFA Code of Practice on Treasury Management in the Public Services issued in 2001, and adopted by the County Council in May 2002, and the County Council must also comply with the CIPFA Prudential Code for Capital Finance in Local Authorities which, from 1 April 2004, impacts heavily on Treasury Management matters.

The separate item on the Prudential Indicators for the three years 2008/09 to 2010/2011 should be read in conjunction with this item, because of the interaction between the Prudential Indicators and the Treasury Management arrangements. The County Council has to have in place by the start of the new financial year 2008/09 the following:

(a) an up to date Treasury Management Policy Statement which states the County Council's policies and objectives for its Treasury Management activities and which includes a framework of Treasury Management practices, setting out the manner in which the County Council will seek to achieve the policies and objectives and prescribing how it will manage and control those activities. Those Treasury Management practices are currently being reviewed, to ensure they are still fully consistent with statutory requirements. The policy statement has been subject to minor amendments in relation to the newly required Minimum Revenue Provision policy and a new policy relating to the capping of capital financing costs.

(b) a combined Annual Treasury Management and Investment Strategy

Refinements to the Annual Treasury Management Strategy are also being proposed in relation to:

(a) updated credit rating criteria for organisations being included on the County Council's Approved Lending List and a consequential updated list of organisations (counterparties) to which the County Council may make investments together with the maximum sum at any time that can be placed with each.

(b) a proposal to allow borrowing from the money markets for periods up to 70 years.

(c) A new policy for making Minimum Revenue Provision (MRP) in the Budget for debt repayment in the light of new pending statutory guidance.

(d) A new policy to cap capital financing costs as a proportion of the annual Net Revenue Budget

The key elements of the Strategy are:-

(a) an authorised limit for external debt of £410.7m in 2008/09

(b) an operational boundary for external debt of £390.7m in 2008/09

(c) a borrowing limit on fixed interest rate exposure of 60% to 100% of outstanding principal sums and a limit on varied interest rate exposure of 0% to 40% of outstanding principal sums

(d) an investment limit on fixed interest rate exposure of 0% to 30% of outstanding principal sums and a limit on variable interest rate exposure of 70% to 100% of outstanding principal sums

(e) a limit of 20% (estimated at £12m) of the total cash sums available for investment (both in house and externally managed) to be invested in Non Specified Investments over 364 days.

(f) The Corporate Director – Finance and Central Services to report to the County Council, if and when necessary during the year, on any changes to this Strategy arising from the use of operational leasing, PFI or other innovative methods of funding

Attempts are being made to reduce the consequential interest charge impact on the Revenue Budget which arises from the long term debt position of the County Council, which is essentially related to the level of capital expenditure undertaken. The growth of the County Council's long term outstanding debt is demonstrated by the following table –

@ Year end	Debt Outstanding	Year on Year Increase
	£m	£m
31 March 2001 actual	147.3	
2002 actual	148.9	+ 1.6
2003 actual	180.2	+ 31.3
2004 actual	215.1	+ 34.9
2005 actual	231.7	+ 16.6
2006 actual	274.4	+ 42.7
2007 actual	299.0	+ 24.6
2008 forecast	329.8	+ 30.8
2009 forecast	364.3	+ 34.5
2010 forecast	406.9	+ 42.6
2011 forecast	432.6	+ 25.7

The County Council's external debt has effectively doubled over a period of six years from March 2001 to March 2007. Particularly noticeable is the increase in the years since 2002, which is primarily attributable to the increase in the value of annual LTP allocations and the availability of Prudential Borrowing, which has been deliberately used by the County Council to boost the size of the Capital Plan not related to Government borrowing approvals. The ratio of borrowing related to Government borrowing approvals, as opposed to being locally determined under the prudential regime, is approximately 80/20. The revenue cost of servicing the debt impacts directly on the County Council's Revenue Budget/Medium Term Financial Strategy and will be about £32m in 2008/09. This consists of interest payments of £18.1m and a revenue provision for debt repayment of £13.9m. The annual capital spending funded by borrowing significantly exceeds the statutory Minimum Revenue Provision for debt repayment that must be made each year. For example, in 2008/09 the revenue provision for debt repayment is £13.9m, whereas capital spending to be funded from borrowing is £50.7m. The difference of £36.8m will increase the outstanding debt position further in 2008/09 and could only be reduced by

(a) significantly curtailing new capital investment and removing Capital Plan provisions that are funded from external borrowing, most of which are supported by borrowing approvals, specifically the Highways LTP and several Education initiatives and/or

(b) significantly increasing the revenue budget/MTFS provisions for debt repayment above the statutory minimum, about 4% of debt, that is currently made, and/or

(c) removing Capital Plan schemes funded by capital receipts and using those receipts, together with future additional receipts and the current corporate "Capital pot", for debt repayment, rather than new capital investment.

Given the size of the County Council's current Capital Plan, the Revenue Budget/MTFS position and forecast level of Government borrowing approvals for future years, it is unlikely that any of the above three options could be realistically adopted, and therefore external debt levels will continue to increase into the foreseeable future. This growth in debt is not unique to the County Council, however, as the reasons for the growth apply to most county and unitary councils throughout the country. Based on statistics available, the tables below demonstrate this continuing debt growth of comparable County Councils, together with a comparison of capital financing costs as a percentage of net revenue budgets.

External Debt Outstanding Levels

Year	**Actual (A)/Forecast (F)**	**Lowest**	**Average**	**NYCC**	**Highest**
Actual Levels		£m	£m	£m	£m
31/03/05	A }all	109.9	275.0	231.7	830.7
31/03/06	A }34 counties	157.1	329.3	274.4	882.6
31/03/07	F }	125.9	343.1	299.0	1,010.0
31/03/08	F }20 counties	144.8	380.0	329.8	1,112.0
31/03/09	F }where data	144.3	410.4	364.3	1,145.0
31/03/10	F }available	139.7	435.6	406.9	1,149.0
growth in debt					
actual 5 year growth from 31/03/01 to 31/03/06		21%	81%	86%	386%
forecast 3 year growth from 1/04/07 to 31/03/10		4%	27%	36%	53%

Capital financing costs interest plus a required revenue provision for principal as a percentage of net revenue budgets based on latest comparative figures

Year	**Lowest**	**Average**	**NYCC**	**Highest**
	%	%	%	%
2006/07 estimates	3.4	8.6	10.5	14.0
2007/08 estimates	5.1	9.0	10.1	14.2

It can be seen from these tables that:

(a) the County Council's absolute external debt level is below the average of other shire counties, and

(b) historical debt growth to date is broadly comparable to the average of other shire counties, but

(c) is higher looking ahead to 2010, principally due to the County Council's Waste Procurement Strategy, and

(d) the County Council's capital financing costs (interest + principal) as a %age of the net revenue budget is above the average of other shire counties

(e) the range of debt levels and %age of capital financing costs relative to the net revenue budget can depend on a number of factors such as

- historical borrowing levels and rates of interest on those borrowings
- the population size of the County
- comparative levels of borrowing approvals issued by the Government
- comparative levels of agreed Prudential Borrowing
- relative levels of internally financed capital borrowing
- debt re-scheduling activities, which can reduce ongoing interest costs at the expense of accumulated repayment premiums, which are written back to revenue over a period of years and result in lost interest earned
- additional voluntary set aside for repayment of debt

(f) because of the factors mentioned in **(e)** above, the overall comparison of debt and financing costs between authorities will become increasingly difficult over a period of time

Because of these factors and arising from discussions held during the Budget process, a new policy to cap capital financing costs as a proportion of the annual Net Revenue Budget is proposed below.

The criteria for monitoring and assessing organisations (counterparties) to which the County Council may lend are incorporated into the detailed Treasury Management Practices (TMP's) that support the Treasury Management Policy Statement (TMPS). Applying these criteria enables the County Council to produce an Approved List of organisations in which it can make investments, together with the maximum sum at any time that can be placed with each. The credit rating criteria currently in use, together with the full Lending List, was last submitted to Council in February 2007 as part of the 2007/08 Treasury Management Report.

As a result of the recent market conditions, connected with the 'credit crunch' in the US and consequential liquidity problems experienced by Northern Rock, a comprehensive review of the credit rating criteria for organisations to be included on the County Council's Approved Lending List has been carried out. The revised criteria are set out in the Annual Treasury Management and Investment Strategy 2008/09. The changes take into account more detailed credit criteria information and include reference to an institution's overall creditworthiness, based on their long term and short term rating (ie the capacity to service and repay debt obligations punctually), financial strength/individual ratings and support rating. The table below shows the changes that have been made to the credit criteria in the Treasury Management Strategy for 2008/09 for specified investments up to 364 days.

Period	Credit Limit			
	Strategy 07/08		Strategy 08/09	
	Minimum	Highest	Minimum	Highest
Short Term (less than 1 year)	F2	F1+	F1	F1+
Long Term	N/A	N/A	A	AA-

For the 2008/09 Strategy, the table highlights that both long and short term ratings are taken into consideration when setting the credit rating criteria in the short term. This provides more detail as to how to select institutions and further safeguards the County Council's funds. The relationship between the credit ratings is fully explained in the Strategy document. The credit criteria reflected in the Treasury Management Strategy 2008/09 are in line with the credit matrix of the County Council's Treasury Management Adviser. The use of these more detailed credit criteria enables the County Council to set two different levels of credit criteria on which to invest its funds. This approach will provide greater safeguards, because more of the available funds will now be invested for longer periods of time with those institutions that have a higher credit rating, and reduces the risk with institutions that have a slightly lower credit rating, because less money will be placed with them and for shorter periods. The credit criteria chosen reflect a 3 month limit for some organisations (building societies and banks) and a 364 day limit for others. The intended impact of these changes to the credit criteria is to ensure that the County Council's funds are managed in a way that balances risk with return, but with the overriding consideration being given to the security of the County Council's invested sum. For longer term (non-specified investments) over 364 days, the credit rating criteria remain substantially unchanged from 2007/08.

As a result of the revised credit rating criteria, it has been necessary to revise the Approved List of organisations to which the County Council may make investments, together with the maximum length of time and sums at any time that can be placed with each. These sums/periods vary for Specified and Non-Specified investments and details of these are provided in Appendix 3, together with a full and updated Lending List.

For Specified investments – a maximum of 364 days - institutions which have a credit rating of F1,A are limited to £8 million and 3 months. Institutions which are rated F1+, AA- or above, have limits of £15 million and 364 days. Foreign Banks and UK clearing banks are all considered according to their credit ratings, and there is therefore no amount or length of time differential between the banks. For foreign banks transactions are in sterling and the banks are based in the UK. For Non-Specified Investments – Investments over 1 year to 5 years – institutions which have a credit rating of F1+,AA- have a time limit of 2 years and institutions that are rated F1+, AA or above have a limit of 5 years. The maximum amount for all investments over 1 year to 5 years is £5 million. The changes that are proposed to the Lending List in the 2008/09 Strategy are set out below:

(a) Organisations included on the 2007/08 Lending List for 364 days and £8m or £15m to be restricted to 3 months and £8 million in 2008/09 are Dresdner (Germany); Anglo Irish Bank (Republic of Ireland); EBS (Republic of Ireland); Alliance & Leicester (UK) and Bradford & Bingley (UK).

Northern Rock is being removed from the list for further investment at this time as it no longer reaches the required credit criteria.

(b) Organisations included on the 2007/08 Lending List for 364 days to be increased to £15 million for 2008/09 are National Australia Bank (Australia);Dexia Bank Belgium (Belgium); Allied Irish Bank (Ireland); Bank of Ireland (Ireland) and Depfa (Ireland).

(c) Rabobank (Netherlands); ING Bank (Netherlands) and Banco Bilbao Vizcaya (Spain) included on the Lending List 2007/08 for 364 days are to be removed from the lending list even though they meet the credit rating criteria F1+,AA- due to the large sums (£20-£50 million) that would need to be invested with them at one time to gain competitive market rates. The County Council is not in a position to invest such large sums at one time.

(d) Organisations not included on the Lending List in 2007/08 to be introduced for 3 months at £8 million are Bayrische Landesbank (Germany); HSH Nordbank AG (Germany); Landesbank Baden-Wuttemberg (Germany); Norddeutsche Landesbank (Germany); Glitner Banki hf (Iceland); Landesbankl Islands (Iceland); Irish Intercontinental Bank (Ireland); Irish Life & Permanent (Ireland); Banco Espirito Santo (Portugal); Co-operative Bank (UK) and Kaupthing Singer and Friedlander Ltd (UK).

(e) Organisations not included on the 2007/08 Lending List to be introduced for 364 days at £15 million are Fortis Bank (Belgium);KBC Bank (Belgium); Canadian Imperial Bank of Commerce (Canada); Nordea Bank Finland (Finland); CAYLON (France); Credit Industrial et Commercial (France); Credit Agricole (France); Societe Generale (France); Deutsche Bank (Germany); DBS Bank (Hong Kong); Itesa Sanpaolo Spa (Italy) and Nordea Bank (Sweden).

(f) County Councils; English Unitary Councils; and Metropolitan District Councils included on the 2007/08 Lending List for £5 million are to be increased to £15 million and District Councils; Police Authorities; Fire Authorities and National Park Authorities included for £2.5m are to be increased to £15m. Local Authorities are all supported by the Government so are classed as having the highest credit rating

(g) Money Market Funds (highest credit ratings possible-AAA) and UK Government Debt Management Account included on the 2007/08 Lending List for £2.5-£5 million are to be increased to £15 million

(h) Building Societies included on the Lending List in the 2007/08 Strategy for 364 days are to be restricted to 3 months and £8 million in accordance with their credit rating criteria in the current volatile market – Britannia; Chelsea; Cheshire; Coventry; Derbyshire; Dunfermline; Leeds; Newcastle; Norwich & Peterbrough; Principality; Skipton; Yorkshire and West Bromwich

(i) Scarborough Building Society was not included on the 2007/08 Lending List and is to be introduced for 3 months and £8 million

As Building Societies fall into the lower credit rating criteria described in the Annual Treasury Management and Investment Strategy 2008/09, they are being included on the updated 2008/09 Lending List for periods up to three months. This is considered appropriate in the current market climate.

At some point in the future, however, when market conditions are less volatile than at present, lending to Building Societies for up to one year will be considered. Even though their credit rating is lower than the County Council's prescribed 'high' rating requirement (F1+, AA-) it is still deemed prudent to consider investing with Building Societies for 1 year. The Building Society sector is unique because of its asset size and there are a number of reasons for considering them slightly different from other organisations, including

- no Building Society has ever failed (Northern Rock was not a Building Society)
- even with their lower credit ratings, their assets (ie houses) are very safe
- they are subject to stringent supervision by the Financial Services Authority
- a Building Society in financial difficulty would be 'supported' (ie taken over) by another Building Society

It is worth mentioning that only 15 out of 60 English Building Societies have credit ratings because obtaining such a rating is costly and most of their investors are private individuals who have no interest in credit ratings.

(j) Organisations included on the 2007/08 Lending List for up to 5 years to be restricted to 2 years are Abbey; Clydesdale Bank (Trading as Yorkshire Bank); Credit Suisse International (UK bank); Allied Irish (Ireland); Bank of Ireland (Bristol & West); Depfa (Ireland) and Nationwide.

(k) Organisations not included on the 2007/08 Lending List to be introduced for up to 2 years at £5 million are Fortis Bank (Belgium); KBC Bank (Belgium); Canadian Imperial Bank of Commerce (Canada); Nordea Bank (Finland); Credit Industriel et Commercial (France); Deutsche Bank (Germany); DBS Bank (Hong Kong); Intesa Sanpaolo Spa (Italy); Nordea Bank AB (Finland) and Societe General (France).

(l) Organisations not included on the 2007/08 Lending List to be introduced for up to 5 years at £5 million are CAYLON Bank (France) and Credit Agricole (France).

(m) Alliance and Leicester included on the 2007/08 Lending List for 5 years is to be restricted to investments of 3 months only

Following a recent consideration of the Corporate Risk Register and other financial risks facing the County Council, the Audit Committee has expressed an interest in reviewing the arrangements the County Council has in place to lend and borrow money in the money markets. This interest will no doubt have increased due to the current turbulence in financial markets. Given that the Annual Treasury Management Strategy contains proposals to upgrade the credit rating criteria; overhaul the Approved Lending List; as well as to define the parameters for Specified and Non-Specified Investments, a review by the Audit Committee could be considered as an additional level of scrutiny to these proposals. The Executive, therefore, recommends that the Audit Committee be asked to review the Policy/Strategy documents, with a view to submitting any proposals for change to a subsequent meeting of the Executive. If any of the proposals required a change to the Policy/Strategy documents, the Executive would submit a revised Policy/Strategy to the Council at its meeting in May 2008.

The Annual Treasury Management Strategy includes sections that explore the prospects for Interest Rates and their consequential impact on the Borrowing Strategy. The financial markets have been experiencing some turbulence in January 2008. Unless this turbulence translates itself into a permanent impact on the interest rate markets the text included in the Annual Treasury Management Strategy is still considered relevant to the Borrowing Strategy. This position will, of course, be reviewed continuously during the year and a revised Borrowing Strategy will be submitted to Members if considered necessary.

In October 2006 the County Council approved an amendment to the Annual Treasury Management Strategy to allow borrowing for capital purposes for periods up to 50 years. This was in response to the Public Works Loan Board (PWLB) extending the repayment period for their loans to local authorities from 30 to 50 years in December 2005. Money market loans in the form of LOBO's (Lender option, borrower option) are, however, available to local authorities for periods in excess of 50 years – generally up to 70 years. Banks offer these longer term loans because of their business requirements (eg 99 year leases) and interest rates on offer have tended to be lower than for 50 year loans in recent times. On the advice of the County Council's Treasury Management Adviser, it is now proposed that the Annual Treasury Management Strategy is amended again to allow borrowing from the money markets using LOBO's for periods up to 70 years. Such long period loans would, however, only be taken if there was a clear benefit (ie interest rate differential) in doing so, and following discussion with the Treasury Management Adviser. In reality, borrowing for 70 years is little different to taking a 50 year loan. The risk of taking such long period loans is that the County Council could potentially be locked into paying current interest rates on a loan for up to 70 years, which would be disadvantageous if medium/long term rates subsequently fell below current rates, at some point in the future. There is also the psychological factor of borrowing for such a long period. In practice, however, it is highly unlikely that such loans would ever run the full period because, at some point, interest rates are likely to rise above the fixed rate agreed, at which point the lender would request an increase and the County Council would have the option of repaying the loan. The Annual Treasury Management and Investment Strategy therefore been updated to reflect this proposal to allow longer term borrowing.

The statutory requirement for local authorities to charge to Revenue each year a specific sum for debt repayment is being replaced with more flexible statutory guidance. The current Capital Finance Regulations, which are in the process of being replaced, require a Minimum Revenue Provision (MRP) of 4% of the County Council's Capital Financing Requirement (CFR). The CFR basically consists of external debt, plus capital expenditure financed by borrowing from internal sources (surplus cash balances). The County Council's statutory 4% MRP in 2007/08 is £12.7m. The amendments to the Capital Finance Regulations are currently still draft, but are expected to be issued in the current financial year. They will replace the present detailed rules with a simple duty for an authority, each year, to charge an amount of MRP which it considers to be prudent. The new Regulations will not, in themselves, define prudent provision, but MRP guidance to be issued by CLG will make recommendations to authorities on the interpretation of that term. Authorities will therefore be legally obliged to have regard to this MRP guidance, in the same way as applies to other statutory guidance. The new 'statutory guidance' will require authorities to prepare an Annual Statement of their policy on making MRP for submission to their full Council. This mirrors the existing requirements to report to the County Council on the

Prudential Borrowing Limit and Investment Strategy. The aim is to give Members the opportunity to scrutinise the proposed use of the additional freedoms conferred under the new arrangements. Based on the draft document that has been used for consultation, the main part of the new statutory guidance will be concerned with the interpretation of the term ‘prudent provision’ and the principle that provision for borrowing to finance a capital asset should bear some relation to the period over which the asset continues to have a useful life. The present system of 4% MRP does not necessarily provide this link. A number of options, which the CLG say they consider would constitute prudent provision, are detailed in the Guidance. CLG also state, however, that authorities are free to make additional MRP if they so require. The County Council must therefore now approve an Annual MRP Policy Statement which will satisfy the ‘prudent provision’ requirement, based on options provided by the CLG. Having assessed the various options provided by the CLG, it is recommended that the following MRP policy is adopted from 1 April 2008 –

(a) for all capital expenditure incurred before 1 April 2008, MRP will be based on 4% of the Capital Financing Requirement (CFR) at that date. This to include expenditure supported by Government borrowing approvals and locally agreed Prudential Borrowing up to 31 March 2008. This is in effect a continuation of the old MRP regulations for all capital expenditure up to 31 March 2008 that has been financed from borrowing

(b) for capital expenditure incurred after 1 April 2008 which is supported by Government borrowing approvals, MRP to be based on 4% of such sums reflected in subsequent CFR updates. This reflects the fact that the Revenue Support Grant formula for supported borrowing approvals will still be calculated on that basis

(c) for locally agreed Prudential Borrowing on capital expenditure incurred after 1 April 2008, MRP will be calculated based on equal annual instalments over the estimated life of the asset for which the borrowing is undertaken. This method is a simpler alternative to depreciation accounting. The estimated life of each asset will be assessed each year, based on types of capital expenditure being incurred but, in general, will be 25 years for buildings, 50 years for land (as advised by CLG), and 5 to 7 years for vehicles/plant and equipment. This option also allows an authority to defer the introduction of an MRP charge for new capital projects/land purchase until the year after the new asset becomes operational, rather than in the year borrowing is required to finance capital spending. This approach is beneficial for projects that take more than one year to complete and is therefore included in the proposed MRP Policy.

The change from the current 4% MRP calculated on a reducing balance to equal instalments over the assets life for Prudential Borrowing after 1 April 2008 does, potentially, result in additional revenue provision being required, compared to current arrangements. The forecast implications of this change are reflected in the 2008/09 Revenue Budget and MTFS, although the overall effects are minimal, after taking into account financing contributions from Directorate Revenue budgets in relation to Invest to Save capital schemes funded from Prudential Borrowing. The new Regulation is expected to come into force before 31 March 2008 and does, therefore, require a Policy Statement to be approved before 31 March 2008 which would specify the policy for 2008/09. In terms of financial impact, however, MRP has been and continues to be calculated based on capital expenditure incurred to the previous 31 March. The proposed new MRP policy relates to capital expenditure incurred after 1 April 2008, with the consequential impact first affecting the MRP charge for 2009/10, and has been incorporated into the attached Annual Treasury Management and Investment Strategy. An annual review of this new MRP policy will be undertaken and reported to Members as part of this annual Treasury Management report.

During the preparation of the Revenue Budget/MTFS 2008/09, concerns were expressed about the possible ongoing impact on the annual Revenue Budget of capital expenditure, generated either by government borrowing approvals or approved locally under the Prudential Borrowing regime. The relationship between levels of capital expenditure and the consequential capital financing costs that they generate is demonstrated in the following table.

Year	**Net Budget Requirement (based on 4.75% Council Tax increase from 2008/09**	**Budgeted Capital Financing Costs ***	**Costs as a %age of Budget**	**1% of Budget**	**Potential Capital Spend from 1% on BR**
	£m	£m	%	£m	£m
2007/08	295.8	30.5	10.3	3.0	35.3
2008/09	322.7	32.6	10.1	3.2	37.6
2009/10	339.7	35.4	10.4	3.4	40.0
2010/11	358.1	38.2	10.7	3.6	42.4

* Based on Capital Plan to 2010/11 and includes interest on external debt plus lost interest earned on internally financed capital expenditure, together with a minimum revenue provision for debt repayment.

In addition to showing the direct link between the level of capital spend and impact on the Revenue Budget to date, the table also includes an estimate of the impact that planned levels of future capital expenditure, based on the current Capital Plan, will have on the proportion of the Revenue Budget that will be required to meet the consequential capital financing costs; and shows how much additional capital spend an 1% increase in the Budget requirement will support. The Executive believes that some form of policy based regulator or cap should be provided to this proportion when Members are considering the Capital Plan. A cap could be set at 11% - this would accommodate existing Capital Plan requirements, but would act as a regulator if Members were considering, at a future date, expanding the Capital Plan using Prudential Borrowing. Members would, of course, have the ability to review the % at any time, but would have to do so in the light of its explicit impact on the Revenue Budget/MTFS. A new policy to cap capital financing costs as a proportion of the annual Net Revenue Budget is therefore included in the Annual Treasury Management and Investment Strategy.

<u>The Executive RECOMMENDS:</u>

(i) That the updated Treasury Management Policy Statement as attached at Appendix 3A be approved.

(ii) That the Annual Treasury Management and Investment Strategy for

2008/09 as detailed in Appendix 3B be approved and, in particular,

(a) an authorised limit for external debt of £410.7m in 2008/09.

(b) an operational boundary for external debt of £390.7m in 2008/09.

(c) a borrowing limit on fixed interest rate exposure of 60% to 100% of outstanding principal sums and a limit on variable interest rate exposure of 0% to 40% of outstanding principal sums.

(d) an investment limit on fixed interest rate exposure of 0% to 30% of outstanding principal sums and a limit on variable interest rate exposure of 70% to 100% of outstanding principal sums.

(e) a limit of 20% (estimated at £12m) of the total cash sums available for investment (both in house and externally managed) to be invested in Non Specified Investments over 364 days.

(f) the Corporate Director - Finance and Central Services to report to the County Council, if and when necessary during the year, on any changes to this Strategy arising from the use of operational leasing, PFI or other innovative methods of funding.

(g) updated credit rating criteria for investment purposes together with an updated Approved Lending List of organisations in Schedule C attached to Appendix 3B be approved.

(h) an amended Borrowing Strategy to allow borrowing for capital purposes from the money markets, using LOBOs) for periods up to 70 years be approved.

(i) a revised Annual Minimum Revenue Provision for debt repayment set out in Appendix 3B be approved.

(j) a new policy to cap capital financing charges as a proportion of the annual Net Revenue Budget as set out in Appendix 3B be approved.

(iii) that the Audit Committee be invited to review the Treasury Management Policy Statement and Annual Treasury Management and Investment Strategy for 2008/09 above and submit any proposals to the Executive for consideration at the earliest opportunity.

4. **Special Educational Needs (SEN) Policy 2007-2010:** Regulations require the County Council to publish information relating to:

- the SEN provision the County Council would expect normally to be met from mainstream school budgets and that which the Local Authority makes form resources held centrally;

- the general arrangements the County Council makes for the identification and assessment of children with SEN;

- the support provided to schools with regard to making provision for children with SEN;

- auditing, planning, monitoring and reviewing provision for children with SEN in their area;

- securing training, advice and support for staff working with children with SEN.

This information should be regularly revised when there have been significant changes to the way in which provision is made for children with SEN, and the SEN Policy must be published on the County Council's web site and made available to schools by post or electronic communication.

A review of the SEN Policy took place in 2005 and a revised policy was published as part of the SEN Strategy 2005-2008. The Strategy also included the actions that the County Council intended to take to improve outcomes for children with SEN and disabilities and their families in response to the DFES 10 year strategy for 'Removing Barriers to Achievement' for children with SEN.

The SEN Policy remains a statutory requirement, but the publication of the Children and Young People's Plan and the annual self-evaluation tool from the Department for Children, Schools and Families has now enabled the actions and performance indicators in SEN Strategy to be located within these frameworks. In addition, the JAR action plan sets out the work plan for an emerging strategy for learners with learning difficulties and disabilities, which has the potential to overlap significantly with an SEN Strategy Action Plan. There have also been significant changes to the way in which the County Council monitors the inclusion of children with SEN and the provision being made for them. A revision of the SEN policy and Strategy is therefore both timely and needed strategically.

A draft SEN Policy document, to replace the existing SEN Strategy is attached to this report as Appendix 4. This document sets out:

- The SEN Policy Framework
- The information to be provided by the County Council in accordance with Schedule 2 of the SEN Regulations 2001
- The North Yorkshire Inclusion Statement and Inclusion Quality Mark
- The aims and principles that underpin our strategies
- The SEN Accountability Framework

It has been brought up to date to reflect the Council's position as a Children's Services Authority, the revised Inclusion Quality Mark and the changes to the way in which the Children and Young People's Service will monitor, challenge, intervene and support schools in relation the provision it makes for children with special educational needs or learning difficulties.

The draft policy was circulated to all schools in September 2007, together with a letter asking for feedback. Feedback was also sought through the Autumn Term School

Improvement Networks (SINs). Written feedback was limited to responses from two special school headteachers and a governor with designated responsibilities for SEN in a mainstream secondary school. This was overall very positive, with some queries regarding the future pattern of SEN provision from the mainstream school governor, who concluded that “the new policy has been well thought out and deserves to be successful.” There were no concerns raised by head teachers at the SINs meetings regarding the information provided in the policy or the strategic approach being taken to support schools in making provision for children with SEN. The draft policy was also circulated to the Parent Partnership Service and the County Parents Group for their consideration who recommended some minor changes to the text.

The Executive RECOMMENDS:

That the draft Special Educational Needs Policy 2007-2010 be approved for publication.

5. **School Admissions Arrangements 2009/2010:** The County Council is required to determine its admission policy and admission limits by 15 April each year. Prescribed consultations must be completed by 1 March each year, which means that schools are first consulted in Autumn Term each year for admissions nearly two years later. The process is, therefore, based to some degree on schools’ best estimates of the numbers of requests for places and is informed by the LA’s forecasting model, which takes into account the patterns of parental preference over the years.

The Department for Children Schools and Families (DCSF) encourages Local Authorities to carry out the admission arrangements consultation on behalf of Voluntary Aided and Foundation Schools. For the 2009/10 consultation, after discussion with Diocesan Directors, the County Council agreed to carry out the admission arrangements consultation for 2009/10. Voluntary Aided schools supplied their admission arrangements so that this could be carried out.

The proposed admissions policy for community and voluntary controlled schools, attached as Appendix 5A, has been updated in line with requirements of the statutory Code on School Admissions. The overall criteria are broadly the same, but the criterion relating to children with statements of special needs is no longer listed as one of the orders of priority. This is because the Code clearly states that this is not an oversubscription criterion.

All governing bodies are required by Section 324 and the Education Act 1996 to admit to the school a child with a statement of special needs that names the school. Schools must admit such children whether they have places or not. Priority group 2 now covers social or medical reasons for admission and the situation where the enhanced special educational needs provision available at a school is the most appropriate provision to meet the child’s needs. Applications within each priority group will now be considered equally, as the new Code prohibits first preference first systems.

The proposed admission policy for nursery classes remains unchanged, though it does now also apply to admissions to pre reception classes.

Of the 376 schools consulted, only South Craven School made comments regarding the proposed policy which were:

> "The Governing Body does not believe that the Adjudicator's comments in relation to referral ADA001076 have been fully or properly addressed."
>
> The County Council has complied with the Adjudicator's determination of 10 July 2007. At its meeting on 16 October 2007 the Executive resolved 'that following consideration of the Adjudicator's determination of 10 July 2007 and consultation with Ermysted's Grammar School and Skipton Girls' High School, which are Admissions Authorities for their schools, the Local Authority will revise its information to parents but intends to maintain the selection standards as currently operated. In 2006, the Authority took Counsel's advice which confirmed that the requirement for Admission Authorities to act is only on that set out in the Determination and not on that which is set out in the body of the report. This was also confirmed by Dr Philip Hunter, the Chief Adjudicator. No changes are proposed to the draft wording previously circulated.

The proposed admission limits for 2009/10 are attached as Appendices 5D and 5E. The County Council can only comment on those for the Voluntary Aided Schools, who are their own admissions authorities, but it sets those of Community and Voluntary Controlled schools.

Of the 327 schools consulted, negotiated agreements have been reached with 308. The Governing Bodies of 10 schools have requested a Maximum Admission Limit (MAL) which is lower than the Indicated Admission Limit (IAL) number of the school. The School Admissions Code states 'admission authorities may fix an admission number for a relevant age group that is lower than the capacity assessment, but if they do so they must publish this information for parents who may object to the admission number. In relation to admission numbers applicable to infant classes, the admission number must be compatible with the duty to comply with the infant class size limit'. In June 2006 the DCSF wrote to local authorities about the law relating to infant class sizes. Nationally the number of large classes has been creeping up since 2001 despite falling rolls. DCSF intend to ensure that admission authorities do comply with Infant Class Size legislation and where necessary to direct schools and/or admission authorities to comply with the law. In June 2007 the DCSF wrote to confirm that this Council has done well and has no unlawfully large infant classes.

Following careful consideration of the individual schools' circumstances and the potential impact on other schools and parental preference, it is proposed that Notices for admission limits lower than the capacity assessment be published in respect of the following schools: -

The Indicated Admission Limit at Airy Hill CP School is 34. Previous MAL has been 30. Governors requested a MAL of 30 for 2009/10 on the basis that to admit over 30 would cause organisational problems, due to infant class size limitations. Any reorganisation of classes would lead to mixed age and mixed key stage classes. It is considered that a MAL of 30 is appropriate in these circumstances.

The IAL at Cayton CP School is 34. Governors requested a MAL of 30. MAL has been 30 for the preceding four years. The anticipated number of applications for 2009/10 is 25. This includes both in and out of area requests. It is considered that a MAL of 30 is appropriate for the reasons stated above.

The IAL at Ripon Cathedral CE Primary School is 35. Governors requested a MAL of 30. Governors believe that a MAL of 35 has had an adverse effect on the achievement and standard of pupils, forcing an inappropriate class structure at KS1 and oversized KS2 classes. Governors are keen to serve their local catchment area. Intakes have always been supplemented by out-of-catchment pupils. Governors are aware that other schools within the city are facing falling rolls. It is considered that a MAL of 30 would be appropriate in these circumstances for all the reasons cited by Governors and in the interests of ensuring compliance with Infant Class Size legislation. There are places available at other primary schools within Ripon.

The IAL at Hampsthwaite CE Primary School is 17. Governors requested a MAL of 15. MAL has been 15 for previous three years. Generally two thirds of applications for places are from families living within the normal area of the school. The school operates with four classes across the two key stages. It is considered that a MAL of 15 would be appropriate in these circumstances and would be compatible with the duty to comply with the infant class size limit.

The IAL at Norton CP School is 73. Governors have requested a MAL of 60 to assist their class organisation. It is considered that a MAL of 60 is appropriate for this school. It will enable the school to plan its class organisation in compliance with the infant class size duty. The school is able to accommodate all demand for both in and out of area applicants.

The IAL for Oatlands Community Junior School is 81. The MAL at the school was previously 70, but it was increased in 2003/04 to accommodate pupil numbers from Oatlands Infant School. The MAL for 2008/09 is 70. Governors have requested a MAL of 70 for 2009/10. The reason for this is that it is becoming increasingly difficult to manage the class structures with the current number of pupils on roll. Year on year the school have been forced to reorganise classes. A MAL of 75 equates to 37/38 children per class in each year group. A parental survey confirmed that large and mixed age classes was the overriding concern of parents. The Governors have funded additional staffing, but feel that large class sizes jeopardise the quality of education. The school has experienced strained community relations resulting from traffic increase from parents delivering and collecting children from school in a residential cul-de-sac. It is considered that a MAL of 70 would be appropriate for all the reasons stated above. A large proportion of children attending both the Infant and Junior Schools are from outside the school's catchment area. With a MAL of 70 demand for places from in area pupils can be met. It is more likely that parents will object to this proposal due to the disparity of places between Infant and Junior schools. A place at the junior school, however, is not guaranteed on the basis that a child attended the infant school. This will be made clear to parents in the Guide for Parents 2009/10.

The IAL at Pickering Community Infant School is 76. Governors have requested a MAL of 75 to assist in enabling them to comply with the infant class size duty. The school operates three reception classes, one of which is a mixed year group class. It is considered that a MAL of 75 is appropriate for this school. The school is able to accommodate all demand from both in and out of area applicants. Generally the MAL is not reached.

The IAL at Romanby Primary School is 44. Governors have requested a MAL of 40 to enable them to organise classes in compliance with the Infant Class Size duty. Falling pupil numbers have given rise to reduced staffing levels. It is considered that a MAL of 40 is appropriate for this school. It will enable the school to plan class organisation in line with staffing levels and to comply with the infant class size duty. The school is able to accommodate likely demand for places.

The IAL at Wedderburn Infant and Nursery School is 80. Governors requested a MAL of 60. The school has had a steadily falling roll for the last few years. A new Children's Centre for the Wedderburn/Woodlands area will utilise three temporary classroom units at the school. Building work on the alterations is due to commence during the 2007/08 academic year. It is considered that the change of use of the temporary classroom units will reduce the net capacity of the school. A MAL of 60 would therefore be appropriate and will enable the school to plan its class organisation in compliance with the infant class size duty.

The IAL at Boroughbridge High School is 130. Governors have requested a MAL of 124 which was the MAL for 2008/09 and better fits class structure. It is considered that a MAL of 124 is appropriate for this school and will satisfy demand for places.

The IAL at Brayton College is 250. Governors have requested a MAL of 240. The reason for this request is to enable the school to plan for 8 classes. It is considered that a MAL of 240 is appropriate for this school. Pupil numbers have been falling. At 240 the school can satisfy all likely requests for places from both in area and out of area applicants.

9 schools disagreed with the proposed maximum admission limit for their own school:

The Governing Body of Appleton Roebuck Primary School is not in agreement with the proposed MAL of 12. They state "numbers are not yet uniform throughout the school. A higher MAL would allow us to maintain numbers and compensate for lean years. It is a key number for us for funding only purposes." It is considered, however, that the proposed MAL of 12 is in line with the net capacity. The school anticipates that for 2009/10 there will be 10 children in Reception. The LA forecast figure for 2009/10 is 13. There is no evidence to suggest that a MAL of 15 is required in order to meet demand for places within the normal area of the school. Unfortunately many schools are in a falling roll situation. It would be inappropriate to raise the MAL in order to seek to compensate for lower numbers elsewhere in the school.

The Governing Body of Arncliffe CE Primary School would like the MAL to be raised to 6 because they have had an extension to the buildings and, as a village school, take in children from the surrounding villages. Governors felt that they would not like to turn away children from the area. The ethos of the diocese is to take all children wishing to attend the school. It is considered, however, that the proposed MAL is 4 is in line with the current net capacity of the school. This figure is also sufficient to meet forecast demand for places from pupils within the normal area of the school.

The Governing Body of Brompton on Swale CE Primary School is not in agreement with the proposed MAL of 25. Governors propose a MAL of 30 because there is a proposed new development in the village. It is considered, however, that on the basis of the current net capacity calculation the proposed MAL of 25 is appropriate. This figure is also sufficient to meet forecast demand for places from pupils within the normal area of the school.

The Governing Body of Carlton Miniott Community Primary School is not in agreement with the proposed MAL of 25. Governors propose a MAL of 28, because they intend to add an extra temporary classroom to the school in order to enable them to create single year teaching groups throughout the school. It is considered, however, that on the basis of the current net capacity calculation the proposed MAL of 25 is appropriate. This figure is also sufficient to meet forecast demand for places.

The Governing Body of Hackness CE VC Primary School is not in agreement with the proposed MAL of 7. Governors state ‘our current roll is 63. Governors are very keen to sustain the current class organisation of 3 classes. If our roll falls below 56 we would be unable to sustain this organisation. Furthermore, from Year 2 to Year 6 there are between 9 and 12 pupils per year group. Although our reception intake has been below 7 the previous two years, we always take children further up the school. If our MAL is set too low we will be unable to do this’. It is considered, however, that on the basis of the current capacity the proposed MAL of 7 is appropriate. School forecasts indicate that a MAL of 7 will meet demand form places from both in and out of area applicants for 2009/10. It would be inappropriate to raise a MAL where there is no indication that there is an increased demand for places from pupils within the normal area of the school.

The Governing Body of Hawes CP School are not in agreement with the proposed MAL of 16. Governors propose a MAL of 20 because they state they ‘already have a year group larger than this and pupil numbers are rising, as foreign workers with families are moving into the area’. It is considered, however, that a MAL of 16 is in line with the net capacity of the school. The County Council’s forecasts indicate that the likely number of applicants for 2009/10 will be 10, the school believe that this figure will be 14.

The Governing Body of Kellington Primary School are not in agreement with the proposed MAL of 19. Governors state that they have a ‘current 26 part time place nursery – therefore possibility of having to refuse a place in reception for nursery pupils. Total numbers are reducing and we do not wish to find ourselves in a position where we are turning pupils away in the future. We have 18 already on the list for September 2008’. Currently the school have 13 in area applications and 3 out of area applications for 2009. The County Council forecast is 18 pupils and it is considered, however, that a MAL of 19 is in line with the net capacity of the school and can satisfy the demand for pupils both within and outside the normal area of the school. A nursery class is intended to serve a wider area than the school catchment area. All allocations to nursery classes are made on the basis that this does not guarantee the child a place at the school.

The Governors of Sessay CE VC Primary School are not in agreement with the proposed MAL of 15. Governors state that “school has the capacity for 17 per year group. Two classes cover Foundation KS1 giving scope for flexibility to remain below 30. Increased provisional numbers due to Sutton’s closure.” It is considered, however, that a MAL of 15 is consistent with the net capacity of the school. Forecast pupil numbers for 2009/10 are 15 but school applications indicate that the majority of applicants are from outside the normal area of the school. In a climate of generally falling rolls, it would be inappropriate to increase a MAL in order to accommodate demand for places from out of area applicants.

The Governors of Thornton in Craven CP School are not in agreement with the proposed MAL of 10. Governors state that there are “12 recently completed houses built in the village. The school has a history of being oversubscribed. The school is still carrying 3 smaller cohorts and needs to maintain numbers to ensure funding. Need to maintain adequate class sizes for future years.” It is considered, however, that the proposed MAL of 10 is consistent with the current capacity of the school and the likely demand for places from pupils within the normal area of the school. A smaller cohort in other year groups does not justify an increase in MAL.

Two schools disagreed with the proposed MAL for another school:

The Governors of Oatlands Community Infant School stated “our two schools (Infant & Junior) should have the same MAL (75) so children at Oatlands Infants have automatic transfer.” As indicated above, however, Governors at Oatlands Junior School have requested a MAL of 70 and it is considered that this request is appropriate in the circumstances. Children cannot be given an automatic transfer from Infant to Junior school where they are two separate schools. Even in a situation where the MAL at each school is the same, it is not possible to ensure automatic transfer, since other children may move into the area and, where a school is oversubscribed, these children may have priority within the oversubscription criteria.

The Governors at South Craven stated that they “would wish to record their continuing opposition to the increase in the selective system that has been caused by the increase of places.” The Maximum Admission Limits for Ermysted’s Grammar School and Skipton Girls’ High School were last increased in 2004, when the MAL for each school rose from 87 to 112. This increase came about as a result of increased capacity at Ermysted’s Grammar School. The MAL at Skipton Girls High School was raised to ensure equal opportunities for girls and boys.

The proposed Coordinated Admissions Arrangements for secondary transfer and first admission to Primary Schools are attached as Appendix 5C. Of the 373 schools consulted, two schools commented regarding the proposed arrangements.

Governors of Oatlands Infant School are not in agreement with the proposed Coordinated Admissions Arrangements for primary schools, specifically in relation to the fact that for transfer from an infant to junior schools parents must complete a common application form for their child. Where a child is transferring from an infant school there is no guarantee, however, they will get a place at the linked junior school. Forms must be completed to enable allocations to be made in accordance with the published over subscription criteria.

The Governing Body of South Craven School does not believe that the Adjudicator’s comments in relation to referral ADA 001076 have been fully or properly addressed. The response to this issue is set out earlier in this report.

<u>The Executive RECOMMENDS:</u>

(a) That the proposed Admissions Policy for Community and Voluntary Controlled schools for the academic year 2009/10 as shown in Appendix 5A be approved.

(b) That the proposed Admissions Policy for Community and Voluntary Controlled Nursery Schools, Nursery Classes and Pre-reception Classes for the academic year 2009/10 as shown in Appendix 5B be approved.

(c) That the proposed Co-ordinated Admission Arrangements for the academic year 2009/10 as shown in Appendix 5C be approved.

(d) That the proposed Maximum Admission Limits for Community and Voluntary Controlled schools as shown in Appendices 5D and 5E be approved and the limits for Voluntary Aided schools be noted

6. **Constitutional Issues:** The Members' Working Group on the Constitution has considered again the call-in procedures set out in Overview and Scrutiny Procedure Rule 16 and, in particular, the time limit of ten working days within which a meeting of the relevant Overview and Scrutiny Committee shall be held, dating from the date of the call-in. There was recognition that the existing time limit of ten working days provided little flexibility, since it is always necessary to give five clear working days notice of any meeting, which means that, in practice, there are only four possible days on which a meeting of the Overview and Scrutiny Committee can be held within the time limit. There was discussion of whether there was merit in extending the time limit to fifteen working days, recognising that such an extension could give rise to additional delays before Executive decisions were implemented, if they were called in and if the Overview and Scrutiny Committee decided to refer them back to the decision making body. Members had differing views, however, on whether extending the deadline to fifteen working days would provide any significant addictional flexibility in finding dates which were suitable in Members heavily committed diaries. Recognising, however, that there might be circumstances where an extension of a day or two might assist in finding a more suitable date and, because of the dates of ensuing Executive meetings, this would not lead to any great delay, the Working Group proposed a modification to the Rule, which is set out below, which the Executive supports. The Executive also supports a proposal that Overview and Scrutiny Committee Procedural Rule 16(c) also be amended to provide that the Head of Committee Services shall notify all Members, by email, of the receipt of a call-in notice. The Members Working Group on the Constitution noted that paragraph (j) of that rule provides for the operation of the provisions relating to call-in and urgency to be monitored annually and a report submitted to Council with proposals for review, if necessary. The Members Working Group expressed the view that those provisions should be implemented.

Members have been informed that it is anticipated that the Head of Committee Services will leave that post prior to the meeting of the County Council in May, although he will remain in the employment of the County Council, and the post of Head of Committee Services will be disestablished, with the Head of Legal Services taking over responsibility for the functions carried out by that Unit. It is therefore proposed that, when the post of Head of Committee Services is disestablished, references to the Head of Committee Services and to the Head of Legal Services in the Constitution should all be changed to Head of Legal and Committee Services.

From time to time the County Council enters into contractual or service level arrangements with external bodies whereby the Council agrees to undertake work for or on behalf of the external bodies, or to provide services to them. Examples are the provision of legal and committee services to the North Yorkshire Fire and Rescue Authority, financial services provided to the North York Moors National Park Authority, and human resources services provided to Richmondshire District Council. There are many other examples.

The Council is statutorily empowered to enter into such arrangements by the Local Authorities (Supply of Goods and Services) Act 1970, the well-being powers in S.2 Local Government Act 2000 and other statutory powers. The ability to undertake such work enables services and work to be provided efficiently and cost effectively between the County Council and other bodies. It is, however, important that such arrangements are properly approved by the Council by means of effective delegation. At present, whilst the Delegation Scheme clearly enables Chief Officers to manage and promote services for which they are responsible, delegated power to agree to provide services and undertake work for external bodies needs to be clarified. It is important that the delegation arrangements are clear so that the Council is effectively insured for any work undertaken for external bodies, and so that officers involved in delivering the work or services are properly indemnified. To ensure that the matter is clear an amendment to the Officer Delegation Scheme is recommended below and, for the avoidance of doubt Members are asked to confirm agreement to the arrangements for the provision of work or services to external bodies that are already in place.

The Constitution still contains references to the School Organisation Committee. A that body was disestablished by statute during 2007, it is recommended below that reference in the Constitution to that body be deleted.

The Contract, Financial and Property Procedure Rules form part of the Constitution of the County Council. It falls within the Audit Committee's Terms of Reference to review and recommend to the Executive changes to Finance (FPR), Contract (CPR) and Property (PPR) Procedure Rules. Because the Rules govern activities that officers undertake on a daily basis, it is inevitable that suggestions and/or requirements for addition or amendment emerge on a continuous basis. For practical reasons, therefore, whilst officers conduct an annual review of the various Procedure Rules, it is accepted that particular circumstances may arise that require urgent changes to be made during the year.

Due to the devolved nature of procurement activity within the County Council, there is a wide range of knowledge, skills and experience regarding procurement best practice. Clearly the need for knowledge / skills / experience will vary depending on the nature of the procurement being undertaken by a particular officer. Work to develop a training needs analysis framework and subsequent training matrix is underway. Therefore, for the purposes of the CPR, the following new Rule is proposed –

> "That any officer involved in procurement activity should have received a level of formal training commensurate with the nature of the procurement activity being undertaken"

Whilst it will not be possible for all relevant officers to meet this requirement with immediate effect, the approval of this proposed new Rule will underline the need for the training. A timetable to deliver the necessary training will then be reflected in the Procurement Strategy Action Plan for 2008/09 et seq.

There is a longstanding requirement to update the Financial Procedure Rules (FPR) to reflect the development of the Revenue Budget / MTFS procedures in recent years as well as changes to the way the Capital Plan is now managed and monitored. Because these two processes are still in respective states of flux, the consequential changes to the FPR will be drafted and referred to the Audit Committee once the Budget setting process for 2008/09 has been concluded. However, certain issues have arisen from day to day affairs that require immediate consideration. Prior to 1 April 2007, the grant funding for local transport major schemes, and thereby the related terms and conditions, were accepted in the normal way by the Corporate Director – Business and Environmental Services and the Corporate Director – Finance and Central Services. However, the Department for Transport (DfT) has now moved from Transport Supplementary Grant, supported borrowing and Section 56 funding, to a 100% grant regime; this is based on powers contained in Section 31 of the Local Government Act 2003. Following these changes authorities must specifically confirm that they accept the terms and conditions of the Section 31 grant and provide documentary evidence to that effect. There are various ways in which an Authority may demonstrate that this necessary acceptance is in place, one of which is to delegate the necessary authority to the appropriate Officer, include it in the Authority's Constitution (Officers' Delegation Scheme), and reflect it in the Financial Procedure Rules. DfT officials indicated that they do not regard the County Council's existing Officers' Delegation Scheme and other arrangements as sufficient for their purpose. To expedite matters for the Highways schemes concerned (that involved withheld grant payments at the time in excess of £4m) the Executive referred the full terms and conditions of S.31 grant to the County Council so that evidence could be produced to the DfT officials that the full County Council had accepted every aspect of the Terms and Conditions relating to this specific offer of S.31 grant for these two specific schemes. Having complied with the requirements of the DfT officials, the grant is now being paid. To avoid the need for each offer, including terms and conditions, to be referred to full County Council, the Audit Committee has proposed an amendment to the Scheme of Delegation to Officers, together with consequential amendments to the Financial Procedure Rules, to add to the authority of the Corporate Director - Finance and Central Services as set out below –

> "4.6(o) To agree the terms and conditions of grant offers made to the Council; to accept such grant offers and sign associated documentation on behalf of the Council, provided that in cases of grant offers that exceed the sum of (£figure to be determined) the agreement and acceptance shall be subject to consultation with the Director to whose service the grant is relevant and with the Head of Legal Services."

In practice the issue involved in the S.31 case is, in principle, no different to the acceptance of any grant, whether the County Council or its responsible officers are fully aware of the consequences of possible non compliance with the terms and conditions of a grant before it is accepted At any one time there will be over 100 different grants that the County Council is in receipt of or in the process of accepting. These can range from a few £000s to £ms. The Audit Committee and Executive have taken the view that it would be sensible, therefore, for any change to the Scheme of Delegation to Officers, and in this particular regard the Corporate Director - Finance & Central Services (CDFCS)

- to be applied in relation to the acceptance of any grant, and
- to be matched by consequential amendments to the Financial Procedure Rules, but
- also reflect the materiality (ie size of grant) issue.

and relevant recommendations are set out below

The Members Working Group also discussed issues relating to the role and operation of Area Committees, including the possibility of holding a Members Seminar to look further at the role and operation of Area Committees to allow wide Member involvement in such discussions. The Working Group agreed that it should be permissible for Members of the County Council to give, prior to a meeting of an Area Committee, written notice of a question to which officers should give a written response, at the meeting, subject to the question not requiring excessive research or an exceptionally long response. The Chief Executive indicated that he believed that it should possible to provide such responses at Area Committee meetings, if written notice was given some days previously.

The Members Working Group on the Constitution considered what mechanisms, if any, there were for Members to comment on, or otherwise contribute to, the views on members' remuneration which the Chief Executive sends to the Independent Panel, for them to take into account when they are considering what recommendations to make to the County Council for the Members Allowances Scheme for the following year. The Chief Executive indicated that he would be happy to send, to Group Leaders, a draft of the paper he was proposing to submit to the Independent Panel for Members' comments, prior to its submission.

The Members Working Group on the Constitution also considered a number of other issues, including proposals to reduce the number of hard copy agendas printed and posted, both to representatives of the press and Members of the County Council, where these were for Substitute Members or sent to Members for information. The Members Working Group supported the proposal that steps should be taken to reduce the number of hard copy agendas produced by providing, instead, agendas sent by email, recognising that all reports for public consideration were also placed on the County Council's website. Members of Committees, or Substitute Members who were expected to attend the meeting as Members would continue to be sent hard copy agendas and specific reports could be provided to Members in hard copy in response to a specific request

<u>The Executive RECOMMENDS:</u>

(i) That Overview and Scrutiny Committee Procedural Rule 16(c) and (h) be amended by adding, after the words "within ten working days of the decision to call-in" the words "or such later date as the Leader may agree to, subject to it being practicable for any reference back under paragraph (d) to be included, for reconsideration, on the agenda for the second meeting of the Executive, in the County Council Diary of meetings, following receipt of the call-in request."

(ii) That Overview and Scrutiny Committee Procedural Rule 16(c) also be amended to provide that Head of Committee Services shall notify all Members, by email, of the receipt of a call-in notice.

(iii) That, when the post of Head of Committee Services is disestablished, references to the Head of Committee Services and the Head of Legal Services in the Constitution be changed to Head of Legal and Committee Services.

(iv) That the Officer Delegation Scheme be amended to include the following:

That Chief Officers be authorised to agree that the Council shall undertake work on behalf of, and to provide services to, external bodies in accordance with the Council's legal powers and duties'

and agreement be confirmed to any currently existing arrangements for the provision of works and services to external bodies.

(v) That, as the School Organisation Committee no longer exists, references to it in Schedule 5 – Appointments to Outside Bodies and paragraphs 4.2(d) and 4.8(b) of the Scheme of Delegation to Officers be deleted.

(vi) That a new rule be added to the Contract Procedure Rules as follows:- "That any officer involved in procurement activity should have received a level of formal training commensurate with the nature of the procurement activity being undertaken".

(vii) That the Scheme of Delegation to Officers be amended to add to the authority of the Corporate Director – Finance and Central Services the power to agree the terms and conditions of grant offers made to the Council –

"4.6(o) To agree the terms and conditions of grant offers made to the Council; to accept such grant offers and sign associated documentation on behalf of the Council, provided that in cases of grant offers that exceed the sum of £50,000 the agreement and acceptance shall be subject to consultation with the Director to whose service the grant is relevant and with the Head of Legal Services."

(viii) Consequentially the Financial Procedure Rules be amended as set out below:-

(a) create a separate section in the FPR relating specifically to grants, therefore

(b) delete Rules 6.25/6.27 and 7.16/7.18 and replace with the following

x.y1 The CDFCS shall be consulted, and certify if necessary, any application for grant or external funding.

x.y2 See (c) below

x.y3 The CDFCS shall be responsible for the completion, authorisation and submission of any grant or external funding claim forms to the relevant organisation(s) and, if necessary, the External Auditor, in accordance with any guidelines applicable to the claim(s) in question.

x.y4 Certain grant claims are required to be audited, and an opinion provided on the accuracy of the expenditure being claimed, by the Chief Internal Auditor. Each Director shall ensure that records are retained to enable the Chief Internal Auditor to complete this work and be provided with explanations, as necessary, for any matters raised.

(c) Add a new rule (as x.y2) to the above as follows –

The CDFCS to
(i) agree the terms and conditions of all grant offers made to the County Council, and

(ii) accept such grant offers and sign appropriate documentation on behalf of the County Council, provided

(iii) that in cases of grant offers that exceed the sum of £50,000 the agreement and acceptance shall be subject to consultation with the Director to whose service the grant is relevant and the Head of Legal Services.

(ix) That appointments to the South Tees Hospitals NHS Trust Council of Governors and to the Tees, Esk and Wear Valley NHS Trust Council of Governors be added to Section 1 of Schedule 5 to the Constitution, as outside body appointments to be made by the Executive.

7. **Appointments to Committees and Outside Bodies:** In order to provide an opportunity for political groups and independent Members on the Council to propose changes to memberships, or substitute memberships of Committees, or other bodies to which the County Council makes appointments, the Executive recommends below that such nominations be approved.

The Executive RECOMMENDS:

That any proposals for other changes to memberships, or substitute memberships, of Committees or other bodies to which the County Council makes appointments, put forward by the relevant political group, at or before the meeting of the Council, be approved.

JOHN WEIGHELL
Chairman

County Hall,
NORTHALLERTON.

12 February, 2008

NORTH YORKSHIRE COUNTY COUNCIL

EXECUTIVE

5 February 2008

MEDIUM TERM FINANCIAL STRATEGY 2008/11 AND REVENUE BUDGET FOR 2008/09

Joint Report of the Chief Executive and the Corporate Director – Finance and Central Services

1.0 PURPOSE OF REPORT

1.1 To make recommendations to the County Council regarding the Medium Term Financial Strategy 2008/11 and Revenue Budget 2008/09.

2.0 CONTEXT

2.1 The County Council has a duty to provide efficient, value for money services. This remains the fundamental priority for the County Council and a high expectation from the public of North Yorkshire. Local authorities are not the only public service where needs and demands are outstripping resources - the Police and the Health Service as two other examples. Later on in this report there is reference to performance but at this point it is suffice to say that the County Council compares very well against the tests set by the Audit Commission and other Inspectorates as well as demonstrating overall value for money.

2.2 Particular challenges that are current and will be ongoing include the increasing number of older vulnerable adults who need support, the need to further improve the educational attainment of children and the skill levels of adults and the disposal of the large amounts of waste produced in the County in an environmentally acceptable way. The County Council priorities reflect the need to address these challenges and the Chief Executive’s Management Board alongside the County Council's Executive Members are very conscious of the need to keep under review both the challenges and the opportunities that arise.

2.3 The Government’s Comprehensive Spending Review covering the next three years was announced in the Autumn of 2007. Whilst this Review has given some certainty to funding levels from the Government to the County Council for the next three years there is also the requirement to generate 3% year on year efficiencies; this means a 9.3% target for the whole period. The difference between previous years and the forthcoming period is that these efficiency savings must be cashable. As an already low spending, low taxing and high performing Council, this particular target will be extremely challenging. Plans to deliver this target are now being worked up in detail by Management Board so that there is no unnecessary delay in implementing the measures that will be necessary to achieve the target.

2.4 Finally, we now know that the Government have decided to continue with two tier local government arrangements in North Yorkshire. This requires all local government organisations in the county area to find ways of cooperating to maximise the Council Taxpayers investment. The Management Board continues to examine very carefully the duties that we are required to deliver and to ensure that proposals for any growth in expenditure and service developments are essential.

3.0 BACKGROUND

Introduction

3.1 The Medium Term Financial Strategy 2008/11 is designed to ensure that resources are effectively deployed to provide and improve County Council services to communities across North Yorkshire in line with the Council Plan. The County Council's detailed expenditure plans and Revenue Budget for 2008/09 seek to improve efficiency, to avoid service reductions but provide some investment and strengthening of services, to manage or reduce identified risks, and to raise performance.

Council Plan

3.2 The seven key objectives of the Council Plan are as follows:

- ➔ Security for all – by promoting safe, healthy and sustainable communities
- ➔ Growing up prepared for the future – through good education and care and protection when it is needed
- ➔ Independence – through employment, opportunity and appropriate support
- ➔ Ensuring good access for all – with good roads and a safe and reliable transport system as well as providing new ways to interact with, and contact, the services they need
- ➔ Strengthening our economy – by supporting business, developing our infrastructure, investing in powerful telecommunications and helping people improve their skills
- ➔ Looking after our heritage and our environment – in our countryside and our towns and villages
- ➔ Keeping in touch – by listening to your views, engaging with you to meet your needs, and by letting you know what we are doing

Performance

3.3 Performance has generally continued to improve in 2007/08, as evidenced by:

- ➔ an Audit Commission rating as 'excellent', a 4 star (out of 4) authority, that is improving well
- ➔ the Audit Commission Corporate Assessment rated the County Council as 3 out of 4

- ➔ a joint assessment by the CSCI and Ofsted has judged Services to Children and Young People at a score of 3 out of 4 with both Enjoying and achieving and Capacity to inspire at the maximum of 4
- ➔ for Key Stages, North Yorkshire results are in the top 15% in England for Key Stage 4 and in the top 10% for Key Stage 3
- ➔ the overall Adult Social Care rating is 2 stars out of 3 and Capacity for improvement has gone up to Promising
- ➔ the Audit Commission has assessed the Council's Environmental Services at a score of 4 out of 4
- ➔ progress on the LTP has been assessed as 'excellent'
- ➔ household waste recycled and composted has increased to 35.4%
- ➔ the Audit Commission has assessed the Council's contribution to Cultural Services at a score of 3 out of 4
- ➔ the Audit Commission Use of Resources judgement is 3 stars out of 4 with a very good VFM profile.

3.4 Last year's increase in Council Tax was +4.9%. However, the County Council remains in the lowest taxing quartile of English Shire Counties and is well below the average in terms of net expenditure per head of population. In terms of performance, PWC rank the County Council as second out of the 34 County Councils. Audit Commission figures show 65% of performance indicators improved during the year and 38% of indicators are in the best quartile.

Medium Term Financial Strategy

3.5 An MTFS is required in business process terms because it:

- ➔ identifies the resources needed to achieve corporate objectives over the medium / longer term
- ➔ links the Revenue and Capital budgets

and therefore

- ➔ enables forward planning to take place with reference to levels of available funding.

3.6 The objectives of the MTFS, as reaffirmed by the County Council in the 2007/08 Budget cycle, are as follows:

- ➔ to support the **achievement of the vision and corporate objectives** expressed in the Council Plan
- ➔ to **maintain and improve service quality** and the Council's improvement planning priorities so as to secure high performance which is sustainable over the medium term
- ➔ to meet and **respond to the perceived needs and priorities of local people**
- ➔ to **manage and minimise the risks** to local services and customers
- ➔ to achieve **effective use of all land and property assets**

- ➔ to **maintain unallocated revenue balances** equivalent to 2% of the net Revenue Budget
- ➔ to **contain any rise in the Council Tax to a reasonable level**

Budget Cycle 2008/09

3.7 Budget workshops were held for all Members on the 11th July and 12th December 2008.

3.8 At the Executive meeting held on 8 January 2008, Members received details of:

- ➔ the key points arising from the Provisional Local Government Finance Settlement for 2008/09 to 2010/11
- ➔ the implications of the Provisional Settlement for the Council Tax Precept
- ➔ the situation regarding capping
- ➔ an update regarding the expenditure assumptions in the MTFS
- ➔ consultation arrangements

3.9 Because of the lateness of the ODPM's announcement of the Provisional Settlement figures, the Executive was not in a position to provide details of any proposed Budget package to Members when the County Council met in December 2007.

3.10 Since that date a package of Budget proposals has been prepared by the Executive and used in the consultation process.

3.11 This report explains the details of that package, reflects the responses from the consultation process, and takes into account the details of the ODPM's Final Settlement figures so that a formal Council Tax Precept and associated Budget package can be recommended to the County Council.

3.12 **A copy of this detailed report, and the Executive Summary, will be circulated to all Members as part of the papers for the County Council meeting to be held on 20 February 2008 and will therefore be available to all Members before the Budget Workshop III on 11 February 2008.**

4.0 STRUCTURE OF REPORT

4.1 Based on the starting position outlined above this report will:

- ➔ outline the process and key parameters for the Budget process **(paragraph 5)**
- ➔ analyse the feedback from the consultation process **(paragraph 6)**
- ➔ explain the new VFM requirements and how they have been incorporated into the Budget process **(paragraph 7)**
- ➔ explain the expenditure and Council Tax implications for the County Council of the Final Local Government Finance Settlement figures announced on 24 January 2008 **(paragraph 8)**
- ➔ set out the proposed Revenue Budget package for 2008/09 **(paragraph 9)**

- ➔ roll forward the MTFS for the period to March 2011 **(paragraph 9)**
- ➔ identify the risks associated with the proposed package **(paragraph 10)**
- ➔ deal with a variety of technical and other matters associated with the Revenue Budget for 2008/09 **(paragraph 11)**
- ➔ satisfy the legal requirements of the LG Act 2003 in relation to Budget setting **(paragraph 12)**
- ➔ present Conclusions and Recommendations **(paragraphs 13/14)**

5.0 BUDGET / MTFS – PROCESS AND KEY PARAMETERS

5.1 There are a number of factors that have effectively dictated the way the Budget cycle has been managed this year viz

(a) the Government's intention to announce full 3-year grant Settlements accompanied by the clear message that authorities should expect the threat of capping of Council Tax increases to continue

(b) given the likely levels of future Government grant, the early financial projections for the County Council indicated that the funds available for service development were likely to be limited and therefore the self-help principle needed to be pursued wherever possible (eg efficiencies, review of service levels)

(c) an anticipation that the Government will continue with the concept of efficiency targets. Although the 3-year process of Annual Efficiency (Gershon) targets of 2½% per annum ends in 2007/08 this assumption was well founded in that the Government has now introduced a voluntary 3% Value for Money target, and linked this to the Use of Resources module of the Comprehensive Performance Assessment (CPA).

(d) for the reasons explained in the 8 January 2008 report the Grant Settlement cannot now be analysed meaningfully at service block level. Therefore, other than in relation to the Dedicated Schools Grant (DSG), the allocation of all the year on year additional funds available to the County Council will be based on prioritised service needs reflecting Council Plan objectives

(e) the declared intention of the Government to establish an Area Based Grant (ABG) that would effectively subsume a range of specific grants and provide a new flexibility at local level to allocate resources towards locally determined priorities. Therefore, the relationship between ongoing service commitments currently funded by specific grants and the new ABG regime will need to be carefully examined.

(f) a recognition from work done in preparing last year's MTFS, by looking again at spending pressures in the current year and by being aware of future legislative agendas that there are three service areas that are likely to require significant levels of additional funding in the period to be covered by the updated MTFS (ie to March 2011). These areas are:

- ➔ demand pressures in Adult Care services
- ➔ development of the integrated Children's Service
- ➔ Waste Strategy – both recycling and waste disposal

5.2 Given the factors referred to above there was clearly no sense in trying to prepare a Budget package for 2008/09 on its own – the emphasis has therefore been to look at the 3 year period (ie 2008/09 to 2010/11) and, in the case of the Waste Strategy, beyond 2011.

5.3 A diagram that illustrates how all the various internal and external factors link together in process terms as far as Budget preparation is concerned is provided at **Appendix A**. The Executive has been mindful of all of these factors at all stages of the MTFS / Budget process.

5.4 Members will be aware from previous Budget reports, the Quarterly Performance Monitoring reports and the Budget Workshops that there are spending pressures across all service areas The aggregate financial impact of all of these items is not affordable within the projected funding levels. The Executive therefore recognised that in preparing the eventual Budget package proposals, they would have to consider some or all of the following:

(a) reducing future spending needs via
- curtailing policy improvements
- and/or reducing service levels
- and/or increasing income levels

(b) finding cashable efficiency savings to offset the need for (a)

(c) looking at all of the above across the 1/2/3 year timescales of the MTFS and, if necessary, beyond.

5.5 To ensure that Value for Money was evident and/or being pursued across all Services, the Executive undertook a systematic analysis of the performance indicators, unit costs and other statistics available for each Service. Particular use was made of those statistics provided by the Audit Commission and the benchmarking figures for County Councils developed by PricewaterhouseCoopers together with other local indicators where deemed appropriate.

5.6 Because of this challenging scenario, the Executive has maintained the following 'design principles' for this year's MTFS/Budget package:

(a) the County Council is committed to being a high performing, value for money but low taxing authority on an ongoing basis

(b) the County Council will not breach any capping criteria set by the Government

(c) in the context of value for money, the County Council will aim to meet any future targets set by the Government

(d) a continuing commitment to the funding of schools – the fact that the level of Dedicated Schools Grant (now ringfenced for the Schools Block and £ for £ grant funded by the Government) takes into account the County Council's previous spending above Schools FSS in this area is reassuring (if not guaranteed indefinitely)

(e) the year on year increase in spending capacity would not be allocated on a formulaic basis to any particular Directorate nor will predetermined targets be set for each Directorate. Rather that the funds available will be treated as a single 'pot of money' which will be allocated based on the policies and priorities of the County Council.

5.7 To prepare the proposals contained in this Report a number of further modelling assumptions / methodologies have been applied:

(a) the Final Grant Settlement figure for 2008/09 together with the indicative figures now provided by the Government for 2009/10 and 2010/11. If the figures for Years 2 and 3 are subsequently amended by the Government in a years' time, that will be addressed in next year's Budget cycle

(b) Council Tax increases of +4.75% have been applied in each of the three years. Because of the pre-existing low tax base, but acknowledging the threat of capping, the Executive has chosen to adopt this % increase figure so that the maximum funds available to the County Council can be provided against the predicted spending needs; this is particularly important given the anticipated heavy cost impact of the Waste Strategy in 2011/12 and 2012/13 (effectively Years 4 and 5 of the MTFS).

(c) the County Council's policy regarding a 2% minimum level of General Working Balance should be retained

(d) the Value For Money targets included in future years must be realistic – in a situation for Years 2 and 3 of the MTFS where the funds generated by Government grant and a 4.75% Council Tax increase are heavily consumed by inflation and known commitments, the ability to provide additional resources for service development is solely dictated by the level of net ongoing cashable savings.

(e) there is a need, referred to in **paragraph 5.2** above, to establish a recurring provision that will be available to offset the level of additional costs forecast from the Waste Strategy in 2011/12 et seq.

6.0 CONSULTATION

6.1 Consultation and discussion on the Budget proposals has been undertaken in accordance with the 'Bronze level' referred to in the Consultation Strategy for the Budget approved by the County Council on 20 December 2006.

6.2 A series of **public meetings** have been held, linked to the Area Committee meetings, during January and February 2008. Brief presentations were made by the Leader, Chief Executive and Corporate Director – Finance and Central Services and then the meetings were opened up to questions from the public and then the Committee Members. Details of all the issues raised have been recorded in the respective Area Committee minutes and made available to all Members of the

Executive and Management Board so that they could be factored into the final consideration of the Budget proposals contained in this report.

6.3 At the time the consultation was taken, a Council Tax increase of 4.9% was referenced because this was consistent with the current MTFS (ie as approved last year).

6.4 The feedback from these meetings has been mixed. Most speakers have been understanding of the County Council's overall level of performance and financial position and supportive of a steady state Budget. There has been a general recognition of the County Council's efforts to keep the Council Tax increase low and the proposed increase has drawn very little criticism. There was however concern expressed about the position of fixed income pensioners who faced a number of financial pressures (eg fuel bills) in addition to a prospective Council Tax increase above any inflation they might receive on their pension.

6.5 Specific issues that were often raised included:

- ➔ waste collection, disposal and recycling with a growing understanding that, whilst recycling is high profile, the key to this problem in the longer term is to produce less waste
- ➔ the ageing population and its impact on the demand for adult care services
- ➔ small rural schools under threat
- ➔ transport and roads in rural areas
- ➔ street lighting and who is responsible for what?

6.6 Information has been exchanged with the York and North Yorkshire **Chamber of Commerce.** Regular contact is made with the Chamber throughout the year and the Chamber have asked for a presentation to be made later in February on the County Council's Budget and performance by the Chief Executive and the Corporate Director – Finance and Central Services.

6.7 The third **Members' Budget Workshop** scheduled for 11 February 2008 will provide an opportunity for all Members to probe the proposals in detail. In previous Workshops Members have, in general, been supportive of a policy designed to minimise the level of Council Tax increase whilst avoiding service reductions wherever possible. The need to look at Budgets on a multi-year basis was understood and accepted and there was a growing recognition that the financial pressures the County Council was facing in its 2008/09 Budget were unlikely to ease in 2009/10 and 2010/11 (ie Years 2 and 3 of the MTFS)

6.8 Proposals for the use of Dedicated Schools Grant to fund the **Schools Block** have been the subject of separate and extensive consultations with schools and the Schools Forum. This was achieved by the circulation of a detailed Budget Commentary and a series of five roadshow meetings held in early December 2007. The meetings were informative to schools and provided helpful feedback on the formulation of a Schools Block budget package for 2008/09 – 2010/11 bearing in mind the requirement to fix School Budgets for each of 3 years.

6.9 The consultation also provided the opportunity to inform Schools of the significant changes which have been made in school funding arrangements. These changes together with outline details of the proposed Schools Block funding package are set out in the **Supplementary Paper III** . In addition to the challenges of formulating 3 year budgets, a review is nearing completion of the review of the formula used for distributing School Fund (LMS formula). Consequently it has been agreed to hold a further 'round' of consultations during early February 2008. The opportunity also has been taken to commence the consultations on changes to Primary School Catering in the light of the difficult financial position facing that service.

6.10 The Schools Forum met in November 2007 to consider the Schools Block Budgets and the LMS formula. A further meeting is to take place later in February to reflect on the outcome of the latest consultation. Final decisions on the Schools Block Budgets will then be taken in consultation with Executive Members at their meeting on 22 February.

6.11 Meetings have been scheduled with both the **Voluntary Sector** and **Independent Care Group** to explain the context and proposals for the County Council's Budget in 2008/09. The Independent Care Group represents providers from residential, nursing and domiciliary care providers within North Yorkshire; these discussions will therefore also necessarily address the market position and cost pressures within North Yorkshire, and will take into account the Strategic Commissioning Implementation plan.

7.0 VALUE FOR MONEY

3% Targets

7.1 As part of its Comprehensive Spending Review framework, the Government has introduced Value for Money (VFM) targets for local government set at 3% of each of the three financial years starting 2008/09. These targets effectively replace, or more correctly follow on, from the three years of Gershon efficiency targets set at 2½% per annum.

7.2 The key points are that:

- ➔ the targets are described as voluntary for each local authority but it is clear that VFM will feature in the Use of Resources (UoR) component of the CPA
- ➔ 3% x 3 years is equivalent to 9.3% cumulative over the 3 year period
- ➔ only cashable savings count against the target because they are, in the Government's terms, reinvestable in services and/or can be used to reduce the level of Council Tax
- ➔ recurring cashable savings can count in consecutive years whilst one-off savings can count only once.

7.3 It is the intention of the County Council, as part of this Budget package, to reinvest these cashable savings into service delivery over the MTFS period and beyond whilst still maintaining a low level of Council Tax amongst shire authorities.

7.4 The CLG guidance includes details of how to calculate the 3% - interestingly it includes both revenue and capital spend. For the practical purposes of the Revenue Budget / MTFS process, the value of the 3% has however been based on the net Budget requirement derived from the combination of grant and Council Tax yield increase added to last year's Budget. This produces the following figures for each of the Budget / MTFS years.

	£m	
2008/09	9.68	
2009/10	10.19	(figures include inflation)
2010/11	10.74	

7.5 Another way of presenting the figures that shows the challenge that faces NYCC, given that the County Council is already high performing / low spending, is as follows:

Year	2008/09 £m	2009/10 £m	2010/11 £m	Total £m
2008/09	9.68	9.68	9.68	29.04
2009/10		10.19	10.19	20.38
2010/11			10.74	10.74
Total	9.68	19.87	30.61	60.16

Benefits if target achieved

7.6 These 3% cashable VFM figures have been built into the Budget package because:

➔ the County Council is committed to the continuous search for VFM

➔ the funds released by VFM can be recycled into the Budget process to offset spending pressures.

Risks if not achieved

7.7 The principal risk is that if the level of VFM savings referred to above is not achieved or slips to any major degree within any of the three years, then the service developments factored into the Budget package will have to be re-assessed in subsequent Budget cycles. Year 1 (ie 2008/09) is considered the most vulnerable to slippage in achieving the target and therefore a judgement has been made, reflected later in the report, as to how to manage this potential risk in cash flow terms (see **paragraph 9.29(b)**).

7.8 A secondary risk is that under achievement of the 3% target in any year may impact on the UoR assessment of the County Council as far as the CPA process is concerned.

How to achieve?

7.9 The Management Board is very conscious of the fact that the only way to achieve a cumulative 9.3% VFM target over the next 3 years is to have a comprehensive package of measures that address all aspects of policy, process and spending across the County Council.

7.10 A Box methodology has been devised that will operate as follows:

	Box A	Policy changes		
+	**Box B**	3% reduction in ftes by 31/3/11 ➔ expressed as £ target		
+	**Box C**	Specified targets per Directorate but including ‘mandatory’ corporate themes, eg Procurement, Bright Office, Sickness absence		
+	**Box D**	Balancing figure – pro rata (if necessary)	=	Target £

7.11 The Boxes are not intended to be mutually exclusive but focus on different aspects of the County Council’s activities and expenditure patterns that need to be considered in the VFM process. Many of the easier efficiency measures, especially relating to procurement, have already been achieved and scored under the Gershon arrangements. To achieve the new 3% targets will therefore require all managers to challenge the status quo and in particular change business processes or methodologies.

7.12 Therefore, a systematic process has been developed that will ensure that each Directorate not only pursues VFM in its own service context but also takes into account, and utilises where appropriate, the full range of corporate initiatives that have been developed to date as part of the Transformation process initiated in 2007/08. These have now been categorised as the 4Ps viz:

➔ Property (eg Bright Office Strategy)

➔ Procurement (eg corporate contracts)

➔ People (eg agency staff, management layers)

➔ Process (eg flexible working, contact centre, BPR)

7.13 A diagrammatic representation of the VFM process is shown at **Appendix B**. Its features will include:

➔ development of corporate standards for each of the 4Ps

➔ agreement by Management Board of detailed Directorate VFM Action Plans by 31 March 2008

➔ Management Board to monitor progress by each Directorate on a monthly basis

- ➔ progress will also be incorporated into the Quarterly Performance Monitoring Reports submitted to the Executive, meeting with the Chairmen of the Scrutiny Committees
- ➔ the release of service development funds, although allocated in the Budget package, will be linked to progress on these Directorate VFM Action Plans.

7.14 At this stage, the only Box that this has been fully defined is Box B whereby each Directorate has been given a "mandatory" target to reduce staff (full-time equivalent) numbers by 3% over the 3 years (ie by March 2011). Certain categories of staff (eg traded services with schools, grant funded) have been excluded and allowance has been made for the fact that this will necessarily be a gradual process with a 1% target for each year with a mid year notional impact. The algorithm is therefore as follows:

	Year 1	**Year 2**	**Year 3**	**Day 1, Year 4**
Year 1	½ →	1 →	1	1
Year 2		½ →	1	1
Year 3			½	1
Total	½	1½	2½	3%

← 4 ½ VFM units x £2.852m* → = £12.832m over 3 years

ongoing x £2.852m* = £8.556m saving ongoing

[* **Note:** £2.852m = 3% of eligible salary cost base]

7.15 The allocation of the £12.8m between the Directorates is as follows:

£000	**A&CS**	**BES**	**CYPS**	**CEG**	**F&CS**	**Total**
Year 1	603	199	373	107	144	1426
Year 2 (including full year effect of Year 1)	1808	597	1118	323	432	4278
Year 3 (including full year effects of Years and 2)	3012	995	1863	538	720	7128
Total across 3 years	5423	1791	3354	968	1296	12832

These figures have been incorporated in the Budget analysis per Directorate attached as **Appendix D**.

7.16 No decision has been taken at this stage of how the overall 3 x 3% will be allocated by Directorate over each of the 3 years. This reflects the nature of the services provided by each Directorate, the differing timescales over which the various VFM ideas will necessarily reach fruition both within and as between Directorates, and the fact that while the drive for efficiency is continuing, new expectations will be placed on services due to fresh legislation, changes in Government policy or priorities etc.

7.17 Examples of the VFM projects that are planned are as follows:

- ➔ a drive to maximise the use of office space thus reducing the number of sites required and this will be done by introducing home working, better supportive mobile working, improved office facilities including shared and hot desking
- ➔ a significant move towards the electronic storage and recovery of data (EDRMS)
- ➔ introduction of inputting of data at source, for example personnel records and changes of circumstances during employment
- ➔ further examination of the levels of skills required to undertake certain tasks is underway
- ➔ a review of line management levels and numbers of managers is in progress
- ➔ the overall balance of administrative tasks relating to front line activity is being reviewed across all Directorates and any changes will be supported by the actions that have been identified above
- ➔ the drive to improve procurement outcomes across the whole process from determining the need to purchase, the specification and the type of contract and how it is to be delivered. Particular attention will be paid to those areas that have not previously involved NPG, the procurement advisers.
- ➔ the significant spend on transport across the Council and with partners is subject to further work and efficiencies will be achieved over the term of the MTFS.

7.18 To underpin the incorporation of the VFM philosophy into the Budget/MTFS process, a VFM Strategy will be drafted for approval by Members before the start of the 2008/09 financial year. This will lay out in more detail:

- ➔ the targets to be achieved
- ➔ the methodology to be used
- ➔ the corporate components (ie the 4Ps) to be adopted
- ➔ monitoring / reporting arrangements

8.0 LOCAL GOVERNMENT FINANCE SETTLEMENT – FINAL FIGURES

8.1 Full details of the Provisional Settlement announced by CLG on 6 December 2007 were reported to Executive on 8 January 2008. Following a period of consultation that ended on 8 January 2008, Final figures were announced on 24 January 2008.

8.2 These Final figures do vary marginally from the Provisional allocation for every local authority as a result of

- ➔ more accurate data becoming available in certain areas, particularly in relation to supported borrowing approvals
- ➔ to correct data errors discovered by the CLG, or notified to them, by local authorities

- ➔ a base funding transfer for Public Law Family fees to reflect a policy change by the Court Service to adopt full cost recovery for proceedings under the Children Act (£36.6m nationally - £226k NYCC)

8.3 Reflecting the changes mentioned in **paragraph 8.2** above, features of the Final Settlement compared with the Provisional are as follows -

- ➔ no change to overall totals, although there had been a change to the 2008/09 baseline reflecting the Court Service funding transfer
- ➔ no change in headline increase of 4% in Aggregate External Finance in 2008/09, 4.4% in 2009/10 and 4.3% in 2010/11 (this includes schools and specific/special grants)
- ➔ headline formula grant increase reduces from 3.6% to 3.5% in 2008/09 but remains the same at 2.8% in 2009/10 and 2.6% in 2010/11
- ➔ redistribution effect between authorities arising from more accurate data, correction of data error, and new baseline adjustments
- ➔ NYCC grant reduced by £176k in 2008/09 consisting of a £402k reduction offset by the £226k baseline adjustment for Court Service
- ➔ NYCC year on year percentage increase in 2008/09 reduces from 6.7% to 6.3% (from 5.7% to 5.3% for Shire Counties and from 3.6% to 3.5% nationally)
- ➔ no change to year on year grant increases (and percentages) for NYCC or other authorities in 2009/10 and 2010/11
- ➔ no change to Grant floor levels (2% for Education / PSS authorities in 2008/09) but scaling back to fund below the floor authorities has increased (from 64.2% to 67% in 2008/09)
- ➔ no change to provisional Dedicated School Grant (DSG) allocations announced in November
- ➔ Minister reiterated expectation of average Council Tax increases being substantially less than 5% and capping warning
- ➔ Minister also reiterated expected 3% per annum efficiency gains for the 3 years covered by the Settlement

8.4 The Final figures notified for 2008/09 will not change. The Government also say that the allocations for 2009/10 and 2010/11 being made as part of this first full three year Settlement will also not change other than in exceptional circumstances. Separate consultation exercises for these latter two years will, however, take place in line with the usual Settlement timetable to comply with legislative requirements.

8.5 In announcing the Final Settlement, the Minister reiterated his threat of Council Tax capping, warning that the Government expect the average Council Tax increase in England in 2008 to be substantially below 5%, and that it will not hesitate to use its capping powers as necessary to protect Council Tax payers from excessive increases.

8.6 The Final formula grant figures for the County Council compared to the Provisional figures are as follows -

Item	2008/09 £000	2009/10 £000	2010/11 £000
Grant from previous year	80,188	94,660	99,323
+ Funding transfers (mainly PSS & Children's Services)	+ 8,891	− 235	− 89
= adjusted grant per CLG	89,079	94,425	99,234
+ Increase	5,581 (6.3%)	4,989 (5.2%)	5,121 (5.2%)
= Final grant notified by CLG on 24 January 2008	94,660	99,323	104,355
Provisional grant 6 December 2007	94,836	99,496	104,530
Reduction	− 176	− 173	− 175

8.7 Therefore, over the three year settlement period the County Council has lost £524k (£176k in 2008/09, £173k in 2009/10 and £175k in 2010/11) compared with the Provisional figures notified in December 2007. This is as a result of the factors mentioned in **paragraph 8.2** with a breakdown of the £176k lost in 2008/09 being as follows -

			£000	
➔	Increase in funding transfers (from £8,665 to £8,892) relating to Court Service Fees	+	226	
➔	Decrease in real year on year increase (from £5,983 to £5,581 or from 6.7% to 6.3%)			
	Relative needs formula	−	220	− 4.2%
	Increased grant damping	−	182	
=	Total cash reduction in 2008/09	−	176	

8.8 Therefore, the County Council's real grant increase (after funding transfers) has reduced from 6.7% to 6.3% in 2008/09.

8.9 The year on year increases in 2009/10 and 2010/11 remain virtually the same as provisionally announced, ie

➔ from £4,895k to £4,898k in 2009/10 (5.2%)

➔ from £5,123k to £5,121k in 2010/11 (5.2%)

Thus the only real changes have been made in 2008/09.

8.10 A breakdown of the County Council's formula grant into the Government's 4 block grant model is as follows -

Grant Element	2008 / 09 £000	2009/10 £000	2010/11 £000
Relative Needs	101,448	105,623	109,674
Relative Resources	− 68,834	− 70,835	− 72,783
Central Allocation	69,766	73,273	76,676
Floor Damping	− 7,720	− 8,738	− 9,212
= Total Formula Grant	94,660	99,323	104,355

8.11 A significant feature of the above table is that the County Council's grant allocation has been damped down by £7.7m in 2008/09 (£7.5m in the Provisional Settlement), £8.7m in 2009/10 and £9.2m in 2010/11, to help fund minimum grant increases to those authorities where initial formula grant fell below the prescribed floors. Thus, without damping the County Council's formula grant would have been £102.4m (ie £7.7m higher than the notified figure of £94.7m).

8.12 Following the Final Settlement, the position on damping is as follows -

(a) no change in damping arrangements or floor levels, which remain at 2%, 1.75% and 1.5% for authorities with Education and Social Services responsibilities

(b) the grant scaling down factors to pay for grant increases to authorities within the same class below the floor, has increased for Education and PSS authorities from 64.2% to 67% in 2008/09. There are also marginal increases in 2009/10 (to 72.9%) and 2010/11 (to 71.7%)

(c) in 2008/09 for the 149 authorities with both Education and Social Services responsibilities, initial formula grant for 60 fell below the 2% minimum, and was brought up to the floor at a cost of £686m. Therefore, the 89 authorities above the floor (including NYCC) had 67% of their grant increase above 2% clawed back to finance the floor (total of £686m with the clawback from NYCC being £7.7m)

8.13 Taking these Final Settlement figures, together with final tax base and Collection Fund surpluses notified by District Councils for 2008/09, and a Council Tax increase of 4.75% each year, the increased spending capacity available to the County Council is set out in **Appendix C** with a summary set out below.

Item	2008/09 £000	2009/1`0 £000	2010/11 £000
Additional DCLG formula grant			
Funding transfers	+ 8.891	− 235	− 89
Annual Increase	5,581 (+6.3%)	+ 4,898 (+5.2%)	+ 5,121 (+5.2%)
Sub-total (a)	14,472	4,663	5,032
Additional Council Tax raised at 4.75% increase			
Yield from 4.75% increase	10,174	10,769	11,371
Yield from increased tax base	2,335	1,907	2,017
Collection Fund surpluses	− 107	− 302	0
Sub-total (b)	12,402	12,374	13,388
= total increase in spending available at 4.75% Council Tax increase (= a + b)	+ 26,874	+ 17,037	+ 18,420

8.14 The figures shown above for 2008/09 are firm, whereas those for 2009/10 and 2010/11 are estimates at this stage, with ultimate final figures being dependent on

- ➔ final District Council Tax bases and Collection Fund surpluses for those years
- ➔ finally agreed Council Tax increase - 4.75% has been assumed for financial planning purposes
- ➔ any variation to Government Grant when Final allocations are announced for those years (**paragraph 8.4**)

8.15 The Provisional Dedicated Schools Grant (DSG) allocations of £311.1m in 2008/09 (+3.7%), £319.4m in 2009/10 (+2.6%) and £330.5m in 2010/11 (+3.5%) notified in November 2007, remain unchanged at this stage. As previously reported, however, these allocations are for financial planning purposes only and will be adjusted each year (in May or June) to reflect an actual January pupil number count.

8.16 A comparison of the Final Settlement total formula grant plus provisional Dedicated (DSG) is as follows -

	2008/09					2009/10					2010/11				
Grant	Final allocation		NYCC Ranking	Shire's increase	National increase	Provisional allocation		NYCC Ranking	Shire's increase	National increase	Provisional allocation		NYCC Ranking	Shire's increase	National increase
	£m	%	*	%	%	£m	%	*	%	%	£m	%	*	%	%
Formula Grant	94.5	6.3	14th	5.3	3.5	99.3	5.2	11th	4.1	2.8	104.4	5.2	9th	4.0	2.6
DSG	311.1	3.7	8th	3.2	3.9	319.4	2.6	26th	3.0	3.3	330.4	3.5	25th	3.9	4.1
Total	405.8	4,3	10th	3.7	3.7	418.7	3.2	18th	3.3	3.1	434.8	3.9	19th	3.9	3.4

* out of 34 Shire Counties

8.17 Therefore, it can be seen from the above table that NYCC has done relatively well compared with other similar Counties, and the national pattern over the three year period. On DSG, however, this is not the case; principally, as a result of relative falling pupil numbers. The 2008/09 DSG ranking is higher because NYCC does relatively well from two one-off "Ministerial Priority" funding streams.

9.0 MTFS / REVENUE BUDGET 2008/09 – PROPOSALS

Approach

Service Budgets

9.1 The key elements of the final MTFS / Budget proposals, on a service by service basis are provided in the **Supplementary Papers** pack as follows:

I Adult and Community Services

II Business and Environmental Services

Children and Young People's Services

III ➔ Schools

IV ➔ Children's Service Authority

V Chief Executive's Group

VI Finance and Central Services

VII Corporate Miscellaneous

9.2 The format used in the **Supplementary Papers** covers the 3 year period of the MTFS, and

➔ provides a contextual commentary by the Service Corporate Director

➔ identifies and explains the allocation of service development funds.

9.3 The figures shown in these service specific papers are summarised, year by year, in **Appendix D**. The analysis is complicated by the fact that:

(a) the Dedicated Schools Grant is now funded by a £ for £ specific grant from the DfES

(b) the remaining services are therefore funded by a combination of Government grant, fees and charges, a range of other grants and, of course, the Council Tax.

(c) the Government has transferred a number of grants and funding into mainstream funding and these adjustments are reflected on a cost neutral basis.

(d) the Government has introduced the Area Based Grant which has subsumed a range of hitherto specific grants.

9.4 An overall summary of **Appendix D** that highlights some significant points is as follows:

	Item		2008/09	2009/10	2010/11
			£000s	**£000s**	**£000s**
	Grant / funding changes		9846	170	50
+	Inflation / increments / Landfill Tax		12938	12302	11968
=	Standstill Requirement		22784	12472	12018
+	Development Funds				
	➔ Services		5622	3621	8912
	➔ Corporate		2834	5943	2341
	➔ Pending Issues Provision		5314	5191	5889
=	Sub Total		36554	27227	29160
-	VFM targets (3%)		-9680	-10190	-10740
=	Net Year on Year Funding Increases	£	26874	17037	18420

9.5 The key points to emerge from the above analysis are as follows:

(a) **grant / funding changes** relate to service initiatives and/or switches of specific grant into mainstream grant that have been compensated for, by the CLG, in the overall Final Settlement. The items are therefore, in theory, cost neutral to the County Council.

(b) **Inflation** in the 'basket of goods' for the County Council exceeds 3% per annum largely due to factors beyond the day to day control of the County Council (eg pay awards, fuel prices, care packages, landfill tax).

(c) the **additional resources allocated to services** are detailed in the **Supplementary Papers**.

(d) The **additional resources for corporate purposes** essentially involve three strands:

(i) to meet the cost of servicing the increasing size of debt created by the Capital Plan as offset by interest earned on working balances – this is particularly noticeable in 2009/10

(ii) to provide for the ongoing additional cost of job evaluation particularly from 2009/10 onwards

(iii) the need to establish provisions for certain recurring and non-recurring liabilities

These items are explained in more detail later in this section of the report.

(e) There is a 3% VFM target figure for each year – see **paragraph 7** for full details.

(f) the **Net Funding** increases shown at the bottom of the table are effectively the year on year net additional spending capacity – they represent the aggregate of the year on year increase in Government grant and the yield of the proposed 4.75% increase in Council Tax (see **Appendix C**)

Waste Strategy

9.6 The inevitability of additional funds being required in future years to address the waste issue is referred to in several places in this report. In summary, taking into account inflation, the annual increase in Landfill Tax, the introduction of LATS, and the increasing costs over time of recycling and residual waste disposal (as delivered by the PFI scheme currently in a tender process) is estimated to increase long term recurring costs as follows-

Financial Year		**Year on Year increase £000**	**Base Budget £000**	**% increase**	
				Year on Year	**Cumulative**
	2007/08		16017		
MTFS period	2008/09	+ 2573	18590	+ 16.1	+ 16.1
	2009/10	+ 2527	21117	+ 13.6	+ 31.8
	2010/11	+ 4864	25981	+ 23.0	+ 62.2
Sub Total		+ 9964	N/A	N/A	N/A
	2011/12	+ 4709	30690	+ 18.1	+ 91.6
	2012/13	+ 9649	40339	+ 31.4	+ 151.8
Total Increase	2007/08 – 2012/13	+ 24322	N/A	N/A	N/A

9.7 What the above table shows is that by the end of the 3 year period covered by the MTFS, the estimated increase is £9.96m (=62.2%) whilst over the extended 5 year period to 2012/13 it is £24.3m (= 151.8%). These figures will clearly place additional pressure on the County Council's budget for the foreseeable future.

9.8 In addition to the Landfill tax / LATS issue within this period there are costs included for household waste recycling and residual waste treatment. Members will also be aware that the County Council has, in conjunction with the City of York Council, secured PFI funding for waste treatment facilities. The PFI Project is well underway with the tendering process to begin shortly.

9.9 The significance of the figures shown in **paragraph 9.6** clearly extend beyond the period of the MTFS. Thus the difference (£14.4m) between the total projected additional cost (£24.3m) and that falling in the MTFS period (£9.96m) is effectively the projected cost of a known liability, the size of which will place severe pressure on the annual Budget of the County Council for 2011/12 and 2012/13. Indeed, without some preparatory financial planning at this stage, the extent of that pressure will necessarily have an adverse effect on the ability of the County Council to maintain its other key services to the performance standard being delivered at the time because funds will have to be reallocated to the waste budget. The preparatory financial planning referred to is explained further in **paragraph 9.29(b)** below.

Dedicated Schools Grant

9.10 The Dedicated Schools Grant (DSG) is effectively now ringfenced from the rest of the County Council's Budget. However as the Children's Service Authority (CSA), the County Council is still the key player in the allocation of the funds provided by the DSG.

9.11 Full details including the proposed allocation of DSG funds is provided in **Supplementary Paper III**.

Specific Grants

9.12 The Settlement has made a number of important changes to funding through Specific Grants. More detailed explanations are provided in the **Supplementary Papers** for each Directorate.

9.13 A number of ongoing specific grant programmes have ended, with the equivalent funding made available as part of the general Revenue Support Grant. In broad terms, the effect of this has been cost neutral. The main changes are:

- ➔ ACS – Access and Systems Capacity Grant (£5,820k)
- ➔ ACS – Delayed Discharge Grant (£1,085k)
- ➔ CYPS – Children's Fund (£1,365k)
- ➔ BES – Waste Performance and Efficiency Grant (£351k)

9.14 There have been a number of new grants, or new grant elements introduced within the Area Based Grant (ABG) (see **paragraph 9.18** below). Of those where allocation details have been announced, the more significant of these, where over £100k will be received in 2008/09 are:

- ➔ ACS – Social Care Reform Grant (£835k)
- ➔ CYPS – Extended Schools – Sustainability Grant (£936k)
- ➔ CEG – Local Involvement Networks (Link) (£222k)

9.15 In all cases, the grants are linked to clear expectations of the services to be provided, and the Budget proposals assume they will be earmarked accordingly.

9.16 Most other existing grants have been subject to change in real terms after allowing for the effect of inflation. This includes a number of grant elements which go to make up the new Area Based Grant (ABG). Details of the more significant issues are highlighted in the **Supplementary Papers**. In the main, the assumption is that any reduction in real terms will be matched by a corresponding reduction in related spend. Similarly any increase will be spent on the programmes linked to the grant purpose.

9.17 The Recommendation at the end of the report (**paragraph 14)** authorise expenditure under the terms of these new grants.

Area Based Grant

9.18 As part of the CSR 2007 framework, the Government announced details of a new Area Based Grant (ABG). The ABG comprises of a number of former specific and other grants with the recently notified allocations for NYCC being summarised as follows:

Revenue Grant	**2008/09**	**2009/10**	**2010/11**
	£000	£000	£000
Supporting People (from 2009/10)	-	14,735	14,077
All other ABG	27,318	28,708	27,505
Total NYCC ABG	27,318	43,443	41,582

9.19 A full list of the individual grants making up the above totals is attached as part of **Appendix E**.

9.20 The ABG is defined by the CLG as "a general grant providing additional (to RSG) revenue funding to areas according to specific policy criteria. The difference between ABG and RSG is that ABG is allocated according to specified criteria rather than general formulae."

9.21 The ABG will be paid to local authorities as a single "non-ringfenced" grant, which means that, in principle, there are no conditions about how the grant can be used. In theory therefore it is very similar to the RSG in terms of the freedoms a local authority has over its utilisation, it is just allocated out to local authorities in a different manner. There are no additional Government reporting requirements attached to the ABG, other than it having to be identified separately in the Annual Statement of Final Accounts (SOFA).

9.22 As part of the Settlement ABG figures have been provided for three years (2008/09 to 2010/11) to give certainty and stability to local authorities for planning purposes. For this Settlement the Government has provided a detailed breakdown of the ABG allocations into individual funding streams (the former individual specific grants) but indications are that for the next three year Settlement only a total allocation will be provided.

9.23 Over this three year period the Government may add further streams of funding into the ABG, otherwise they do not intend to alter the indicative allocations unless in exceptional circumstances.

9.24 Elements of some funding streams within the County Council's total ASB allocation will need to be paid out to partner organisations such as District Councils and the PCT.

9.25 The County Council has to formally reallocate the ABG grant into its constituent parts as part of this Budget process – this includes the grants to be allocated to partners.

9.26 The practical implications of the ABG have therefore been examined in depth by the Management Board. As a result, the following proposals are put forward for the allocation, management and reporting of the ABG grant.

(a) that the indicative 3 year allocations provided by the Government for the grants to be subsumed into the ABG for 2008/09 to 2010/11 be used as the basis for allocating the total ABG grant to Service Directorates within the County Council and to partners. **Appendix E** provides this detail (including comparative figures for 2007/08).

(b) that the performance KPIs and targets for these individual grants, as now allocated, be incorporated into the pre-existing Performance Monitoring regime of the County Council. In practice, this already happens in 2007/08 despite the fact that the grants are 'specific'.

(c) because the County Council is the Accountable Body for all of the ABG, those grants allocated to partners (eg Aggregates Levy Substainability Fund) should be the subject to funding agreements that will specify targets, reporting arrangements etc.

(d) in practice, the Chief Executive should consult with partners about the basis of these allocations but given the information provided by the Government, the allocations for the first three years are effectively already determined.

(e) these principles to apply to all ABG funds that are revenue based.

9.27 In addition to the revenue based grants referred to above, there are indications that 'Single Capital Pot' grants will be allocated to the County Council on a similar basis in the future. At this stage, this only applies to the Waste Infrastructure Capital Fund. The precise details of this Grant are not yet clear therefore it is proposed that the Corporate Director – Business and Environmental Services be authorised, in consultation with the appropriate Executive Member, to consult with the Waste Partnership on the most appropriate method of allocating this Grant. The funding agreement methodology referred to in **paragraph 9.26(c)** will then need to be applied for any grant allocated to a District Council.

Pending Issues Provision

9.28 In developing a financial strategy that would ensure sufficient recurring funds are available in 2011/12 et seq to meet the predicted year on year additional costs relating to the Waste Strategy, an element of the additional funds available each year (from grant and the Council Tax increase) have been put aside in a Pending Issues Provision (PIP).

9.29 The PIP has itself been split into two strands in recognition of the fact that in addition to the Waste Strategy there are some Service related, or policy, issues that may require recurring funding, but the details are not precise at this stage to warrant a specific allocation in the Budget.

9.30 The two strands are as follows –

(a) **Recurring** (£2m)

this will meet the costs, subject to specific approval by the Executive, of the following if they materialise

- ➔ a trading deficit in the School Catering Service; this has been heavily impacted by a range of issues, including Job Evaluation and nutritional standards. Even after the thorough review currently being undertaken by the School Catering Board, it may not be possible to operate the Service to the quality required without a trading deficit
- ➔ any cost overrun on Job Evaluation. Full details of the position to date are provided in **paragraph 11.20**. Because the Stage 2 review process is still ongoing, projected figures have been used in that paragraph – the Fund is exhausted so if the projections are understated, further ongoing provision will be required
- ➔ at the Executive meeting on the 30 October 2007 a report was considered that addressed the undervaluation of County Council property and its impact on the ability of A&CS to develop Extra Care Housing (ECH) facilities with partner organisations. This provision would enable the Executive to substitute, back into the Business Case, the notional interest value of the `lost' capital receipt thereby facilitating the development of ECH schemes by A&CS

The extent to which this Provision had been used during 2008/09 will be reviewed in the next Budget cycle. If any part of it is then deemed unnecessary, the funds can be released "back into the system" to fund recurring service development priorities

(b) **Non- recurring**

this is the funding stream that will accumulate to eventually fund the longer term Waste Strategy costs referred to in **paragraph 9.9 above**. Until that date the funds can be spent, but only on non-recurring items, eg to fund capital project financing charges that otherwise would be a recurring impact on the Revenue Budget

Notwithstanding the fact that it can be used in any given year in the MTFS the Provision accumulates in base Budget terms as follows -

	£000
2008/09	3314
2009/10	5191
2010/11	5889
	14394

The £14.4m above matches the figure referred to in **paragraph 9.9**. It is unlikely that either the funding figures or the Waste Strategy cost projection will materialise exactly as indicated above but their approximation, and the fact that the Budget strategy explicitly provides for this accumulation of recurring funding, will provide assurance that the County Council will be able to fund the costs of the Waste Strategy as they impact, without the need for material service reductions in other areas.

As with the Recurring Provision, the Executive will allocate the funds available on a non-recurring basis during the period of the MTFS. The Management Board will be asked to identify aspects of their Revenue and Capital requirements that might most beneficially be funded in this way.

The other benefit of this Provision is that if there is any shortfall in the delivery of the VFM targets, it will generate a cash shortfall that will accumulate in a given financial year –the Provision will be able to fund this shortfall.

Other specific funding requirements

9.31 There are a number of other specific issues which need to be funded as part of this Budget package. These relate primarily to legislative requirements that must be met in a short timescale and infrastructure developments that are necessary to underpin the VFM Strategy, and in particular its Transformational component. Details are as follows –

(a) Boilers / Kitchens / Display Energy Certificates

Under recent legislation the County Council is required to upgrade the ventilation in all boiler houses and kitchens in premises that use gas-fired equipment / appliances.

The Management Board has already considered a detailed report on this matter, and sanctioned an Action Plan to be co-ordinated by the Corporate Property Landlord Unit to ensure that

(i) all necessary work to be completed in boiler houses by June 2008, and

(ii) to kitchens by April 2009.

The estimated cost for all non-school properties (including fees) is £600k. It is proposed that £400k of this be funded from the Corporate Miscellaneous underspend in 2007/08 (see Q3 report to Executive 19 February 2008) and the balance in 2008/09.

In addition, the Corporate Asset Group (CAG) meeting on 21 January 2008 considered a report that explains the requirement to produce Display Energy Certificates for all properties >1000m^{2}. The County Council has 227 of these, of which 179 are schools. The costs of employing in-house staff would be far cheaper than using registered assessors. CAG has therefore asked CPLU to develop a proposal that can, over time, be funded by fees charged to the establishments (including schools). A provisional Year 1 cost of this is

£100k for two staff.

(b) One of the key components of the enabling infrastructure for the Business Process review element of the VFM programme is the **Electronic Document Record Management System** (EDRMS). To date, projects of this kind have been pump primed (if they are ongoing such as the Contact Centre) and /or funded from the Transformation Fund held in Corporate Miscellaneous.

Due to the number of different projects that have been initiated in 2007/08 (eg Bright Office Strategy, Flexible Working, Video Conferencing, e-Recruitment, GIS) the Transformation Fund is unable to fund the initial outlay on software and equipment that the EDRMS project requires if it is to meet the implementation deadline of its pilot, the SEN Service. It will effectively go overdrawn, and will then have no further funds available to meet its existing commitments to other projects in 2008/09, et seq.

It is, therefore, proposed that £600k of the initial outlay costs for EDRMS, to enable the SEN pilot to meet its implementation date, be funded on a one-off basis from the Corporate Miscellaneous underspend in 2007/08. The balance of the costs, primarily related to the Project Implementation Team, can then be met from within the Transformation Fund with no further call for additional resources.

(c) Another essential component of the corporate framework necessary to sustain the VFM agenda is a “fit for purpose” ICT infrastructure.

Over recent years the County Council has sanctioned projects to introduce the Standard Desktop (which now covers 5900 PCs and lap-tops), the development of a Wide Area Network (the WAN) that connects 343 schools and 169 other County Council establishments, and finally the upgrade and standardisation on a county-wide basis, of the telecoms network. All of these are necessary if subsequent VFM projects are to enjoy the maximum benefit of the IT network and the equipment that enables flexible working.

There is, however, a “fourth component” of the ICT infrastructure that now needs to be addressed if the three other components referred to above are to operate to their maximum efficiency.

The SDT / WAN / Telecoms are all essentially hardware networks – they are joined up and made functional by local office networks, servers, operating systems, security / firewall software, etc. In addition, all of these need comprehensive Disaster / Service Continuity back-up arrangements. Due to lack of investment in these facilities over the years, because of the greater priority given to the need to do the SDT / WAN / Telecoms projects, there is now a requirement to invest in the refresh and upgrade of this fourth component of the ICT infrastructure.

A pro forma ICT Infrastructure Strategy has been considered recently by the Management Board. This will now be developed into a full 6-year Strategy for approval by Members before 31 March 2008.

The original plan was to finance this Strategy at £500k per annum for its duration. However, the urgent need to proceed immediately with certain aspects of the draft Strategy (eg Disaster Recovery facility) has produced an indicative cash flow that is uneven as follows -

	£000	
2007/08	500	
2008/09	1200	
2009/10 et seq	1200	(300 x 4 years)
	2900	

Subject to approval of the ICT Strategy by the Executive in due course, it is proposed the above figures be included in the Budget / MTFS on a "to be approved in due course" basis; the £500k for 2007/08 can be financed on a one-off basis from the Corporate Miscellaneous underspend in 2007/08.

All three of these issues are effectively one-off or short-term, and the funds involved will be released back into the pool of funds available for other service development purposes in later years.

Council Tax

9.32 The effect of these proposals for the Council Tax is as follows:

- ➔ a year on year increase for 2008/09 of 4.75% - this is formal recommendation to the County Council
- ➔ an indicative year on year increase for 2009/10 and 2010/11 of 4.75% - this takes into account the level of grant increase that is likely to be made available for those years following the CSR 2007. The County Council has prepared Budget scenarios for these 2 years based on this, and a number of other assumptions – the County Council will need to review these assumptions in due course

9.33 The Executive has also considered the implications for the Budget of lower levels of Council Tax increase. Taking into account the terms of the Final Settlement the year on year increases in total spending that are possible can be illustrated as follows:

Council Tax Increase	2008/09 £m
@ 2.5%	22.0
@ 3.5%	24.2
@ 4.5%	26.3
@ 4.75%	26.9
@ 4.9%	27.2

Because the grant figure is now fixed, the key variable in this table is the level of Council Tax increase – a 1% increase or decrease is equivalent to an estimated £2.16m in 2008/09.

10.0 RISK ASSESSMENT

10.1 The County Council has a formalised and systematic approach to assessing and evaluating risk. The corporate level risk assessment has recently been considered by both the Executive and the Audit Committee, and relevant issues are reflected in both the Revenue and Capital strands of the MTFS.

Service Risks

10.2 There are particular service risks associated with the Budget proposals which are referred to in the Service based Contextual Commentaries contained in the **Supplementary Papers**. Some of these are risks which the County Council has managed for many years – such as bad weather (winter maintenance and flooding), increasing demand for services and market pressures on costs – others reflect relatively new issues, such as the implementation of the Children Act, the changes in Adult Social care arising from the White Paper `Our Health, Our Care, Our Say' including the move towards self-directed care and individualised budgets, and the increasing regulatory requirements regarding disposal of waste.

Financial Impact

10.3 As described in **paragraph 12** of this report, the robustness of the estimates and the adequacy of the resources is a measured judgement offered by the S.151 officer. The risks and assumptions inherent in the 2008/09 Budget package are explained in **paragraph 9**.

10.4 These risks will continue into Years 2 and 3, and beyond, of the MTFS - an assessment of their potential financial impact in these years has been reflected in the expenditure and funding figures used in **Appendix D** and is expressed at service level in the **Supplementary Papers**.

10.5 Examining the key financial components of the Budget reveals where the financial risks lay. Thus, using a simple High / Medium / Low rating system, the risk assessment of things not going to plan is as follows -

- ➔ **Government Grant** is fixed for three years **L**

- ➔ the County Council has determined a level of **Council Tax** increase for three years – this may be subject to change, with a 1% increase or decrease adding or subtracting £2m of spending capacity **L/M**

- ➔ **income from fees and charges** is potentially more volatile – see **paragraph 10.6** below for details of a review undertaken as part of the Budget process **L/M**

- ➔ the level of the **General Working Balance** (GWB) has been reviewed and 2% is deemed to be adequate (see **paragraph 12.11** for more details) **L**

- ➔ the Reserves/Provisions have been reviewed and are assessed as adequate for their purpose (see **paragraph 12.9** for details) **L**

- ➔ this leaves the annual expenditure budget and for potential adverse volatility that it contains. Reference has already been made to the robustness of the estimates (see **paragraph 10.3** above) and **Appendix I** refers to the linkage between the budget monitoring arrangements and the GWB. The pressures that exist to create adverse volatility are as follows:
  - unplanned, but eligible demand for services **L/M**
  - single, unpredicted events (eg flood) **L**
  - non achievement of the planned VFM cashable savings **M**

- ➔ regarding the MTFS the problem, if left unaddressed, is the impact of the Waste Strategy in 2011/12 et seq. This Budget report addresses this issue. If it did not, the MTFS would carry a HIGH risk assessment. **(H)**

10.6 An aspect of the Budget that has received particular attention in this Budget cycle is the level of anticipated income from fees and charges.

10.7 A significant part of the County Council budget (£70m) is financed by income from fees and charges, or for services recharged to external partners.

10.8 The Financial Procedure Rules state:-

> *Except where they arise from existing contracts which regulate the matter, fees and charges within the control of the Council shall be subject to review at least annually (or as otherwise agreed by the Corporate Director - Finance and Central Services (CDFCS)) by a Director and the CDFCS except as provided in any specific agreements between the Council and relevant third parties. If the review results in a proposal to change the policy under which a fee or charge is determined the review shall be reported to the Executive before it is implemented.*

10.9 The main income streams, and details of the reviews carried out in respect of the 2008/09 Budget year are set out in **Appendix F**. It shows the estimated yield arising out of the review in budget terms. Typically the specific details of the charging schemes will be covered in existing agreements, or will be agreed with the relevant Executive portfolio holder, where no change in policy is proposed.

10.10 Best practice is seen to be that charges should be reviewed in such a way that the yield will at least keep pace with inflation and/or the overall cost increase of the service for which the charge is made.

10.11 Because of the overall financial position of the County Council, the need to review whether charges should increase beyond this level and contribute to meeting Budget targets is particularly important. For example this is a key feature of the consideration being given by the Corporate Director - Adult and Community Services to the budget package for that Directorate, and it should be noted that the figures shown in **Appendix F** do not reflect any above inflation element to charges at this stage, pending the outcome of that review process.

10.12 Income yield can be volatile for a number of reasons. This might include the impact of external factors, or the impact of new charging rules and a willingness/ability on the part of service users to meet the charges. The assessment in **Appendix F** indicates the level of risk to the yield on a High/Medium/Low (H/M/L) scale, with comments where appropriate. The exercise has been completed for each of the 3 years of the MTFS period, but as the outcome is similar in later years, only the 2008/09 information is shown in **Appendix F**.

10.13 Corporate Directors are very aware of the need to monitor both income, and expenditure, on a regular basis. Those income streams assessed as High Risk will be the subject of particular attention in the ongoing budgetary control regime.

Corporate Risk Register

10.14 An exercise has also been undertaken to map the proposals in the Budget/MTFS package against the strategic risks reflected in the current Corporate Risk Register. The details of this analysis are presented in **Appendix G.**

11.0 TECHNICAL ISSUES AND ASSOCIATED MATTERS

11.1 Within the proposed Budget package, and as part of the Budget process generally, there are a number of technical issues and associated matters that need to be addressed in this report.

Calculation of Council Tax Precept

11.2 There is a formal requirement for this calculation to be included in the Budget report. Full details are therefore provided in **Appendix H.**

Capping

11.3 The Government has made it clear that it expects that the average Council Tax increase in England will be substantially below 5% in 2008/09, and that they will not hesitate to use their capping powers as necessary to protect Council taxpayers.

11.4 To help Members assess the risk attached to this current Budget package, a briefing note is attached as **Appendix I – paragraph 11** thereof includes a table comparing the capping criteria used by the Government since 2004/05 against the relevant figures for the County Council.

11.5 **If the Budget is approved with a Council Tax increase of 4.75% it is considered unlikely that the Government will apply capping to the County Council.**

Capital Plan

11.6 An updated Capital Plan (for the period up to 31 March 2011) will be submitted to the Executive on 19 February 2008 as part of the Quarter 3 Performance Monitoring report for 2007/08. The report will include reference to the 10 year Capital Forecast which was initiated by the County Council as part of the 2004/05 Budget/MTFS process, and updated in subsequent Budget cycles, and will refer to the review of the Capital Plan process which is currently being undertaken.

11.7 The revised Capital Plan will be based on the version approved by Executive on 20 November 2007 but updated to incorporate

- ➔ additions or variations to schemes that are self-funded (ie through grants, contributions and revenue contributions and earmarked capital receipts)
- ➔ updated Highways LTP allocated notified in November 2007
- ➔ variations in spend profile and/or allocations received in relation to schemes funded by specific supported borrowing approvals from the Government
- ➔ rephasing of expenditure between years
- ➔ virements between schemes resulting from variations in scheme costs (eg arising from a tender process) and ongoing re-assessment between priorities within a finite control total
- ➔ additional schemes approved by the Corporate Asset Group (CAG) and Executive for inclusion in the Capital Plan
- ➔ various other miscellaneous refinements

11.8 Although a detailed Capital Plan is not being submitted to this meeting (see **paragraph 11.6** above), the expenditure / financing requirements of the Plan are available in sufficient detail to enable the reports referred to below in **paragraph 11.10** to be submitted to this meeting.

11.9 Therefore, the financing costs (interest and principal) required to finance this updated Capital Plan are reflected in the 2008/09 Revenue Budget package within Corporate Miscellaneous - see **Supplementary Paper VII**. Financing costs for the subsequent two years 2008/09 and 2009/10 are reflected within the MTFS papers (see **Appendix D**).

11.10 Members will be aware that the way in which the borrowing requirements for the Capital Plan of the County Council are now managed and financed is directly linked to:

➔ the **Treasury Management** arrangements

➔ the **Prudential Indicators**

Because of these close links, reports on both of the above are also included on this Agenda and need to be recommended to the County Council as part of the "Budget set".

11.11 Because of the direct links between the size of the Capital Plan and the impact of consequential financing costs on the Revenue Budget / MTFS, the Treasury Management report referred to in **paragraph 11.10** above contains a new proposal to cap the level of capital financing costs as a proportion of the annual net Revenue Budget. The level proposed (@ 11%) will accommodate the impact of the Capital Plan (as referred to in **paragraph 11.6** above) but will place a constraint, unless Members consciously reset the %, on the extent to which the Capital Plan can be expanded in future particularly by the use of locally determined Prudential borrowing. As indicated in the Treasury Management report, the % will be automatically reviewed annually as part of the Budget / MTFS process.

Local Authority Business Rates Growth Incentive Scheme (LABGI)

11.12 As previously reported to Members, the LABGI scheme was introduced by the Government in 2005/06 for a three year period up to 2007/08. The basis of the Scheme is to provide an incentive for authorities to maximise local economic growth by allowing them to retain a proportion of the growth in local business rates, rather than it being paid into the national business rates pot.

11.13 Funding received by the County Council to date, and its agreed utilisation is as follows –

Year of Receipt		**£000**	
2005/06		635	Transferred into the General Working Balance
2006/07		1,413	Paid into Equal Pay/Job Evaluation Fund -
2007/08		425	see **paragraph 11.20**
Total cash received to date		2,473	
Estimated to be received		1,600	see **paragraph 11.14**
Forecast Total	£	4,073	

11.14 The £425k received in 2007/08 relates to a reassessment of the year 2005/06 and 2006/07 by the Government following successful judicial review proceedings brought against CLG by Corby and Slough on the methodology used to calculate LABGI. A further allocation in relation to the final year 2007/08 was due to be paid out before 31 March 2008, but this has recently been delayed after further legal challenges. This funding will now be received in 2008/09 with a guesstimate of £1.6m for the County Council which will be paid into the Job Evaluation / Equal Pay fund.

11.15 It is worth noting that in two tier areas approximately two thirds of the distributable growth is paid to Districts, and on third to County Council. Therefore, based on the County Council having received £2.5m to date, the 7 District Councils have received about £4.8m.

11.16 Following CSR 2007, the Government are currently consulting on a new scheme to replace the current LABGI scheme. This new scheme will commence in 2009/10 (ie there will be no scheme in 2008/09) but the total funding being earmarked (£50m nationally in 2009/10 rising to £100m in 2010/11) is much less than the current three-year scheme (£1billion over 3 years). It is intended that the new incentive scheme will become a permanent part of the local government finance system, and will work within the context of three year local government finance settlements.

Local Public Service Agreement (LPSA) Performance Reward Grant

11.17 The County Council's LPSA with the Government covered the period 1 April 2003 to 31 March 2006, and a Performance Reward Grant (PRG) claim was submitted to CLG in December 2006. A subsequent response from the CLG in February 2007 confirmed that total PRG of £7,871k would be paid to the County Council. Of this sum, however, £1,304k is payable to the District Councils as part of the agreement with them in relation to their input into certain performance targets. This leaves £6,567k PRG for the County Council which is being paid over two instalments in 2006/07 and 2007/08.

11.18 Following advice from the Audit Commission, the full sum was reflected in the County Council's 2006/07 amounts and transferred into the Job Evaluation / Equal Pay Fund (see **paragraph 11.20)** as previously agreed by Members.

11.19 The information available from the Equal Pay and Job Evaluation exercises is now such that the full value of the PRG is required to help offset the costs arising from Equal Pay and Job Evaluation.

Job Evaluation / Equal Pay

11.20 Although certain aspects of the Job Evaluation process remain to be completed (ie Stage 2 reviews), the latest position regarding funding and costs presented below. Members will recall that the Fund principle was introduced to cover the additional net costs arising from Equal Pay and Job Evaluation for the two years 2006/07 and 2007/08. For subsequent years, (ie 2008/09 onwards) any recurring costs would be reflected in the base budget of services.

	£m	£m	
Funding			
LPSA reward grant		6.567	**(paragraph 11.17)**
LABGI			
received to date	1.838		
estimate of further receipts expected	1.600	3.438	**(paragraph 11.13)**
		10.005	
Costs identified (actual and forecast)			
Equal Pay arrears and associated costs	2.100		
Job Evaluation			
2007/08	4.545	10.037	
2008/09	3.392		
Shortfall		**.032**	

11.21 As the above table shows, the Fund is exhausted by the end of the 2008/09 financial year and absolute certainty of the figures will not be available until all the outstanding Stage 2 reviews have been concluded. The possibility of a cost overrun is, therefore, addressed in **paragraph 9.30(a)** above.

11.22 The ongoing implication of Job Evaluation is an estimated net recurring cost of £3m, that will need to be funded each year after 2008/09. In addition, there is a consequential impact on the employer contributions rate payable to the North Yorkshire Pension Fund (see **paragraph 11.23** below). Both of these additional requirements have therefore been incorporated into the 2009/10 Budget and updated MTFS as part of the Corporate Miscellaneous budget; they will be allocated to Directorates as part of the next Budget cycle.

North Yorkshire Pension Fund

11.23 The County Council as an employer is required to pay contributions into the North Yorkshire Pension Fund (NYPF) on behalf of those members of staff who have joined the Fund.

11.24 At present the contribution rate is 18.8% equivalent to £28.6m per annum. Of this £10.8m relates to staff employed by schools and traded services so the figure of £17.8m (ie £28.6m - £10.8m) represents the impact on the Net Revenue Budget for the purposes of the Budget process.

11.25 The County Council is the administering authority for North Yorkshire Pension Fund on behalf of 60 employers in addition to itself. Every three years a full Actuarial Valuation has to be undertaken to validate that the level of employer contributions is appropriate to finance the long term (ie staff pension) liabilities that are accruing in the Fund.

11.26 The latest Triennial Valuation, based on employee data at 31 March 2007, will be signed off by the Pension Fund Committee at its meeting on 14 February 2008, and the revised employer contribution rates will come into effect for three years beginning 2008/09.

11.27 The Valuation has been complicated this year by a number of factors:

- ➔ the introduction by CLG of a 'New Look' scheme with revised benefits
- ➔ a continuing rise in the Actuary's life expectancy forecasts
- ➔ changes to key financial assumptions used by the Actuary notably falling yields on Government Bonds (Gilts) and a less optimistic view of the global financial markets
- ➔ a reduction in the allowance for ill-health retirements as the previous level of allowance was too high.

11.28 The net result of all these factors, some of which serve to offset each other within the overall Valuation exercise has enabled the Pension Fund Committee to propose to most of the larger employers in the Fund, including NYCC, a scenario that maintains their current contribution rate (ie 18.8% for NYCC).

11.29 There is however a further 'local' complication for the County Council. The impact of Job Evaluation has not been reflected in the Actuarial Valuation because the new pay scales were implemented on 1st April 2007 (not 31 March 2007). In addition not all the new pay details would have been available for all staff (eg Stage 2 reviews).

11.30 The need to reflect the results of the Job Evaluation process in the Valuation exercise are based on the fact that:

- ➔ the accrued service years to 31 March 2007 of those staff who were "winners" under Job Evaluation and had their pay uplifted, are now an enhanced liability within the Fund because the final pay has effectively increased with no scope for retrospective contributions.
- ➔ for those staff who were 'losers' under Job Evaluation, the pay level was protected both in real terms and within the Pension Fund for the purposes of calculating the actuarial liability

11.31 Taken together, these two factors mean that the employer contribution rate referred to in **paragraph 11.28** above is effectively understated and it is not considered prudent to ignore this fact until the next Triennial Valuation in 2010.

11.32 Following earlier discussions in the Pension Fund Committee, it had been agreed that any employer in this position can add a supplement to the employer contribution rate derived from the formal Valuation provided this is approved, as part of the overall Valuation report, by the Committee on 14 February 2008.

11.33 Based on payroll data that includes job evaluation, and taking into account the likely results of Stage 2 reviews, the Actuary has calculated that a supplement to the contribution rate of 0.4% would be sufficient to offset, over the longer term, the effects within the Fund of the factors referred to in **paragraph 11.30** above. The recurring cost of this is £0.4m per annum and this has been added pro tem to the base budget for Corporate Miscellaneous.

12.0 STATUTORY REQUIREMENTS OF THE LOCAL GOVERNMENT ACT 2003 IN RELATION TO BUDGET SETTING

Background

12.1 A full analysis of the requirements of the 2003 Act as it affects the Budget setting process is provided as follows:

- ➔ an explanation of the statutory requirements particular in relation to Section 25 that relates to the Budget process – see **Appendix J**.
- ➔ a risk assessment methodology for Balances / Reserves which is also required under Section 25 – see **Appendix K.**
- ➔ a subsequent review of the County Council's Balances and Reserves – see **Appendix L.**

Section 25

12.2 Under the terms of Section 25 of the Local Government Act 2003 the S.151 Officer is required to report to the County Council, at the time when it is making its Precept, on two specific matters viz:

- ➔ **the robustness of the estimates** included in the Budget, and
- ➔ **the adequacy of the reserves** for which the Budget provides

12.3 The County Council then has a statutory duty to have regard to this report from the S.151 officer when making its decisions about the proposed Budget and consequential Precept.

12.4 The County Council has recently been assessed as a 3 (out of 4) for its Financial Standing and associated management procedures as part of the recent CPA Use of Resources assessment, and received a positive Audit and Inspection Annual Letter from the External Auditor in relation to the 2006/07 financial year.

Robustness of the estimates

12.5 In accordance with the principles laid out in **Appendix J**, the Corporate Director – Finance and Central Services has undertaken a full assessment of the County Council's potential financial risks in the period 2008/09 to 2010/11 including:

- ➔ the realism of Revenue Budget estimates for
  - pay awards and the ongoing impact of job evaluation
  - price increases
  - fee / charges income
  - expenditure related to those specific grants and funding streams that are now absorbed into the Area Based Grant

  - loss/tapering of the remaining specific grants and/or changes to their eligibility requirements
  - proposals for achieving the 3% value for money target
  - provision for demand led services including Waste, Adult social care, Special Educational Needs, Home to School Transport, Highways Winter Maintenance and others
  - the financing costs arising from the Capital Plan; the proposal to establish a cap on the level of capital financing charges as a proportion of the annual net Revenue Budget provides additional assurance on this aspect of the Budget

➔ the realism of the Capital Plan estimates in the light of

  - the potential for slippage and underspending of the Capital Plan
  - the possible non achievement of capital receipts targets and its implications for the funding of the Capital Plan

➔ financial management arrangements including

  - the history over recent years of financial management performance
  - current financial management arrangements

➔ potential losses including

  - claims against the County Council
  - bad debts or failure to collect income
  - major emergencies or disasters
  - contingent or other potential future liabilities

12.6 An assessment has also been made of the ability of the County Council to offset the costs of such potential risks – the MTFS therefore reflects:

➔ the provision of a contingency fund in the Corporate Miscellaneous budget

➔ specific provisions in the accounts and in earmarked reserves

➔ a commitment to maintain the level of the General Working Balance at its 2% policy target level

➔ comprehensive insurance arrangements using a mixture of self funding and external top-up cover

12.7 Estimates used in the MTFS for the years 2009/10 and 2010/11 are also based on realistic assumptions taking into account:

➔ future pay and price increases applied consistently across all services

➔ commitments in terms of demographic changes and other factors that create demand for services

➔ known changes in legislation and taxation

- ➔ known changes in the levels of specific grants and the implications of the introduction of the Area Based Grant in 2008/09
- ➔ the provisional grant settlements announced for Years 2 and 3
- ➔ policies and priorities as expressed in the Council Plan and associated Service Plans
- ➔ the need to plan for the forecast cost impact of the Waste Strategy in the years beyond 2010/11.

12.8 It should be recognised however that whilst these estimates for future years are based on realistic assumptions, some elements thereof are subject to a degree of potential variance as actual expenditure in these future years can be significantly affected by factors outside the control of the County Council that occur after the annual Revenue Budget is approved. For budgetary control purposes the County Council operates a system of cash limits for each Directorate. Then, with rules permitting the carry forward of under and overspends, it is accepted that within these cash limits for each Directorate there is an expectation placed on both the Executive Portfolio Holder and the respective Corporate Director that expenditure pressures in one part of their Budget will be managed against underspendings elsewhere and/or across financial year ends. These cost pressures and variances are monitored on a regular basis and reported, alongside other key performance information, to the Executive on a quarterly basis. The Budget process also provides an annual opportunity to comprehensively recalibrate the future years within the MTFS.

Adequacy of Reserves and Provisions

12.9 As explained in **Appendix L** all the current balances and reserves had been examined as to their adequacy and purpose using the methodology/criteria detailed in **Appendix K**.

12.10 Based on this analysis, the Budget proposals reflect:

(i) maintaining the policy target level of 2% for the General Working Balance (see **paragraph 12.11 et seq** below**)**

(ii) the transfer of funds received under LABGI (**paragraph 11.13**) and the LPSA PRG (**paragraph 11.17)** in 2007/08 and 2008/09 into a Fund for offsetting the costs of Equal Pay claims and the Job Evaluation exercise. As explained in **paragraph 11.21**, this Fund is likely to be exhausted by the end of 2008/09 when the ongoing costs will thereafter have to be funded from the Base Budget for 2009/10 et seq.

General Working Balance (GWB)

12.11 Members will be aware that the MTFS policy set a year ago was to achieve a level of the GWB equivalent to 2% of the net Revenue Budget by 31 March 2011.

12.12 This policy is accompanied by a set of "good practice rules" (see **Appendix L** for full details). The Executive remains committed to maintaining this target level throughout the MTFS period and recognises that the “rules” are part of the financial discipline required to ensure the County Council achieves that policy aim.

12.13 This target figure was however achieved at the end of the 2006/07 financial year.

12.14 Taking into account the fact that the net Revenue Budget increases each year, the likely year end figures for the GWB as compared to those a year ago are summarised below (see **Appendix M** for full details).

Year End Date	**MTFS 2007/10**		**MTFS 2008/11**	
	£000	**% of Net Revenue Budget**	**£000**	**% of Net Revenue Budget**
by 31 March 2007	5880*	2.1	6,880º	2.5
31 March 2008	5880	2.0	7,300	2.5
31 March 2009	6200	2.0	7,300	2.3
31 March 2010	6500	2.0	7,300	2.2
31 March 2011	6800	2.0	7,300	2.0

[Note : * projected º actual]

12.15 On the basis of the GWB at 31 March 2007 (£6.88m) and the projected GWB at 31 March 2008 (£7.3m) it is evident that the County Council has exceeded its policy target level of 2%. However, if the figure of £7.3m is retained it neatly satisfies the 2% target by the March 2011 date set last year.

12.16 Clearly within the report, reference is made to the creation of a number of provisions (see **paragraph 9.28**). These are identified as such so that Members can address particular and potential issues without compromising the GWB.

Section 25 opinion of the Corporate Director – Finance and Central Services

12.17 **Taking all these factors and considerations into account the Corporate Director - Finance and Central Services is satisfied that the figures used in the Revenue Budget 2008/09 and the MTFS, as proposed, are realistic and robust and that the associated level of balances/reserves is adequate within the terms of the approved policy in relation thereto.**

13.0 CONCLUSIONS

13.1 The reality is that Government prescribed standards and targets, and customer expectations will continue to rise. The County Council has major challenges in service delivery and improvements to meet. Feedback from the consultation process suggests no public appetite for reductions in service, although there are growing worries for people on fixed incomes about Council tax increases above the rate of inflation.

13.2 Members will be fully aware of the tension between the cost of service improvements and priorities as compared to Government grant provision for these items. After taking account of achievable efficiencies, the balancing figure is always the Council Tax. The ringfencing of schools funding into the Dedicated Schools Grant has increased the sensitivity of Council Tax to the level of spend.

13.3 The aim of maintaining services and meeting national standards in 2008/09 underpins the Revenue Budget proposals, which involve a net Budget increase of 5.9% and an increase in Council Tax of 4.75%.

13.4 The updating of the Medium Term Financial Strategy has identified significant investment needs relative to potentially available resources. The challenge facing the County Council for the next 2/3 years, will be to continue the work on the MTFS so that options to reconsider policies, identify opportunities to reduce costs without effecting performance or service quality etc, can be factored into the Budget cycles for 2009/10 and beyond. The Value for Money campaign which will now embrace the Transformation process started last year will make an essential contribution to this process.

13.5 Notwithstanding these challenges the County Council continues to have robust financial systems and procedures on which it can rely to provide the financial information necessary to make the difficult decisions that will continue to be required into the future.

14.0 RECOMMENDATIONS

14.1 That the Executive recommends to the County Council the following:

(i) that for the year beginning 1 April 2008, a Council Tax precept of £226.708,000 be issued to billing authorities in North Yorkshire, such precept to be paid in instalments on dates to be determined by the billing authorities

(ii) that a net Revenue Budget requirement for 2008/09 of £322,670,000 be approved.

(iii) that the allocations to each Directorate, various corporate initiatives, and precepts/levies/contributions be as detailed in **Appendix D** and the **Supplementary Papers** for this report, subject to: the Corporate Director – Children's and Young People Service being authorised, in conjunction with Executive Members, to take the final decision on the allocation of the Schools Block for the period 2008/09 to 2010/11.

14.2 That the Executive recommends to the County Council:

(i) that Corporate Directors be authorised to incur expenditure under the terms of any new specific grants (**paragraph 9.14 et seq**)

(ii) that the revenue elements of the Area Based Grant be allocated and managed in accordance with the procedures detailed in **Appendix E** and **paragraph 9.26** respectively

(iii) that in relation to the Waste Infrastructure Capital Fund (**paragraph 9.27**), the Corporate Director – Business and Environmental Services be authorised, in consultation with the appropriate Executive Member, to consult with the Waste Partnership on the most appropriate method of allocating this grant, and having done so, to adhere to the management procedures referred to in **paragraph 9.26(c)**

(iv) that the policy target for the level of the General Working Balance be retained at 2% of the net Revenue Budget

(v) that the funds related to LABGI and LPSA Performance Reward Grant be transferred into the provision for the costs of Equal Pay claims and the Job Evaluation exercise (**paragraph 11.20**)

(vi) the establishment of the Pending Issues Provisions and their approval arrangements as detailed in **paragraph 9.30**

(vii) the allocation of short term funds to boiler / kitchen ventilation works, EDRMS and the ICT Infrastructure Strategy as detailed in **paragraph 9.31**

14.3 The Executive draws to the attention of the County Council, the Section 25 assurance statement provided by the Corporate Director – Finance and Central Services regarding the robustness of the estimates and the adequacy of the reserves **(paragraph 12.17)**

14.4 The Executive recommends to the County Council the Medium Term Financial Strategy, and its caveats, as laid out in **paragraph 9** and **Appendix D.**

JOHN MARSDEN
Chief Executive

JOHN MOORE
Corporate Director – Finance and Central Services

County Hall
Northallerton

3 February 2008

Background Documents

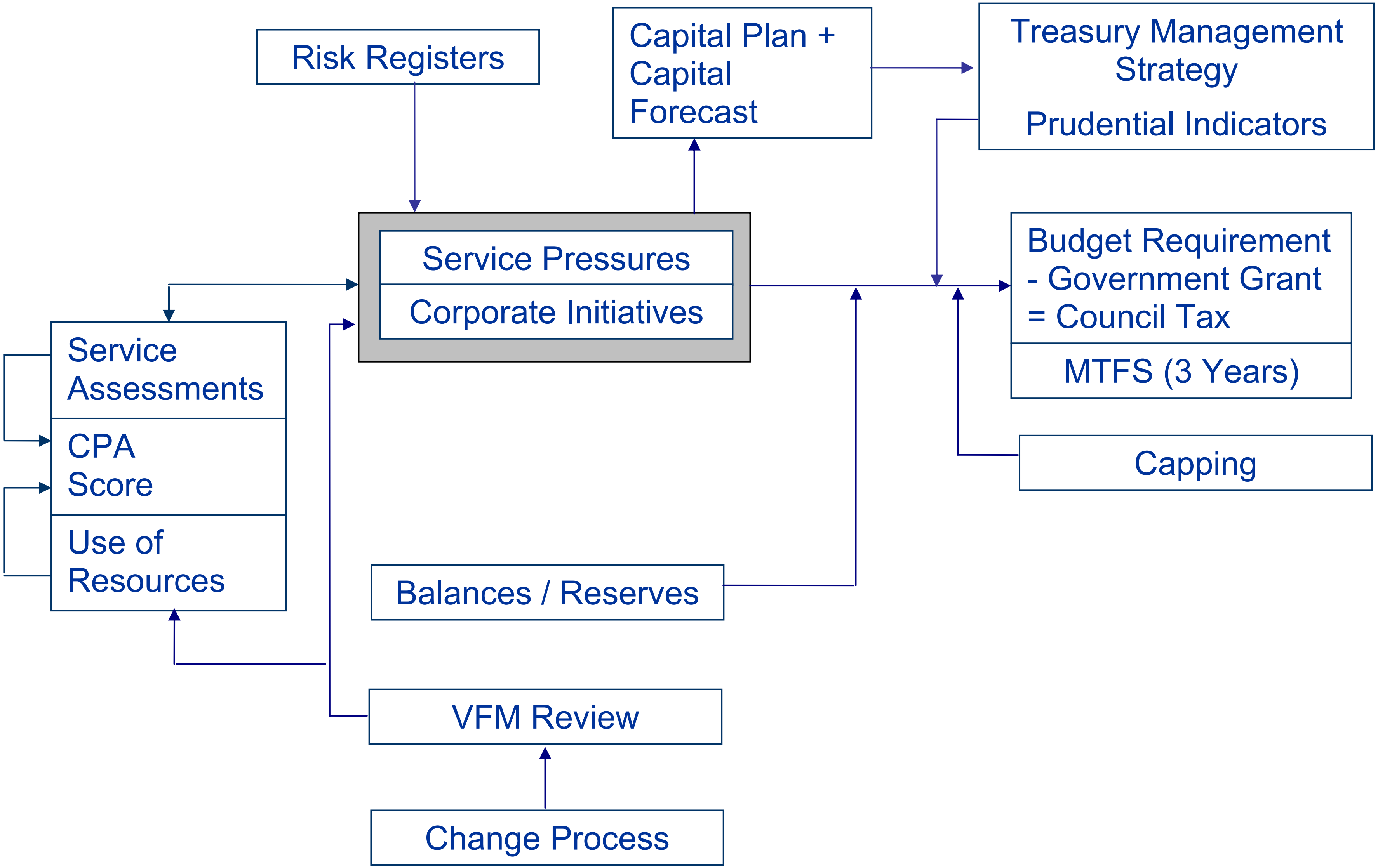
➔ **Provisional Local Government Finance Settlement 2007/08 :** Reported to Executive (8 January 2008)	Contact Steve Knight ext 2101
➔ **Grant Settlement Working Papers**	Contact Peter Yates ext 2119
➔ **Budget / MTF68** ➔ **Working Papers**	Contact John Moore ext 2531

5 FEBRUARY 2008

SCHEDULE OF APPENDICES
TO
MEDIUM TERM FINANCIAL STRATEGY AND REVENUE BUDGET 2008 / 09

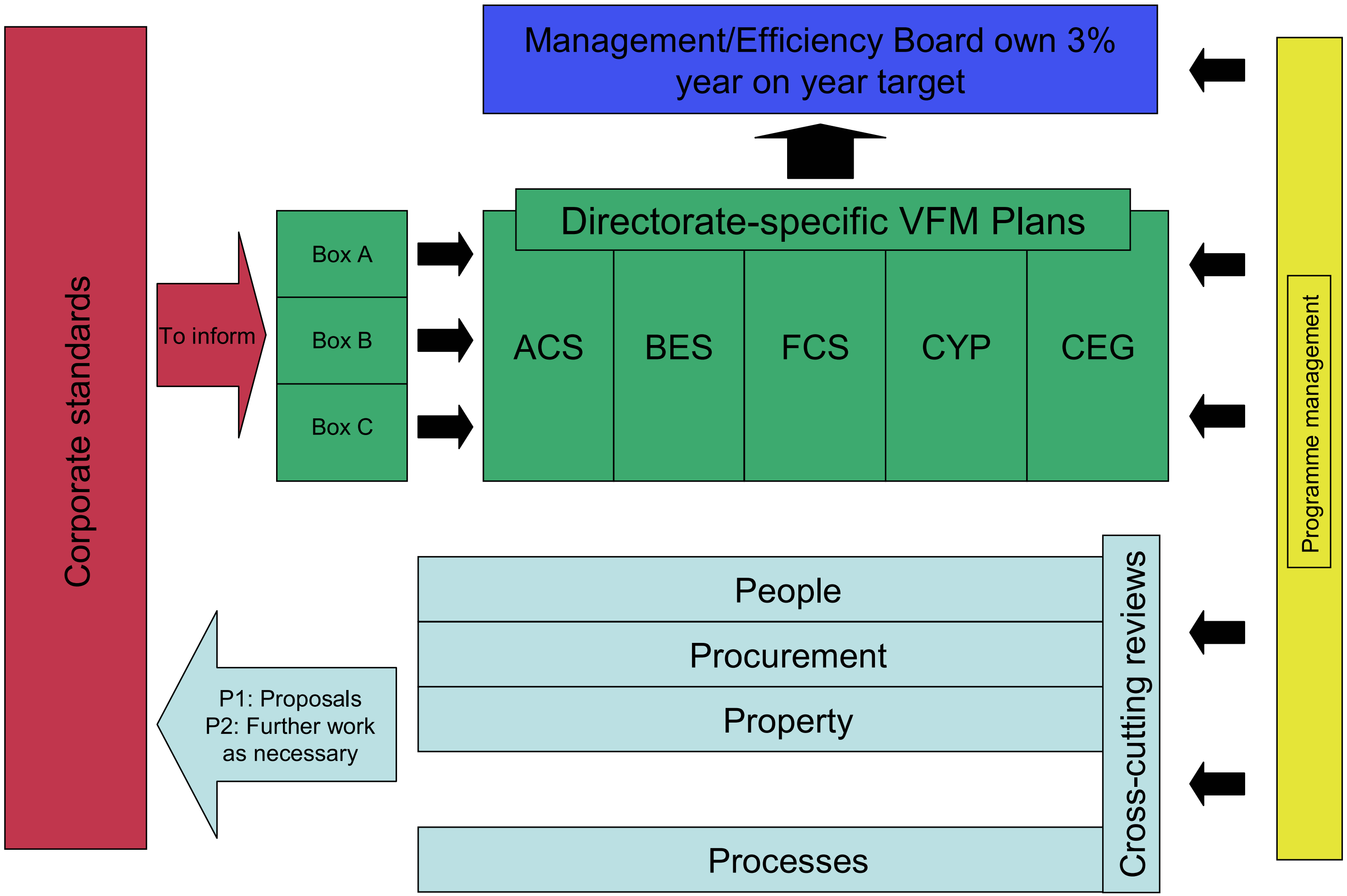
Appendix	Title	Cross Reference in main report
A	What's in the mix ?	paragraph 5.3
B	VFM Process	paragraph 7.13
C	Exemplification of Precept / Council Tax requirement in relation to Government Grant	paragraph 8.13
D	Medium Term Financial Strategy - Exemplification of Directorate spending (i) 2008 / 09 Sheet A (ii) 2009 / 10 Sheet B (iii) 2010 / 11 Sheet C	paragraph 9.3
E	Area Based Grant	paragraph 9.17
F	Risk Analysis of Main Income Streams	
G	Corporate Risk Register – analysis of impact of MTFS / Budget proposals	paragraph 10.14
H	Calculation of Council Tax Precept 2008/09	paragraph 11.2
I	Briefing note re Capping procedure	paragraph 11.4
J	Statutory Requirements of the Local Government Act 2003 in relation to Budget setting	paragraph 12.1
K	Balances / Reserves – risks assessment methodology	paragraph 12.1
L	Review of Balances / Reserves	paragraph 12.1
M	Projection of General Working Balance	paragraph 12.14

What's in the mix?



APPENDIX A

VFM Process



APPENDIX B

APPENDIX C

GRANT, SPEND & COUNCIL TAX EXEMPLIFICATION 2008/09 TO 2010/11

Based on a Council Tax increase of 4.75% & the Final Grant Settlement announced on 24 January 2008

		2007/08 Actual £000s	2008/09 Provisional £000s	2009/10 MTFS £000s	2010/11 MTFS £000s
BUDGET REQUIREMENT (BR)					
Start with previous years BR		**280103**	**295796**	**322670**	**339707**
Increased spend at CT increase of 4.75%					
Base transfers into grant (see (i) below)		-498	8891	-235	-89
Spend grant increase as per (ii) below		4473	5581	4898	5121
Increase Council Tax by 4.75%		9930	10174	10769	11371
Tax base increase		1614	2334	1907	2017
Collection Fund surplus variations		174	-107	-302	0
		15693	**26874**	**17037**	**18420**
= Budget Requirement (BR)		**295796**	**322670**	**339707**	**358126**
= BR %age increase - cash		**5.6%**	**9.1%**	**5.3%**	**5.4%**
- after base transfers		**5.8%**	**5.9%**	**5.4%**	**5.4%**
GRANT					
Previous year		-76213	-80188	-94660	-99323
other net transfers to / from formula grant	(i)	498	-8891	235	89
=adjusted formula grant per DCLG		-75715	-89079	-94425	-99234
increase	(ii)	-4473	-5581	-4898	-5121
= total grant		**-80188**	**-94660**	**-99323**	**-104355**
Increase on adjusted base per DCLG		**5.9%**	**6.3%**	**5.2%**	**5.2%**
Memo item - grant analysis into 4 block model					
Relative needs (formula - data at service block level)		-84760	-101448	-105623	-109674
Relative Resources (strength of local tax base)		60824	68834	70835	72783
Central Allocation (balance of Nat Pot on pop basis)		-61616	-69765	-73273	-76676
Damping (to achieve min & max % increases)		5364	7719	8738	9212
		-80188	**-94660**	**-99323**	**-104355**
COLLECTION FUND SURPLUSES		**-1409**	**-1302.2**	**-1000**	**-1000**
BALANCE FROM COUNCIL TAX		**214199**	**226708**	**239384**	**252771**
TAX BASE					
Gross estimate per DCLG		227498	230027	231925	233842
- costs / losses etc to arrive at Districts forecast		-3432	-3619.38	-3705	-3792
= Districts net forecast		224066	226408	228220	230050
+ additional second homes		2950	2970	3000	3030
= total net tax base for Council Tax setting		227016	229377.62	231220	233080
%age increase in tax base		1.75%	1.03%	0.80%	0.80%
COUNCIL TAX					
Band D calculation (@ 4.75% increase)		**£943.54**	**£988.36**	**£1,035.31**	**£1,084.48**
Increase (2006/07 actual £899.47)					
£		**£44.07**	**£44.82**	**£46.95**	**£49.18**
%		**4.90%**	**4.75%**	**4.75%**	**4.75%**
Variations on Council Tax					
1.0%		2142	2164	2285	2413
£1m		0.47%	0.46%	0.44%	0.41%

31-Jan-08

APPENDIX D

MEDIUM TERM FINANCIAL STRATEGY

Exemplification of Directorate Spending

2008/09	Sheet A
2009/10	Sheet B
2010/11	Sheet C

SUMMARY ANALYSIS OF YEAR ON YEAR INCREASE IN BUDGET REQUIREMENT 2008/09

Latest Version 31/01/2008

2008-09 Revenue Budget

Directorate	2007/08 Base Budget	Subsequent Base Budget Adjustments	2007/08 Revised Base Budget	Grant Funding Changes	Increments	Base Budget Inflation	Landfill Tax Inflation	Inflated Base Budget	Additional Resources	VFM Target	Net Directorate Bid	Net Directorate Budget Requirement	Net Year on Year Requirement	
(a)	(b) £000s	(c) £000s	(d) £000s	(e) £000s	(f) £000s	(g) £000s	(h) £000s	(i) £000s	(j) £000s	(k) £000s	(l) £000s	(m) £000s	(n) £000s	
Adult & Community Services	117,258	1,234	118,492	6,905	1,143	4,035		130,575	2,340	-603	1,737	132,312	13,820	
Business & Environmental Services	56,054	1,732	57,786	807	173	1,951	1,754	62,471	299	-199	100	62,571	4,785	
Children & Young People's Service - CSA	71,080	407	71,487	1,864	398	2,524		76,273	1,160	-373	787	77,060	5,573	
Chief Executive's Group	9,628	1,092	10,720	270	197	291		11,478	323	-107	216	11,694	974	
Finance & Central Services	11,333	122	11,455	0	149	323		11,927	1,500	-144	1,356	13,283	1,828	
Directorate Sub Total -ex- Schools DSG	**265,353**	**4,587**	**269,940**	**9,846**	**2,060**	**9,124**	**1,754**	**292,724**	**5,622**	**-1,426**	**4,196**	**296,920**	**26,980**	(a)
Capital Financing	29,362	56	29,418					29,418	1,100		1,100	30,518	1,100	
Interest Earned on balances	-3,404	-815	-4,219					-4,219	74		74	-4,145	74	
Job Evaluation Base Allocations	-1,881		-1,881					-1,881			0	-1,881	0	
Pension Fund JE Contributions (18.8% to 19.2%)	0		0					0	400		400	400	400	
Other	6,366	-3,828	2,538					2,538	1,261		1,261	3,799	1,261	
Pending Issues Provision - non recurring	0		0					0	3,314		3,314	3,314	3,314	
Pending Issues Provision- - recurring	0		0					0	2,000		2,000	2,000	2,000	
Corporate Miscellaneous - Sub Total	**30,443**	**-4,587**	**25,856**	**0**	**0**	**0**	**0**	**25,856**	**8,148**	**0**	**8,148**	**34,004**	**8,148**	(b)
VFM - to be allocated	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**-8,254**	**-8,254**	**-8,254**	**-8,254**	(c)
Overall Total-ex-Schools DSG	**295,796**	**0**	**295,796**	**9,846**	**2,060**	**9,124**	**1,754**	**318,580**	**13,770**	**-9,680**	**4,090**	**322,670**	**26,874**	(a + b + c)

Year on Year Funding Requirement	**322,670**	
Available to spend 2008/09	-322,670	@ +4.75% CT Increase
Balance	**0**	

Increased Spend at CT Increase of 4.75%	
Base Transfers into Grant	8,891
Spend Grant Increases	5,581
Increase Council Tax by 4.75%	10,174
Tax Base Increase	2,335
Collection Fund surplus variations	- 107
	26,874
2007/08 Base Budget + additional 2008/09 spend	**322,670**

Key to Columns
b = 2007/08 Approved Base Budget
c = Subsequent Base Budget adjustments (eg centralised repairs and maintenance)
d = b + c
i = d + e + f + g + h
l = j + k
m = i + l
n = m - d

SHEET A

SUMMARY ANALYSIS OF YEAR ON YEAR INCREASE IN BUDGET REQUIREMENT 2009/10

2009-10 Revenue Budget

Directorate	2008/09 Base Budget	Grant Funding Changes	Increments	Inflation	Landfill Tax Inflation	Inflated Base Budget	Additional Resources	VFM Target	Net Directorate Bid
(a)	(b) £000s	(c) £000s	(d) £000s	(e) £000s	(f) £000s	(g) £000s	(h) £000s	(i) £000s	(j) £000s
Adult & Community Services	132,312	0	844	4,308		137,464	2,660	-1,205	1,455
Business & Environmental Services	62,571	0	165	2,082	1,630	66,448	627	-398	229
Children & Young People's Service - CSA	77,060	170	329	2,156		79,715	1,340	-745	595
Chief Executive's Group	11,694	0	130	270		12,094	-106	-216	-322
Finance & Central Services	13,283	0	46	342		13,671	-900	-288	-1,188
Directorate Sub Total -ex- Schools DSG	**296,920**	**170**	**1,514**	**9,158**	**1,630**	**309,392**	**3,621**	**-2,852**	**769**
Capital Financing	30,518					30,518	2,367		2,367
Interest Earned on Balances	-4,145					-4,145	395		395
Job Evaluation Allocations	-1,881					-1,881	3,011		3,011
Pension Fund JE Contributions (18.8% to 19.2%)	400					400			0
Other	3,799					3,799	170		170
Pending Issues Provision - non recurring	3,314					3,314	5,191		5,191
Pending Issues Provision - recurring	2,000					2,000			0
Corporate Miscellaneous - Sub Total	**34,004**	**0**	**0**	**0**	**0**	**34,004**	**11,134**	**0**	**11,134**
VFM - to be allocated	**-8,254**	**0**	**0**	**0**	**0**	**-8,254**	**0**	**-7,338**	**-7,338**
Overall Total-ex-Schools DSG	**322,670**	**170**	**1,514**	**9,158**	**1,630**	**335,142**	**14,755**	**-10,190**	**4,565**

Increased Spend at CT Increase of 4.75%	
Base Transfer into Grant	-235
Spend Grant Increase	4898
Increase Council Tax by 4.75%	10,769
Tax Base Increase	1,907
Collection Fund Surplus Variations	-302
	17,037
2008/09 Base Budget + additional 2009/10 spend	**339,707**

Year on Year Funding Requirement
Available to spend 2009/10
Balance

Key to Columns
b = 2008/09 Approved Base Budget
g = b + c + d + e + f
j = h + i
k = g + j
l = k - b

SHEET B

SUMMARY ANALYSIS OF YEAR ON YEAR INCREASE IN BUDGET REQUIREMENT 2010/11

2010-11 Revenue Budget

Directorate	2009/10 Base Budget	Grant Funding Changes	Increments	Inflation	Landfill Tax Inflation	Inflated Base Budget	Additional Resources	VFM Target	Net Directorate Bid
(a)	(b) £000s	(c) £000s	(d) £000s	(e) £000s	(f) £000s	(g) £000s	(h) £000s	(i) £000s	(j) £000s
Adult & Community Services	138,919	0	577	4,500		143,996	3,865	-1,204	2,661
Business & Environmental Services	66,677	0	117	1,431	2,122	70,347	3,162	-398	2,764
Children & Young People's Service - CSA	80,310	50	235	2,244		82,839	1,885	-745	1,140
Chief Executive's Group	11,772	0	76	277		12,125	0	-215	-215
Finance & Central Services	12,483	0	32	357		12,872	0	-288	-288
Directorate Sub Total -ex- Schools	**310,161**	**50**	**1,037**	**8,809**	**2,122**	**322,179**	**8,912**	**-2,850**	**6,062**
Capital Financing	32,884					32,884	1,987		1,987
Interest Earned on Balances	-3,750					-3,750	235		235
Job Evaluation Allocations	1,130					1,130	100		100
Pension Fund Contributions (18.8% to 19.2%)	400					400			0
Other	3,970					3,970	19		19
Pending Issues Provision - non recurring	8,505					8,505	5,889		5,889
Pending Issues Provision - recurring	2,000					2,000			0
Corporate Miscellaneous - Sub Total	**45,138**	**0**	**0**	**0**	**0**	**45,138**	**8,230**	**0**	**8,230**
VFM - to be allocated	**-15,592**	**0**	**0**	**0**	**0**	**-15,592**	**0**	**-7,890**	**-7,890**
Overall Total-ex-Schools	**339,707**	**50**	**1,037**	**8,809**	**2,122**	**351,725**	**17,142**	**-10,740**	**6,402**

Year on Year Funding Requirement	
Available to spend 2010/11	
Balance	

Increased spend at CT Increase of 4.75%	
Base Transfer into Grant	-89
Spend Grant Increase	5,121
Increase Council Tax by 4.75%	11,371
Tax Base Increase	2,017
Collection Fund Surplus Variations	0
	18,420
2009/10 Base Budget + additional 2010/11 spend	**358,127**

SHEET C

Key to Columns
b = 2009/10 Approved Base Budget
g = b + c + d + e + f
j = h + i
k = g + j
l = k - b

2008/09 - Grants to be channelled through Area Based Grant - Final settlement 2nd January 2008

SHADING DENOTES GRANTS PREVIOUSLY RECEIVED AS LAA POOLED FUNDING

Grant	Partner Recipient	Govt Dept	2007/08 allocation	NOTIFIED ALLOCATIONS 2008/09	2009/10	2010/11
			£	£	£	£
Supporting People Administration	NYCC ACS	CLG	385,412	**366,141**	**337,235**	**289,059**
Supporting people (from 09/10 onwards)	NYCC ACS	CLG		**0**	**14,734,962**	**14,076,822**
14-19 Flexible Funding Pot	NYCC - CYPS	DCSF	295,820	**176,189**	**175,374**	**174,455**
Care Matters White Paper	NYCC - CYPS	DCSF		**229,643**	**308,997**	**353,952**
Child Death Review Process	NYCC - CYPS	DSCF		***43,986***	***45,027***	***46,669***
Children's Social Care Workforce (formerly HRDS & NTS)	NYCC CYPS	DCSF	195,000	**111,099**	**110,650**	**110,206**
Children's Fund	NYCC CYPS	DCSF	1,133,447	**1,133,447**	**1,133,447**	**1,133,447**
Choice Advisers	NYCC CYPS	DCSF	31,252	**33,008**	**33,008**	**33,008**
Connexions	CONNEXIONS (CYPS)	DCSF	4,400,000	**4,474,612**	**4,247,696**	**4,216,686**
Education Health Partnerships	NYCC CYPS	DCSF	148,350	**148,360**	**148,360**	**148,360**
Extended Rights to Free Transport	NYCC CYPS	DCSF	98,378	**211,828**	**309,080**	**406,331**
Extended Schools Start Up Costs	NYCC CYPS	DCSF	906,946	**1,332,010**	**2,525,182**	**1,038,462**
Positive Activities for Young People	NYCC - CYPS	DCSF	112,041	**112,041**	**192,481**	**249,938**
Secondary National Strategy - Behaviour & Attendance	NYCC - CYPS	DCSF	125,800	**125,800**	**125,800**	**125,800**
Secondary National Strategy - Central Coordination	NYCC - CYPS	DCSF	272,752	**282,452**	**283,477**	**283,934**
Primary National Strategy - Central Coordination	NYCC - CYPS	DCSF	333,614	**321,691**	**322,432**	**322,490**
School Development Grant (Local Authority element)	NYCC - CYPS	DCSF	1,095,300	**1,095,300**	**1,095,300**	**1,095,300**
School Improvement Partners	NYCC CYPS	DCSF	372,770	**392,370**	**392,370**	**392,370**
School Intervention Grant	NYCC CYPS	DCSF	259,100	**259,100**	**259,100**	**259,100**
School Travel Advisers	NYCC CYPS pass to BES	DCSF	112,000	**112,000**	**112,000**	**112,000**
Sustainable Travel General Duty	NYCC CYPS	DCSF	56,217	**56,217**	**56,217**	**56,217**
Teenage Pregnancy	NYCC CYPS	DCSF	158,000	**158,000**	**158,000**	**158,000**
Aggregates Levy Sustainability Fund	Yorks. Dales Millennium Trust	Defra	287,000	**308,000**	**308,000**	**308,000**
Detrunking	NYCC BES	DfT	1,008,518	**918,842**	**941,813**	**965,359**
Road Safety Grant	NYCC BES	DfT	2,033,098	**1,986,075**	**1,956,589**	**1,926,071**
Rural Bus Subsidy	NYCC BES	DfT	2,312,730	**2,371,124**	**2,433,522**	**2,495,920**
Adult Social Care Workforce (formerly HRDS & NTS)	NYCC - ACS	DH	1,085,085	**1,344,575**	**1,394,682**	**1,446,234**
Carers (NM knows split)	NYCC (SPLIT CYPS/ACS)	DH	1,942,096	**2,129,563**	**2,295,609**	**2,464,753**
Child & Adolescent Mental Health Services	NYCC CYPS	DH	539,217	**566,927**	**594,783**	**622,086**

APPENDIX E

SHADING DENOTES GRANTS PREVIOUSLY RECEIVED AS LAA POOLED FUNDING

Grant	Partner Recipient	Govt Dept	2007/08 allocation	NOTIFIED ALLOCATIONS 2008/09	2009/10	2010/11
Local Involvement Networks	NYCC CH EXECS	DH	10,000	**221,619**	**222,466**	**223,396**
Learning & Disability Development Fund	NYCC ACS	DH	*432,000*	**382,413**	**382,701**	**382,651**
Mental Capacity Act and Independent Mental Capacity Advocate Service	NYCC ACS	DH	142,764	**235,700**	**299,428**	**289,586**
Mental Health	NYCC ACS	DH	1,131,536	**1,219,690**	**1,284,538**	**1,348,444**
Preserved Rights	NYCC ACS	DH	4,058,535	**3,822,867**	**3,587,063**	**3,391,999**
Stronger Safer Communities Fund (revenue)	District Councils & PCT	HO	635,160	**635,160**	**635,160**	**635,160**
			26,109,938	**27,317,851**	**43,442,548**	**41,582,268**

RISK ANALYSIS OF MAIN INCOME STREAMS

APPENDIX F

ADULT AND COMMUNITY SERVICES DIRECTORATE
FEES AND CHARGES ANALYSIS 2008/09

Service (a)	Fees & Charges 2007/08 Base Budget £000 (b)	2008/09 Inflation proposed % (c)	2008/09 Inflation proposed £000 (d)	Volume Change £000 (e)	2008/09 Other Change £000 (f)	2008/09 Target £000 sum cols b to f (g)	Last Reviewed wef (h	Next Review wef (i)	Risk Analysis (H/M/L of not achieving 08/09 target) (j)	Comment (k)
Social Care										Social care charges are determined by individual assessment & national frameworks
Residential & Nursing Care	21,968.2	2.5%	549.2			22,517.4	Apr-07	Apr-08	M	
Home Care	3,505.7	2.5%	87.6			3,593.4	Apr-07	Apr-08	M	
Day Care	342.8	2.5%	8.6			351.4	Apr-07	Apr-08	M	
Contrib. to meals	535.0	2.5%	13.4			548.3	Apr-07	Apr-08	M	All income budgets are being subjected to further scrutiny to explore their scope to contribute to the target efficiency savings
Transport	161.1	2.5%	4.0			165.1	Apr-07	Apr-08	L	
Library and Community Services										
Registration Fees	869.9	2.5%	21.7			891.6	Apr-07	Apr-08	L	
Library Fines & related charges	160.2	2.5%	4.0			164.2	Apr-07	Apr-08	L	
Library Sales	151.3	2.5%	3.8			155.1	Apr-07	Apr-08	L	
AV Rentals etc.	219.7	2.5%	5.5			225.2	Apr-07	Apr-08	M	
Internet Hire Charges	82.0	2.5%	2.1			84.1	Apr-07	Apr-08	M	
Archives Charges	54.0	2.5%	1.3			55.3	Apr-07	Apr-08	L	
Total	28,049.8		701.2			28,751.0				

Paper F1

BUSINESS AND ENVIRONMENTAL SERVICES DIRECTORATE
FEES AND CHARGES ANALYSIS 2008/09

Service (a)	Fees & Charges 2007/08 Base Budget £000 (b)	2008/09 Inflation proposed % (c)	2008/09 Inflation proposed £000 (d)	Volume Change £000 (e)	2008/09 Other Change £000 (f)	2008/09 Target £000 sum cols b to f (g)	Last Reviewed wef (h	Next Review wef (i)	Risk Analysis (H/M/L of not achieving 08/09 target) (j)	Comment (k)
Support Services										
Highways Agency	31.9	2.5%	0.8			32.7	Apr-07	Apr-08	L	
Development & Countryside Services										
Minerals Planning Applications	176.7	2.5%	4.4			181.1	Apr-07	Apr-08	M	Number of applications is variable from year to year.
Minerals Inspection Fees	30.0	2.5%	0.8			30.8	Apr-07	Apr-08	M	Turnover of staff can hamper ability to deliver this income level.
PROW closure orders and diversions	34.7	2.5%	0.9			35.6	Apr-07	Apr-08	L	
District Council Rents	199.9	5.0%	10.0			209.9	Apr-07	Apr-08	L	
Highways North Yorkshire										
NRSWA	328.7	2.5%	8.2			336.9	Apr-07	Apr-08	M	Income variable as dependent on actions of third parties.
Rechargeable Works	607.3	4.2%	25.5			632.8	Apr-07	Apr-08	L	Income directly related to expenditure incurred; therefore if income level not reached, should be corresponding expenditure saving.
Charges to RCS	724.7	2.8%	20.3	-20.3		724.7	Apr-07	Apr-08	L	Set charges each year.
Land Searches	221.1	2.5%	5.5			226.6	Apr-07	Apr-08	L	
Superintendence Charges	268.3	2.5%	6.7			275.0	Apr-07	Apr-08	M	Income levels can fall off in any one year.
SBC Car Park Income	90.0	2.9%	2.6	-92.6		0.0	Apr-07	Apr-08	L	Income to be incorporated into decriminalised parking fund.

Service (a)	Fees & Charges 2007/08 Base Budget £000 (b)	2008/09 Inflation proposed % (c)	2008/09 Inflation proposed £000 (d)	Volume Change £000 (e)	2008/09 Other Change £000 (f)	2008/09 Target £000 sum cols b to f (g)	Last Reviewed wef (h	Next Review wef (i)	Risk Analysis (H/M/L of not achieving 08/09 target) (j)	Comment (k)
Skip Licences	70.0	2.5%	1.8			71.8	Apr-07	Apr-08	M	
Externally Funded Admin Function	71.8	2.5%	1.8			73.6	Apr-07	Apr-08	L	
Waste Management										
Trade Waste	2,004.1	0.8%	16.0			2,020.1	Apr-07	Apr-08	M	Nature of the income makes this difficult to predict. In year monitoring dependent on receiving timely information from District Councils.
Waste Disposal Rents	480.6	4.1%	19.7			500.3	Apr-07	Apr-08	L	
Integrated Passenger Transport										
Cross Boundary Bus Services	109.8	2.5%	2.7			112.5	Apr-07	Apr-08	L	
Trading Standards										
Various	66.5	2.5%	1.7			68.2	Apr-07	Apr-08	L	Includes petroleum licences, explosive licences, weights and measures, poison fees and tyre pressure gauge. Low risk on achieving overall income level.
Partnership Unit										
Contributions	438.3	2.5%	11.0			449.3	Apr-07	Apr-08	N/A	Position for 2008/09 bring reviewed.
Other BES Minor	52.7	2.5%	1.3			54.0	Apr-07	Apr-08	L	
Total	6,007.1		141.7	-112.9	0.0	6,035.9				

CHILDREN & YOUNG PEOPLE'S DIRECTORATE
FEES AND CHARGES ANALYSIS 2008/09

Service (a)	Fees & Charges 2007/08 Base Budget £000 (b)	2008/09 Inflation proposed % (c)	2008/09 Inflation proposed £000 (d)	Volume Change £000 (e)	2008/09 Other Change £000 (f)	2008/09 Target £000 sum cols b to f (g)	Last Reviewed wef (h	Next Review wef (i)	Risk Analysis (H/M/L of not achieving 08/09 target) (j)	Comment (k)
Outdoor Education Fees	1,914.0	3.03%	58.0	110.0	47.0	2,129.0	Sep-07	Sep-08	H - cash reducing budget with constraint on price increases. Budget decrease linked to achieving higher income	
Music Service Tuition Fees	1,694.0	2.53%	42.9		53.7	1,790.6	Sep-07	Sep-08	H - external funding has been cash limited whilst service costs increase against backdrop of constraint on price increases	Executive Member approval for fees needed to apply the calculated increase in fees. This decision is not made until May 2008.
Adult Education Tuition Fees	572.4	2.50%	14.3	-75.0	54.8	566.5	ongoing	ongoing	M	Increase in first Full Level 2 provision and Skills for Life provision for which the learners do not pay a fee.
Recoupment for OLAs	1,412.0	2.50%	35.3	244.0		1,691.3	Jun-07	Jun-08	M - standard unit costs used to calculate charges. Income partially demand led from OLAs	
Contributions for Transport	106.5	2.50%	2.7			109.2	Apr-07	Apr-08	L - Charges for Concessionary Seats	Dependant upon take-up. Recent trends suggest declining applications. Also commercial pressures.
Post 16 Income	709.3	2.50%	17.7	-49.0	-17.7	660.3	Apr-07	Apr-08	M	Dependant upon take-up. Recent trends suggest declining applications. Also commercial pressures.
Total	6,408.2		170.9	230.0	137.8	6,946.8				

Paper F3

CHIEF EXECUTIVE'S GROUP
FEES AND CHARGES ANALYSIS 2008/09

Service (a)	Fees & Charges 2007/08 Base Budget £000 (b)	2008/09 Inflation proposed % (c)	2008/09 Inflation proposed £000 (d)	Volume Change £000 (e)	2008/09 Other Change £000 (f)	2008/09 Target £000 sum cols b to f (g)	Last Reviewed wef (h	Next Review wef (i)	Risk Analysis (H/M/L of not achieving 08/09 target) (j)	Comment (k)
Legal Services										
Legal Services to Other Bodies	273.8	2.5%	6.8			280.6	Nov-07	Nov-08	L	Services are linked to SLA and RPI
Searches/Legal fees	52.2	2.5%	1.3			53.5	Nov-07	Nov-08	L	
Total	326.0		8.2	0.0	0.0	334.2				

Note 1

Probation	4,520
North York Moors	78,410
Yorkshire Dales	16,320
Pension Fund	14,630
Police Authority	90,770
Fire Authority	38,990
Other Bodies	30,170
	273,810

Paper F4

FINANCE AND CENTRAL SERVICES DIRECTORATE
FEES AND CHARGES ANALYSIS 2008/09

Service (a)	Fees & Charges 2007/08 Base Budget £000 (b)	2008/09 Inflation proposed % (c)	2008/09 Inflation proposed £000 (d)	Volume Change £000 (e)	2008/09 Other Change £000 (f)	2008/09 Target £000 sum cols b to f (g)	Last Reviewed wef (h	Next Review wef (i)	Risk Analysis (H/M/L of not achieving 08/09 target) (j)	Comment (k)
Corporate Property Landlord Unit										
Income from Rents & Farm Tenancies	530.9	0.0%	0.0			530.9	Nov-07	Nov-08	L	Increases not linked to financial years - Linked to a rolling programme of rent reviews
Financial Services										
Financial Services to Other Bodies	287.8	2.5%	7.2	-15.0		280.0	Nov-07	Nov-08	L / (H for Police £15k)	Services are linked to SLA and RPI Police Authority will receive Financial Services from West Yorks wef 2008/09.
Print Unit										
Services to Other Bodies	94.6	3.0%	2.8			97.4	Nov-07	Nov-08	L	3% is linked to increased costs
Emergency Planning										
Income from DC's	67.2	2.5%	1.7			68.9	Nov-07	Nov-08	L	Services are linked to SLA and RPI
Total	980.5		11.7	-15.0	0.0	977.2				

Note 1

North York Moors	17,540
Yorkshire Dales	26,770
Police Authority	15,000
Fire Authority	50,000
Audit (RDC)	62,820
Payrol Services	115,660
	287,790

CORPORATE RISK REGISTER 2007 – ANALYSIS OF IMPACT OF MTFS / BUDGET PROPOSALS

RISK		
1	Failure to deal effectively with a internal emergency eg significant staff shortage, ICT black-out, loss of key buildings, significant service performance failure resulting in reduced service delivery capacity and / or loss of reputation and / or litigation	A systematic Service Continuity Planning process is underway to identify and then address the key generic risks that will impact on service delivery. Based on a risk assessment of probability and impact, early consideration is being given to enhancing the resilience of the ICT infrastructure and planning for a pandemic 'flu / virus in the community, and therefore probably staff.
2	Failure to deliver the Waste Strategy resulting in significant consequential financial implications thereof	The MTFS incorporates funding provision in order to finance the Waste PFI Project. This will then ensure that the stringent targets for landfill diversion are met. In addition, the MTFS includes the cost of recycling, landfill tax, other contract costs and the projects LATS costs in advance of waste treatment facilities coming online.
3	Failure to secure efficiency improvements (particularly through new ways of working) and find innovative ways of containing new service pressures, results in the MTFS not being sustainable with consequential reductions in service performance / levels	The VFM target built into the Budget / MTFS process is supported by a process / methodology – see **paragraph 7** of main report. Progress will be monitored by Management Board and the Executive. The release of funds allocated for service development will be linked to the delivery of the VFM Action Plan.
4	Successful management of change to meet increasing needs and expectations of customers and peers within constrained resource framework	Successful implementation of the VFM programme will rely as much on the willingness of staff to change as it will on property / IT, etc. This carries over into improving responsiveness to customers. Management Board are very aware of this issue, and the CEX will be leading a Communication initiative to get the message across to all layers of management, and thereby supporting the managers who have to implement the changes that will be necessary.

APPENDIX G

RISK		
5	Failure to plan or respond effectively to major emergencies in the community eg terrorist incidents / alerts, flooding, major transport network disruption resulting in ineffective response, citizen harm, waste of resources and public criticism	The Emergency Planning Unit is fully engaged with partners through the North Yorkshire Local Resilience Forum. Work continues on improving the various response Plans that are already in place. Emergencies will happen – the measure of success is how well the Plans dealt with the issue. Evidence of recent events suggests that the Plans do indeed work well, but there is always scope for improvement.
6	Failure to effectively engage with Partners, maximise opportunities for Partnership working and /or to place the Council at risk from ineffective Partnership governance arrangements, leading to loss of opportunities and unnecessarily incurred costs	Working with Partners will be an increasing feature of service delivery to the community in he future. Developments such as the LAA, NYSP and Area Based Grants underline the necessity for this. The need for appropriate Governance of Partnerships will also become an issue, particularly if finance is involved.

APPENDIX H

CALCULATION OF COUNCIL TAX PRECEPT 2008/09

1. Based on the Government's Final Grant Settlement figures announced on 24 January 2008 and a Council Tax increase of 4.75%, the Council Tax and Precept position is set out below:-

	£000s
Budget Requirement	322,670
- proceeds from Non Domestic Rates (NDR) and Revenue Support Grant (RSG) based on Final Settlement	
Non Domestic Rates	- 83,093
RSG	- 11,567
- precept arrears from previous years notified by District Councils as being due to the County Council	- 1,302
= Council Tax Precept to be collected on the County Council's behalf by the North Yorkshire District Councils acting as billing authorities	226,708

2. To produce a Council Tax per property, the amount required to be levied has to be divided by a figure representing the 'relevant tax base'. For the County Council, this figure is the aggregate of the 'relevant tax bases' of each of the seven District Councils.

3. Each District Council prepares an estimate of its 'relevant tax base' expressed as the yield from a Council Tax levy of £1 as applied to an equivalent number of Band D properties. This calculation takes into account the number of properties eligible for a single person discount, reductions for the disabled, anticipated property changes during the year and the extent to which a 100% recovery rate may not be achieved.

4. The following information has been received from the District Councils:-

Authority	*Council Tax Base (equivalent number of Band D properties)*
Craven	22,185.72
Hambleton	35,629.61
Harrogate	61,580.01
Richmondshire	19,109.10
Ryedale	20,813.08
Scarborough	41,024.10
Selby	29,036.00
Total	229,377.62

5. Using the above information the County Council's equivalent Council Tax precept for a Band D property would be as follows:

<u>Council Tax Total Precept</u> Relevant Tax Base	<u>£226,708k</u> 229,377.62
@ Band D =	£988.36

6. Using the appropriate 'weightings' for other property bands as determined by statute, the Council Tax precept for each property would be as follows:-

Band	2007/2008 £ p	2008/2009 £ p
A	629.03	658.91
B	733.86	768.72
C	838.70	878.54
D	943.54	988.36
E	1,153.22	1,208.00
F	1,362.89	1,427.63
G	1,572.57	1,647.27
H	1,887.08	1,976.72
		=+4.75%

(All figures are rounded to the nearest penny).

28 January 2008

APPENDIX I

BRIEFING NOTE RE CAPPING PROCEDURE

1. The reserve capping powers available to the Government were introduced in 1999 (under the Local Government Act 1999) and up until 2004/05 no local authority budget had been formally capped, although a number of authorities had been invited to explain their ‘excessive’ Council Tax increases each year.

2. In **2004/05** however the Government capped 14 local authority budgets (none of which were County Councils) following warnings that they would be looking closely at Council Tax increases for that year. Different criteria were used for different classes of authority; for County Councils it was a budget requirement increase of over 6.5% (NYCC 6.9%) together with a Council Tax increase of over 6.5% (NYCC 5.75%).

3. In **2005/06** 8 local authority budgets were ultimately capped, including Hambleton, with the standard criteria being a budget increase of over 6% (NYCC 6.1%) together with a Council Tax increase of over 5.5% (NYCC 4.94%). This was after the Government had given clear messages (via various announcements and a letter to all local authority Leaders) that they expected average Council Tax increases of less than 5%. They also said that the 2004/05 capping principles should not be considered a benchmark for 2005/06 thus making it clear that they were prepared to take tougher capping action than in 2004/05.

4. For **2006/07** the Government again announced (including a letter sent to all local authority Leaders) that they expected to see a Council Tax increase of less than 5% and they would take capping action if there were excessive increases. The standard criteria used was a budget increase of over 5% (NYCC 6.87%) together with a Council Tax increase of over 5% (NYCC 4.9%). Only two authorities broke the criteria (including City of York) but the capping was ultimately downgraded from “designation” to “nomination” which meant that budgets did not have to be reduced for 2006/07 thus avoiding re-billing, but was a strong warning for 2007/08 (see **paragraphs 9(e**) **and 9(f)** below). Other authorities marginally breached the limits but no action was taken.

5. For **2007/08** the Government again gave capping warnings by saying:

- they had provided a stable and predictable funding basis for local services
- they expected Local Government to respond positively as far as Council Tax was concerned
- they expected to see average Council Tax increases in England of less than 5%
- they would not allow excessive Council Tax increases
- they had used their reserving capping powers in previous years to deal with excessive increases and would not hesitate to do so again if that proved necessary.

Based on the actual levels of Council Tax set however, no budgets were capped and no capping criteria were announced. The NYCC budget increase was 5.6% with a Council Tax increase of 4.9%. The overall average Council Tax increase in England was 4.2% (4.5% in shire areas, 4.1% for unitary authorities and 3.8% for Metropolitan Districts).

6. In announcing the Final Settlement for the years **2008/09 to 2010/11**, the Minister has repeated the 5% warning but this year has changed the emphasis by saving "we expect the average Council Tax increase in England to be substantially below 5% next year". This theme is also emphasised in an earlier letter dated 17 December 2007 from the Local Government Minister John Healey to all Local Authority Leaders. In this letter the **Government's expectation that the average Council Tax increase in England will be substantially below 5% in 2008/09 is clearly restated plus an indication that they will not hesitate to use their capping powers as necessary to protect council taxpayers.**

7. The principles/criteria to be used in determining whether an authority's council tax increase is excessive (and therefore whether to cap or not) is usually only announced after budgets and council tax have been set in February 2008. The Minister's letter referred to in **paragraph 6 above** says that no decisions have been taken on capping principles for 2008/09 but it would however be unwise for any authority to assume that capping principles set in previous years will be repeated. The Government intend to take decisions on principles after authorities have set their budgets but are prepared to announce the principles in advance if the circumstances suggest that is necessary.

8. In conclusion therefore, the reserve capping powers are flexible in terms of the criteria that might be used by the Government but the **County Council does have to be aware of the possible implications of breaching the criteria when it decides on its Council Tax increase.**

9. The principles and stages in the capping process are as follows:

   (a) Each local authority must inform the Government of their Budget and Council tax levels within 7 days of setting (must be set by 1 March). Thus for 2008/09 the County Council must inform CLG of the Budget it has set by 27 February 2008.

   (b) The CLG will decide whether the Council Tax and Budget Requirement increases for an authority is excessive. This is only announced after budgets have been seen and must be done in relation to a set of principles. The set of principles must contain a comparison with the Budget Requirement of a previous year. CLG may also determine categories of authorities and use a different set of principles for each category.

   {Note Although Council Tax increases are not referred to in the 1999 Act they have been used in the past in deciding which authorities to 'warn' and also used as a key criteria in determining whether a Budget increase is excessive.}

(c) In addition to the previous years comparison mentioned above the capping principles that may be adopted by the DCLG can incorporate other criteria as identified in the 1999 White Paper *Modern Local Government - In Touch with the People*.

- ➔ to look at the Council's budget increases over a number of years, allowing it to exempt Councils which had small increases in earlier years, or to limit the increases of Councils which had cumulatively increased by more than a prudent amount

- ➔ to allow Councils, whose increases were limited, to reduce their budgets over a number of years, rather than requiring them to make the full adjustment in one year

- ➔ where necessary, to require Councils to reduce their budget requirement to below that in previous years

- ➔ to set no limits on increases by Councils meeting certain criteria eg those whose Council Tax was only a small proportion of the total Council Tax bill faced by local tax payers, those with small budgets, those which provide only particular services

- ➔ to take into account factors such as the Council's performance in the delivery of best value, the support of the electorate for the Council's proposed budget and whether the Council has beacon status in deciding whether a Council's budget increase is excessive (presumably the CPA may be used on a similar basis).

(d) Once the principles have been announced (probably in March/April 2008) if the CLG determines an authority's Council Tax and/or Budget Requirement (BR) increase is excessive, it has two options - designation or nomination.

(e) **Designation** is for the year in question (ie 2008/09) and is the more serious option. Soon after the start of the financial year (ie May-June), the Government would notify an authority that it had been designated. A cap (ie maximum amount of BR) for the year would be notified to the authority, together with a target BR sum. The target sum is the maximum amount which the Government considers should be the BR for the authority without it being excessive. In most cases the maximum set will be the same as the target amount. However, if the Government consider that the authority should reduce its BR over several years to reach the target, a different maximum may be set for the immediate year.

The authority then has 21 days to accept the maximum amount or challenge it and put forward an alternative. If challenged, the Government will consider any information put forward by the authority and announce a maximum which may be greater, smaller or the same as that previously notified. The cap may also be removed and the authority nominated instead **(see paragraph (f) below).**

After receiving a 'designation notice' an authority must recalculate its BR so that it does not exceed its 'maximum amount' within 21 days. The authority will then have to arrange, and meet the costs of, rebilling all Council Tax payers in its area.

(f) **Nomination** is where the ODPM issues a warning that the authority will be, or may be capped the following year (ie 2009/10). The authority are informed of the principle(s) under they have been nominated and what the maximum BR would have been if the Government had decided to designate rather than nominate.

ODPM then has two further options

(i) **Designation after nomination** which in essence is pre signalled capping for the following year. As for the designation procedure the authority is informed of a maximum BR for the following year and a target BR (which may be the same as the maximum) and a year by which the target BR must be achieved. Although nomination would be in May/June, designation for the following year would not take place until the Provisional Settlement in November/December. The notified maximum BR can be challenged and must be approved by Parliament.

(ii) **No designation after nomination** means that an authority would be informed in May/June that it had been nominated. This would involve being informed of a target (notional) BR for the year in question (eg 2008/09) which would be used in future years when making comparisons to decide whether its BR in those years is excessive. The authority would have 21 days to challenge the BR notified.

10. If the Council was capped and designated (see **paragraph 9(v)** above), the costs of rebilling by each of the 7 District Councils would fall on the County Council. No precise figures are available but a cost in the region of £0.5m might be expected. There could also be potential cash flow implications for the County Council that would create a loss of interest from the investment of working balances.

11. To assist Members in their assessment of the possibility of capping in 2008/09, the following table compares the criteria used by the Government against the equivalent figures for the County Council since 2004/05.

Year	**Budget Requirement Increase %**		**Council Tax Increase %**	
	Criteria	**NYCC**	**Criteria**	**NYCC**
2004/05	+ 6.5	+ 6.95	+ 6.5	+ 5.75
2005/06	+ 6.0	+ 6.10	+ 5.5	+ 4.94
2006/07	+ 5.0	+ 6.87	+ 5.0	+ 4.90
2007/08	no criteria	+ 5.60	no criteria	+ 4.90
2008/09	?	+ 5.90	?	+ 4.75

12. It is evident from the above table that in recent years the County Council has been in a situation where

- ➔ its Budget requirement increase has exceeded the criteria set by the Government.
- ➔ its Council Tax increase has been less than the criteria set by the Government.

Those Authorities that have been capped have usually exceeded both criteria in a given year.

Peter Yates
Finance and Central Services

28 January 2007

STATUTORY REQUIREMENTS OF THE LOCAL GOVERNMENT ACT 2003 IN RELATION TO BUDGET SETTING

1.1 Sections 25 to 28 of Part 2 of the Local Government Act 2003 define a series of duties and powers that give statutory support to important aspects of good financial practice in local government. For the most part they require certain processes to be followed but leave the outcome of those processes to the judgement of individual local authorities. The following paragraphs explain these provisions and provide an analysis *(in italics*) of the position in the County Council.

1.2 **Section 25** requires the Chief Financial Officer (CFO) to submit a formal report to the authority regarding the **robustness of the estimates** included in the Budget and the **adequacy of the reserves** for which the Budget provides.

1.3 Section 25 requires the report to be made to the authority when the decisions on the Council Tax Precept are formally being made. However, Members will appreciate that those decisions are taken at the conclusion of a detailed and prolonged process involving consideration of the draft Budget by various parts of the organisation including the Executive, Members and the Management Board. The CFO has to ensure that appropriate information and advice is given at all stages on what would be required to enable a positive opinion to be given in his formal report.

1.4 *The Executive thoroughly reviewed and revised the Budget process of the County Council for 2005/06. This process has been further refined in subsequent years by:*

(i) incorporating detailed work on comparative unit costs etc to ensure that the County Council is achieving value for money

(ii) establishing clear links between budget provision and the various performance indicators used in each service area

(iii) the development of the Quarterly Performance and Budget Monitoring Report submitted to Executive to include not only financial but also performance data, HR statistics and data relating to progress on the LPSA and AES plans

(iv) the Budget process of the County Council has subsequently scored as a 3 out of 4 in the 2005, 2006 and 2007 CPA Use of Resources assessments

1.5 In addition the County Council has always received full details of every aspect of the precept calculation at key stages in the Budget process – this will continue. The Corporate Director – Finance and Central Services will report formally to the County Council in February 2008 (as he did in February 2007 regarding the 2007/08 Budget), regarding the ***robustness of the estimates*** *and the* ***adequacy of balances****. Regarding robustness of the estimates this will be an opinion based on the detailed nature not only of the Budget preparation process but also the Budget monitoring work that goes on continuously throughout the year. The methodology for assessing the adequacy of balances is referred to in more detail in* ***Appendix K*** *whilst **Appendix L** explains how these Best Practice principles have been applied in the County Council and the proposals that emerge for inclusion in the Budget report.*

1.6 **Section 26** gives the **Secretary of State the power to set a minimum level of reserves for which an authority must provide in setting its Budget**. The minimum would apply to "controlled reserves", as defined in Regulations. The intention in defining controlled reserves would be to exclude reserves that are not under the authority's control when setting its call on Council Tax, eg schools balances.

1.7 It was made clear throughout the Parliamentary consideration of these provisions that Section 26 would only be used where there were grounds for serious concern about an individual authority. The Minister said in the Commons Standing Committee debate on 30 January 2003:

> "The provisions are a fallback against the circumstances in which an authority does not act prudently, disregards the advice of its CFO and is heading for serious financial difficulty. Only in such circumstances do we envisage any need for intervention."

There is no intention to make permanent or blanket provision for minimum reserves under these provisions. Indeed, the Government has made no attempt to so far to define minimum reserves.

1.8 **Section 27** defines in more detail the responsibility of the CFO in reporting about the inadequacy of reserves in an authority where a Section 26 minimum requirement has been imposed.

1.9 *Provided the County Council acts prudently and takes into account the advice of the Corporate Director – Finance and Central Services regarding the level of reserves it is unlikely that the County Council will find itself in a position of being subject to a Section 26 determination. The examination of balances/reserves during the Budget process and the monitoring thereof that takes place (and is reported quarterly to the Executive) provides the County Council with every opportunity to take remedial action should any problems emerge that are likely to undermine the Medium Term Financial Strategy*.

1.10 **Section 28** concerns **Budget monitoring arrangements**. Essentially an authority is now required to review during the course of a financial year the planned levels of reserves incorporated in the earlier annual tax/precept setting calculations. If as a result of such an in year review it appears that there is a deterioration in the financial position the authority must take whatever action it considers appropriate to deal with the situation.

1.11 *As indicated above the Executive receives details of the position on reserves as part of the Quarterly Performance and Budget Monitoring Report. Provision also exists within the Financial Procedure Rules for further reports to be submitted if and when necessary should financial circumstances deteriorate between the quarterly reporting dates such that immediate action in relation to reserves, etc, is required*.

Balances/Reserves

1.12 One of the clear pointers from Sections 25/28 is the need for a transparent and formal assessment of the adequacy of balances/reserves.

1.13 A full explanation of this requirement and a description of the work undertaken in the Budget process is provided in **Appendices K and L** respectively.

1.14 As far as the proposed MTFS/Revenue Budget 2008/09 is concerned, the full rationale behind the proposals summarised at **paragraph 12.9 et seq** of the main report is provided in **Appendix L.**

APPENDIX K

BALANCES / RESERVES – RISK ASSESSMENT METHODOLOGY

Introduction

1.1 This Paper considers the Statutory requirements and Best Practice Guidance relating to Reserves/Balances published by CIPFA in 2003 and explains the methodology used to assess the adequacy of the current reserves now proposed as part of the Medium Term Financial Strategy, and Revenue Budget 2008/09.

1.2 The following paragraphs explain these considerations and provide an analysis (*in italics*) of the position in the County Council.

2.0 Specific Statutory Requirements

2.1 The requirement for financial reserves is acknowledged in statute. Sections 32 and 43 of the Local Government Finance Act 1992 require billing and **precepting authorities in England and Wales to have regard to the level of reserves needed for meeting estimated future expenditure when calculating their budget requirement.**

2.2 There are also a range of safeguards in place that militate against local authorities over-committing themselves financially. These include:

- the requirement to set a balanced budget
- s114 powers of the Chief Finance Officer (CFO)
- the external auditor's responsibility to review and report on financial standing.

2.3 As evidenced by the Audit Commission's annual reports on external audits of local authorities in England and Wales the balanced budget requirement is sufficient discipline for the vast majority of local authorities. This requirement is reinforced by section 114 of the Local Government Finance Act 1988 which requires the CFO to report to all the authority's councillors if there is, or is likely to be, unlawful expenditure or an unbalanced budget. The issue of a section 114 notice cannot be taken lightly and has serious operational implications. Indeed, the authority's full council must meet within 21 days to consider an s114 notice issued by their CFO.

2.4 Whilst it is primarily the responsibility of the local authority and its CFO to maintain a sound financial position, external auditors have a responsibility to review the arrangements in place to ensure that financial standing is soundly based. In the course of their duties external auditors review and report on the level of reserves taking into account their local knowledge of the authority's financial performance over a period of time. However, it is **not the responsibility of auditors to prescribe the optimum or minimum level of reserves for individual authorities or authorities in general.**

2.5 The introduction of the **prudential approach to capital investment has reinforced these safeguards**. The Prudential Code requires the CFO to have full regard to affordability when presenting recommendations about a local authority's future Capital Plan. Such consideration will also include the level of long term revenue commitments. Indeed, in considering the affordability of its Capital Plan the authority will be required to consider all of the resources currently available to it, and estimated for the future, together with the totality of its capital expenditure and revenue forecasts for the forthcoming year and the following two years. The development of three year revenue forecasts by local authorities will inevitably attract greater attention to the levels and application of balances and reserves.

3.0 **The Role of the Chief Finance Officer**

3.1 Prior to the Local Government Act 2003, it was already the responsibility of the CFO to advise a local authority about the level of reserves it should hold and to ensure that there were clear protocols for the establishment and use thereof. Sections 25/28 (as described in **Appendix J**) now underline this responsibility and formalise the way in which **Members must consider reserves as part of the Budget process (and monitor their adequacy thereafter**).

3.2 Local authorities, on the advice of their CFOs, must make their own judgements on such matters taking into account all the relevant local circumstances. Such circumstances vary. A well-managed authority, for example, with a prudent approach to budgeting should be able to operate with a relatively low level of general reserves. There is therefore a broad range within which authorities might reasonably operate depending on their particular circumstances - hence the reference in **paragraph 2.4** above as to the lack of any specific advice/guidance about optimum or minimum levels of reserves.

4.0 **Types of Reserves**

4.1 When reviewing its Medium Term Financial Strategy and preparing the annual Budget, a local authority should consider the establishment and maintenance of reserves. These can be held for three main purposes:

- a working balance to help cushion the impact of uneven cash flows and avoid unnecessary temporary borrowing – this usually forms part of a **general reserve**
- a contingency to cushion the impact of unexpected events or emergencies – this may form part of the general reserve or be held as a specific **contingency fund** within the annual Budget.
- a means of building up funds, often referred to as **earmarked reserves**, to meet known or predicted liabilities.

4.2 The most commonly established earmarked reserves are listed below:

Category of earmarked reserve	Rationale
Sums set aside for major schemes, such as capital developments or asset purchases, or to fund major reorganisations	Where expenditure is planned in future financial years, it is prudent to build up specific reserves in advance
Insurance reserves	Self insurance is a mechanism used by many local authorities. In the absence of any statutory basis sums held to meet potential and contingent liabilities are reported as earmarked reserves
Reserves of trading and business units	Surpluses arising from in-house trading may be retained to cover potential losses in future years, and/or to finance specific service improvements, re-equipping etc.
Reserves retained for service use	Increasingly authorities have internal protocols that permit year-end underspendings at service level to be carried forward
School balances	These are the unspent balances of budgets delegated to individual schools

4.3 For each reserve held by a local authority there should be a clear protocol setting out:

- the reason for/purpose of the reserve
- how and when the reserve can be used
- procedures for the management and control of the reserve
- a process and timescale for review of the reserve to ensure its continuing relevance and adequacy.

4.4 *The County Council operates each of the types of reserve referred to in **paragraph 4.1** above – the protocols referred to in **paragraph 4.3** above are also in operation (see **Appendix L**).*

5.0 Principles to assess the adequacy of the General Reserve

5.1 In order to assess the adequacy of the unallocated/general reserve when setting the Budget, a CFO should take account of the strategic, operational and financial risks facing the authority. The financial risks should be assessed in the context of the authority's overall approach to risk management.

5.2 Setting the level of the general reserve is just one of several related decisions in the formulation of the Medium Term Financial Strategy, and the Revenue Budget for a particular year. Account should be taken of the key financial assumptions underpinning the Budget alongside a consideration of the authority's financial management arrangements. In addition to the cash flow requirements of the authority the following factors should be considered:

Budget assumptions	**Financial standing and management**
The treatment of inflation and interest rates	The overall financial standing of the authority (level of borrowing, loan debt outstanding, debtor/creditor levels, net cash flows, contingent liabilities)
The treatment of demand led pressures on service budgets	The authority's capacity to manage in-year budget pressures
The treatment of planned efficiency savings/productivity gains	The strength of the financial information and reporting arrangements as well as the viability of the Plan(s) designed to achieve the savings, etc
The financial risks inherent in any significant new partnerships, major outsourcing arrangements or major capital developments	The authority's virement and end of year procedures in relation to budget under/overspends at authority and service level
The availability of other funds to deal with major contingencies and the adequacy of provisions	The adequacy of the authority's insurance arrangements to cover major unforeseen risks
Estimates of the level and timing of capital receipts	The authority's track record in budget and financial management including the robustness of the medium term plans

5.3 These factors can only be assessed properly at local level. A considerable degree of professional judgement is required. The CFO may choose to provide advice on the level of balances in absolute terms (ie £x) and/or as a percentage of total (or net) budget so long as that advice is tailored to the circumstances of the authority for that particular year.

5.4 The advice should be set in the context of the authority's Medium Term Financial Strategy and should not focus exclusively on short-term considerations. Balancing the annual Budget by drawing on general reserves may be viewed as a legitimate short-term option. However, where reserves are to be deployed to finance recurrent expenditure this should be made explicit. Advice should therefore be given on the adequacy of reserves over the lifetime of the Medium Term Financial Strategy.

6.0 CPA Framework

6.1 An added impetus to the process of formally assessing and monitoring the level of reserves is provided by the Use of Resources (UoR) component of the CPA process.

6.2 Within the UoR assessment framework there is specific reference to the level of reserves held, their purpose and their materiality relative to such issues as overall levels of annual expenditure, provision of earmarked reserves, etc.

6.3 The CFO should, therefore, clearly have regard to the CPA assessment criteria in relation to reserves when formulating his recommendation to the authority. In reality, if the CFO follows a methodology such as that outlined in this Paper it is more than likely the CPA criteria will be satisfied.

6.4 The subject of reserves is part of the Financial Standing component of the CPA UoR assessment - the County Council scored 3 out of 4 for this component in the recent 2007 UoR assessment.

7.0 Monitoring/Reporting Framework

7.1 The CFO has a fiduciary duty to local taxpayers, and must be satisfied that the decisions taken on balances and reserves represent proper stewardship of public funds.

7.2 Under Sections 25/28 of the Local Government Act 2003 the level and utilisation of reserves will have to be determined formally by the Council, informed by the advice and judgement of the CFO. To enable the Council to reach its decision, the CFO should report the factors that influenced his/her judgement (in accordance with **paragraph 5** above) and ensure that the advice given is recorded formally. Where the CFO's advice is not accepted this should be recorded formally in the minutes of the Council meeting.

7.3 CIPFA therefore recommends that:

- the Budget report to the Council should include a statement showing the estimated opening general reserve fund balance for the year ahead, the addition to/withdrawal from balances, and the estimated end of year balance. Reference should be made as to the extent to which such reserves are to be used to finance recurrent expenditure

  *These matters are addressed in **Appendix M** of this report.*

- this should be accompanied by a statement from the CFO on the adequacy of the general reserves and provisions in respect of the forthcoming financial year and the authority's Medium Term Financial Strategy

  *This opinion is provided in **paragraph 12.17** of the main report.*

- a statement reporting on the annual review of earmarked reserves (including schools' reserves) should also be made at the same time to the Council. The review itself should be undertaken as part of the Budget preparation process. The statement should list the various earmarked reserves, the purposes for which they are held and provide advice on the appropriate levels. It should also show the estimated opening balances for the year, planned additions/ withdrawals and the estimated closing balances.

  *This analysis is provided in the Table attached to **Appendix L**.*

APPENDIX L

REVIEW OF COUNTY COUNCIL BALANCES / RESERVES

1.0 Introduction

1.1 As part of the Budget process all balances and reserves have been reviewed as to their adequacy, appropriateness and management arrangements.

1.2 A schedule of the Reserves/Balances held at 31 March 2007 together with forecast movements over the three years 2007/08, 2008/09 and 2009/10 is attached as **Table 1** to this **Appendix.**

1.3 All the Reserves/Balances listed in **Table 1** are reviewed and/or monitored on a regular basis by the Service Accountant and/or the Corporate Director – Finance and Central Services. The level of the General Working Balance is specifically reported to the Executive as part of the Quarterly Performance and Budget Monitoring report.

2.0 Outcome of review process

2.1 Based on **Table** 1 the total value of Balances/Reserves held at 31 March 2007 was £60.755m. This figure is sub-divided into types of Balances/Reserves in **Table 1** and these types are referred to in **paragraph 2.2** below.

2.2 The conclusions reached by the Corporate Director – Finance and Central Services, as a result of this review are as follows:

(a) that element of balances represented by the **underspendings at the year end by Service Directorates** (£6.569m) are actually a facet of prudent financial management across a financial year end rather than being a reserve or balance that can be allocated to another purpose. The County Council has agreed that these be carried forward into the current financial year (ie 2007/08)

(b) **Earmarked Reserves are set aside for major items** (£7.928m) as detailed below -

Insurance Fund	£7.792m	This is needed to offset the cost of known and potential claims – the level of the Fund balance is significantly less than the potential maximum liability of claims so any withdrawal of cash from the Fund would increase the potential risk of a shortfall at some point in the MTFS period
Asbestos	£0.136m	Required to support the CSA budget in meeting asbestos costs in Education properties

(c) the balances of **Trading Units and those Business Units that "trade" with schools (**£1.120m) are linked to the Business Plans of those Units. These balances are therefore akin to the year end underspendings by Service Directorates (ie (a) above).

(d) **School balances and other LMS reserves** (£23.814m) belong to schools and although they appear in the County Council Balance Sheet, they cannot be regarded, for practical Budget purposes, as an NYCC asset.

(e) there are twelve reserves related to **specific initiatives** (£14.444m) most of which need to be retained through 2007/08 and into 2008/09; however the balances in these are scheduled to reduce significantly over the next 2/3 years.

(f) the **General Working Balance** (£6.880m) - (see below).

General Working Balance (GWB)

2.3 The current MTFS policy is to achieve a level of GWB equivalent to 2% of the net Revenue Budget.

2.4 This policy was established as part of the 2007/08 Revenue Budget, and was accompanied by a set of "good practice rules".

2.5 These "rules" are as follows:

(a) that any underspending on the Corporate Miscellaneous budget at the year end should be allocated to the General Working Balance

(b) that should there be any call on working balances during a year such that the Recovery Plan targets (ie as defined in each Budget cycle) will not be achieved at the respective year ends then

(i) that shortfall be addressed in the next Budget cycle and/or

(ii) that revenue or capital expenditure reductions be effected in either the current or following financial year, in order to offset the shortfall.

(c) that in order to implement (b) the Executive should review the position of the General Working Balance on a regular basis as part of the Quarterly Performance and Budget Monitoring report process

2.6 The targets for the current MTFS period, approved in the 2007/08 Budget cycle, and the updated targets are as follows –

Year End Date	MTFS 2007/10		MTFS 2008/11	
	£000	**% of Net Revenue Budget**	**£000**	**% of Net Revenue Budget**
by 31 March 2007	5880 *	2.1	6880 º	2.5
31 March 2008	5880	2.0	7300	2.5
31 March 2009	6200	2.0	7300	2.3
31 March 2010	6200	2.0	7300	2.2
31 March 2011	6200	2.0	7300	2.0

[Note : * projected º actual]

2.7 The situation at 31 March 2007 was that the County Council was ahead of its target and based on the information to be provided in the Quarter 3 Monitoring report to the Executive on 19 February 2008, the County Council will exceed the target for this year end.

2.8 Despite this healthy position there is still a fundamental question - is a figure of c£7m still considered to be an appropriate target level for the GWB?

2.9 Historically the major items that the GWB has been required to offset are the costs of:

- ➔ demand led overspendings on the Services budgets
- ➔ repairing flood damage (net of Bellwin Grant)
- ➔ the winter maintenance budget provision being exceeded in a bad winter
- ➔ one off planning enquiries or legal cases

2.10 Given the fact that:

(a) the level of the GWB now exceeds the policy target set last year despite the impact at various times of the items referred to in **paragraph 2.9**

(b) it is considered unlikely that two or more of these issues will arise in any single year and if they did the good practice rules (**see paragraph 2.5**) determine what action should be taken to address, and remedy, the position.

it is concluded that the current 2% policy level for the GWB is adequate.

2.11 **For practical purposes it is therefore proposed that the target figure for the GWB be retained @ 2% of the net Revenue Budget and that any short term funds above the 2% level be available for funding non-recurring items of expenditure that might otherwise create a long term impact on the Revenue Budget.**

NORTH YORKSHIRE COUNTY COUNCIL - RESERVES & BALANCES

APPENDIX L – TABLE 1

Details	Direct-orate	2006/07 Actual: Balance 31 March 2006	2006/07 Actual: Actual Movement 2006/07	2006/07 Actual: Actual Balance 31 March 2007	2007/08 Forecast: Planned Movement 2007/08	2007/08 Forecast: Estimated Balance 31 March 2008	2008/09 Forecast: Planned Movement 2008/09	2008/09 Forecast: Estimated Balance 31 March 2009	2009/10 Forecast: Planned Movement 2009/10	2009/10 Forecast: Estimated Balance 31 March 2010	2010/11 Forecast: Planned Movement 2010/11	2010/11 Forecast: Estimated Balance 31 March 2011	Comments
WORKING BALANCES		**£000s**		**£000s**	**£000s**	**£000s**	**£000s**	**£000s**	**£000s**	**£000s**	**£000s**	**£000s**	
Retained for Service Use													
Children & Young Peoples	CYPS	2,393	294	2,687	-1,347	1,340	-1,340	0	0	0	0	0	£6.569m net underspend in 2006/07 carried forward to 2007/08 and consisted mainly of savings to assist in 2007/08 and
Adult & Community	ACS	0	1,486	1,486	-255	1,231	-1,231	0	0	0	0	0	subsequent years budgets, planned savings to support developmental initiatives in 2007/08 and spending planned for 2006/07
Business & Environment	BES	77	99	176	904	1,080	-1,080	0	0	0	0	0	being deferred
Chief Executive	CE	406	-161	245	-175	70	-70	0	0	0	0	0	
Finance & Central Services	F&CS	1,134	57	1,191	336	1,527	-1,527	0	0	0	0	0	
Corporate Miscellaneous	Corp	1,418	-634	784	-784	0	0	0	0	0	0	0	
Sub Total		**5,428**	**1,141**	**6,569**	**-1,321**	**5,248**	**-5,248**	**0**	**0**	**0**	**0**	**0**	
General Working Balances		4,414	2,466	6,880	428	7,308		7,308		7,308		7,308	MTFS recovery target is to restore to 2% of net revenue spending.
Total Working Balances		9,842	3,607	13,449	-893	12,556	-5,248	7,308	0	7,308	0	7,308	
EARMARKED RESERVES													
Sums Set Aside for Major Schemes													
Asbestos	CYPS	223	-87	136	-136	0		0		0		0	Used for asbestos in school kitchens in 2007/08.
Yorwaste Reserve	Corp	664	-664	0		0		0		0		0	Reserve fully utilised in 06/07
Insurance Reserve	F&CS	6,814	978	7,792		7,792		7,792		7,792		7,792	Required for potential liability and motor claims
Sub Total		**7,701**	**227**	**7,928**	**-136**	**7,792**	**0**	**7,792**	**0**	**7,792**	**0**	**7,792**	
Reserves of Trading and Business Units													
FMS	CYPS	134	-20	114	-49	65	0	65	0	65	0	65	Trading surplus of FMS team providing financial services to schools.
Contents Insurance	CYPS	184	156	340	23	363	0	363	0	363	0	363	Excess of contents premiums from schools. Surplus/deficit accounted for in following year.
IT Trading	CYPS	34	-105	-71	5	-66	66	0	0	0	0	0	Balance of Schools ICT trading with schools. Surplus/deficit taken into account in charges for following year.
Health & Safety Training	CYPS	16	-1	15	-12	3	-3	0	0	0	0	0	Accumulated surplus of providing a Health & Safety service to Schools.
Quality and Improvement	CYPS	53	94	147	81	228	-100	128	0	128	0	128	Traded Advisory/CPD service to schools
Outdoor Education	CYPS	394	-7	387	-279	108	-108	0	0	0	0	0	Accumulated position (surplus / deficit) of the trading operation of the Outdoor Education Service.
Professional Clerking	CYPS	16	4	20	1	21	0	21	0	21	0	21	Accumulated surplus of providing Professional Clerking services to Schools.
Staff Absence Insurance	CYPS	500	50	550	0	550	0	550	0	550	0	550	Surplus from sickness insurance scheme. Balance reflects actuarial assumptions
School Balances (LMS Reserve)	CYPS	23,603	211	23,814	-4,814	19,000	-2,000	17,000	-1,000	16,000	0	16,000	Aggregate total of individual School revenue balances and other LMS Reserves.
BDM School Premises Reserve	CYPS	-90	-134	-224	224	0	0	0	0	0	0	0	Self-funded reserve for Schools premises repairs from delegated budgets.Surplus/deficit carried forward.
Catering	CYPS		-158	-158	158	0	0	0	0	0	0	0	Accumulated trading deficit of Catering Service at 31/03/07 will be funded in 2007/08
Sub Total		**24,844**	**90**	**24,934**	**-4,662**	**20,272**	**-2,145**	**18,127**	**-1,000**	**17,127**	**0**	**17,127**	
Retained for Specific Initiatives													
Community Educ.Districts	CYPS	199	-161	38	-38	0	0	0	0	0	0	0	Comm Ed Districts closed and balance written off
Standards Fund Summer Term	CYPS	3,247	-2,554	693	-693	0	0	0	0	0	0	0	Voluntary matched funding forms part of Schools Block activities. Unspent matched funding will be treated as unallocated DSG and carried forward as part of the Schools Block Reserve
Teachers Severance	CYPS	1,732	-205	1,527	0	1,527	0	1,527	0	1,527	0	1,527	To meet annual severance payments following Teachers losing access to early pensions in 1996.
Catering Job Evaluation	CYPS	37	-37	0	350	350	-350	0	0	0	0	0	Reserve for outcomes of job evaluation expected to be applied in 2008/09
SEN	CYPS	0	399	399	500	899		899	120	1,019	-250	769	Phased implementation of review of SEN & Behaviour
Childrens Centre	CYPS	0	583	583	0	583	-583	0	0	0	0	0	Plan to utilise reserve on non-recurring capital expenditure in 2008/09
Schools Block / DSG	CYPS	0	1,818	1,818	227	2,045	-845	1,200	-974	226	0	226	Use of 2006/07 funds offset by forecast Schools Block 2007/08 underspend
ICT Equipment	F&CS	0	699	699	-449	250	-125	125	-125	0	0	0	Fund to replace Standard Desktop PC's over three years
Management Information System (Catering)	CYPS	60	43	103	-103	0	0	0	0	0	0	0	Reserve fully utilised in 2007/08
Job Evaluation Administration Costs	Corp	180	-180	0	0	0	0	0	0	0	0	0	Fund to cover costs of Job Evaluation process, pay and reward etc.
Waste Disposal Trading Scheme	BES	322	1,763	2,085	0	2,085	-2,085	0	0	0	0	0	2007/08, subject to 07/08 LATS allowance valuation.Will be nil in 08/09 and 09/10, not known for 10/11
Winter Maintenance	BES	0	239	239	761	1,000	0	1,000	0	1,000	0	1,000	Strategy is to increase reserve to £1m based on forecast 2007/08 revenue outturn.
Connexions	CYPS	150	0	150	0	150	-150	0	0	0	0	0	For on-going transitional issues. Expected to be fully utilised in 2008/09
Job Evaluation / Equal Pay Costs	Corp	0	6,110	6,110	-4,350	1,760	-1,760	0	0	0	0	0	Fund to cover costs of job evaluation incurred up to 2008/09
Sub Total		**5,927**	**8,517**	**14,444**	**-3,795**	**10,649**	**-5,898**	**4,751**	**-979**	**3,772**	**-250**	**3,522**	
Total Earmarked Reserves		**38,472**	**8,834**	**47,306**	**-8,593**	**38,713**	**-8,043**	**30,670**	**-1,979**	**28,691**	**-250**	**28,441**	
TOTAL RESERVES		**48,314**	**12,441**	**60,755**	**-9,486**	**51,269**	**-13,291**	**37,978**	**-1,979**	**35,999**	**-250**	**35,749**	

APPENDIX M

MTFS & REVENUE BUDGET 2007/08
PROJECTION of GENERAL WORKING BALANCE

	Working Balance	% age of Revenue Budget	Required balance at 2% of net Revenue Budget	
	£000s	%	£000s	%
Balances at 31 March 2007				
Actual Balances 31 March 2007	13449			
- Directorate underspends c/fwd from 2006/07	-6569			
= free balances at 31 March 2007	**6880**	**2.5**	**5600**	**2.0**
2007/08				
Treasury management	2636			
Other Corporate Miscellaneous	63			
Potential Directorate overspends to be written off in 2007/08	-771			
Proposals per paragraph 9.30 of main report	-1500			
=forecast position 31/03/08 @ Q3	**7308**	**2.5**	**5920**	**2.0**
2008/09 (MTFS Year 1)				
Additional contribution from Revenue	0			
= forecast at 31 March 2009	**7308**	**2.3**	**6450**	**2.0**
2009/10 (MTFS Year 2)				
Additional contribution from Revenue	0			
= forecast at 31 March 2010	**7308**	**2.2**	**6800**	**2.0**
2010/11 (MTFS Year 3)				
Additional contribution from Revenue	0			
= forecast at 31 March 2011	**7308**	**2.0**	**7160**	**2.0**

31-Jan-08

PRUDENTIAL INDICATORS UPDATE – FOR 2008/09
(EXECUTIVE – 5 FEBRUARY 2008)

CAPITAL EXPENDITURE & EXTERNAL DEBT INDICATORS	Comment

1 Estimated Ratio of capital financing costs to the net Revenue Budget

The estimated ratios of financing costs to the net Revenue Budget for the current and future years, and the actual figure for 2006/07 are as follows:

Year	Executive 21/08/07 Basis	Executive 21/08/07 %	Update for 2008/09 Basis	Update for 2008/09 %	%
2006/07	actual	8.8	actual	8.8	
2007/08	estimate	8.7	probable	8.1	
2008/09	estimate	9.2	estimate	8.7	
2009/10	estimate	9.7	estimate	9.2	
2010/11	estimate	na	estimate	9.6	

The estimates of financing costs include current Capital Plan commitments based on the latest Capital Plan, and are as reflected in the 2008/09 Revenue Budget and MTFS.

Comment

The calculations reflect capital financing costs less interest earned on the temporary investment of surplus cash balances.

The updated estimates for 2007/08 to 2010/11 reflect the net effect of a range of factors, principally

(a) a higher base 'net revenue budget' principally arising from some former specific grants (totalling £8.7m) being transferred into general formula grant (RSG) from 2008/09

(b) a significantly higher return on investments being achieved as a result of interest rate increases together with a higher level of funds and balances available to invest

(c) ongoing savings resulting from debt rescheduling exercises undertaken in 2007/08

(d) variations in Prudential Borrowing resulting from changes reflected in the Q2 Capital Plan update (eg Waste Procurement project -£10.6m, Depots Rationalisation programme +£3.1m)

(e) additional debt charge provision required for increased levels of Supported Borrowing approvals after 2008/09 on the Highways LTP and Education Capital approvals

Prudential Indicator	Comment
2 Estimates of the incremental impact of capital investment decisions on the Council Tax	
In considering its programme for future capital investment, the County Council is required within the Prudential Code to have regard to: ➔ affordability (eg implications for Council Tax) ➔ prudence and sustainability (eg implications for external borrowing) ➔ value for money (eg option appraisal) ➔ stewardship of assets (eg asset management planning) ➔ service objectives (eg strategic planning for the authority) ➔ practicality (eg achievability of the Capital Plan) A key measure of affordability is the incremental impact on Council Tax. The County Council can consider different options for its capital investment programme based on their differential impact on the Council Tax. The estimate of the incremental impact on Council Tax (at Band D) of past capital investment decisions which are reflected in the latest Capital Plan and also in the Revenue Budget for 2008/09, compared with the 2007/08 Council Tax are:	This Indicator shows the incremental impact on Band D Council Tax of the capital financing costs resulting from unsupported prudential borrowing required to fund the forecast Capital Plan. This borrowing includes the funding shortfall of Capital Bids approved by Executive on 3 February 2004, as part of the 10 year Capital Forecast projection, together with a number of subsequent funding approvals. The 10 year Capital Forecast is due to be reviewed during the 2008/09 financial year using a new capital prioritisation methodology. Debt charges resulting from Invest to Save schemes and certain other capital provisions are excluded however, as these are deemed to be self financed from within Directorate revenue budgets. The updated figures differ from those previously reported as a result of (i) capital financing cost variations as a result of capital expenditure slippage between years and reduced costs of borrowing together with savings from debt rescheduling (ii) the 2008/09 figures are compared with 2007/08 Council Tax whereas the previous ones are compared with 2006/07 Council Tax levels (iii) impact of prudential borrowing costs of the Waste Procurement project from 2009/10

Year	Executive 21/08/07		Update for 2008/09	
	Basis	£ - p	**Basis**	£ - p
2008/09	estimate	+ 2.61	estimate	+0.99
2009/10	estimate	+ 3.81	estimate	+3.20
2010/11	estimate	na	estimate	+6.15

Prudential Indicator	Comment
3 Capital Expenditure - Actual and Forecasts	

The actual capital expenditure that was incurred in 2006/07 and the estimates of capital expenditure to be incurred for the current and future years are:

Year	Executive 21/08/07 Basis	Executive 21/08/07 £m	Update for 2008/09 Basis	Update for 2008/09 £m
2006/07	actual	95.4	actual	95.4
2007/08	estimate	118.9	probable	108.3
2008/09	estimate	102.2	estimate	119.5
2009/10	estimate	89.3	estimate	111.1
2010/11	estimate	n/a	estimate	96.2

The above estimates and those for certain other Prudential Indicators incorporate a number of figures that are based on:-

(i) the latest Capital Plan approved by Executive on 20 November 2007
(ii) expenditure on fixed assets funded directly from the Revenue Budget and not included in the Capital Plan
(iii) recently notified Highways LTP allocations for 2008/09 together with updated indicative figures for subsequent years
(iv) other known self funded variations
(v) identified expenditure slippage between years
(vi) various other refinements

Comment:

The updated figures for 2007/08 to 2010/11 reflect the following significant variations compared with the figures submitted to Executive on 21 August 2007.

(a) an improved Highways LTP Settlement for the years 2008/09 to 2010/11 announced in November 2007

(b) improved Education Capital funding approvals for the years 2008/09 to 2010/11 announced by DCSF in October 2007

(c) a number of additional provisions and variations to existing provisions which are self funded from capital grants and contributions, revenue contributions and earmarked capital receipts

(d) capital expenditure rephasing between years

(e) addition of a further year 2010/11 which includes bids approved in February 2004 as part of the 10 year capital forecast

(f) variations relating to a number of other significant capital plan provisions such as Loans to Companies, Waste Procurement project, Depots Rationalisation Programme and Harrogate Library

(g) various other refinements

Prudential Indicator	Comment
4 Capital Financing Requirement and Forecast (CFR)	
Actuals and estimates of the Capital Financing Requirement (CFR) at the defined year ends are as follows:	

Date	Executive 21/08/07 Basis	Executive 21/08/07 £m	Update for 2008/09 Basis	Update for 2008/09 £m
31 Mar 07	actual	317.8	actual	317.8
31 Mar 08	estimate	352.1	probable	340.9
31 Mar 09	estimate	379.8	estimate	377.8
31 Mar 10	estimate	412.1	estimate	419.0
31 Mar 11	estimate	n/a	estimate	443.5

The updated figures recommended for approval as part of the 2008/09 Budget process reflect the following main variations compared with the previous figures approved by the Executive on 21 August 2007.

(a) increased Highways LTP and Education Supported borrowing approvals reflecting higher overall allocations together with a higher level of those allocations being funded by borrowing approval rather than cash grant

(b) expenditure rephasing between years that is funded from borrowing

(c) capital receipts rephasing between years that affects year on year borrowing requirements

(d) variations to a number of other significant capital plan provisions which are funded from Prudential Borrowing including Loans to Companies, Waste Procurement project and the Depots rationalisation programme

(e) addition of 2010/11 for indicative new borrowing approvals and Prudential Borrowing for bids previously agreed

(f) using all forecast surplus capital resources in 2007/08 (Corporate Capital Pot) in lieu of borrowing in that year (impacts on 31/03/08 figure only)

(g) various other refinements

The CFR measures the underlying need for the County Council to borrow for capital purposes. In accordance with best professional practice, the County Council does not earmark borrowing to specific items or types of expenditure. The County Council has an integrated treasury management approach and has adopted the CIPFA Code of Practice for Treasury Management. The County Council has, at any point in time, a number of cashflows, both positive and negative, and manages its treasury position in terms of its overall borrowings and investments in accordance with its approved Annual Treasury Management Strategy. In day to day cash management, no distinction is made between revenue and capital cash. External borrowing arises as a consequence of all the financial transactions of the County Council as a whole and not simply those arising from capital spending. In contrast, the CFR Indicator reflects the County Council's underlying need to borrow for capital purposes only.

CIPFA's Prudential Code for Capital Finance in Local Authorities includes the following statement as a key definition of prudence:

"In order to ensure that, over the medium term, net borrowing will only be for a capital purpose, the local authority should ensure that net external borrowing does not, except in the short term, exceed the total of the capital financing requirement in the preceeding year plus the estimates of any additional capital financing requirement for the current and the next two financial years."

The Corporate Director - Finance and Central Services has previously reported that the County Council had no difficulty meeting this requirement in 2006/07. In addition the Corporate Director – Finance and Central Services does not envisage any difficulties for the current or future years of the Medium Term Financial Strategy. This opinion takes into account current spending commitments, existing and proposed Capital Plans, and the proposals in the separate Revenue 2008/09 Budget and Medium Term Financial Strategy report.

Prudential Indicator	Comment
5 Authorised Limit for External Debt In respect of its external debt, it is recommended that the County Council approves the following Authorised Limits for its total external debt for the next three financial years. The Prudential Code requires external borrowing and other long term liabilities to be identified separately. The figures shown below for the County Council however consist wholly of external debt with no other long term liabilities. The authorised limit for 2008/09 will be the statutory limit determined under section 3(1) of the Local Government Act 2003.	The Corporate Director - Finance and Central Services confirms that these authorised limits are consistent with the County Council's current commitments, existing Capital Plan, the proposals in the respective Revenue Budget and Capital Plan reports for future capital expenditure and financing, and with its approved Treasury Management Policy Statement. The Corporate Director - Finance and Central Services also confirms that the limits are based on the estimate of most likely prudent, but not worst case, scenario with sufficient headroom over and above this to allow for operational issues (eg unusual cash movements). To derive these limits a risk analysis has been applied to the Capital Plan, estimates of the capital financing requirement and estimates of cashflow requirements for all purposes. The updated figures reflect a number of refinements which are common to the Capital Financing Requirement (see **Indicator 4** above) and Operational Boundary for External Debt (see **Indicator 6**). Explanations for these changes are provided under **Indicators 4 and 6** respectively.

Year	Executive 21/08/07 Borrowing Limit £m	Update for 2008/09 Borrowing Limit £m
2007/08	389.8	380.6
2008/09	412.1	410.7
2009/10	451.6	458.8
2010/11	n/a	485.2

Prudential Indicator	Comment

6 Operational Boundary for External Debt

It is recommended that the County Council approves the following Operational Boundary for external debt for the same period.

The proposed operational boundary for external debt is based on the same estimates as the Authorised Limit (ie **Indicator 5** above) but reflects an estimate of the most likely prudent, but not worst case, scenario without the additional headroom included within the Authorised Limit to allow for eg unusual cash flows.

Year	Executive 21/08/07 Borrowing Limit £m	Update for 2008/09 Borrowing Limit £m
2007/08	369.8	360.6
2008/09	392.1	390.7
2009/10	431.6	438.8
2010/11	n/a	465.2

Comment

The Operational Boundary represents a key management tool for the in year monitoring of external debt by the Corporate Director - Finance and Central Services.

The updated figures reflect refinements which are common to the Capital Financing Requirement (see **Indicator 4** above) together with

(a) relative levels of capital expenditure funded from surplus internal cash balances rather than taking external debt

(b) loan repayment cover arrangements and the timing of such arrangements

These two financing transactions affect external debt levels at any one point of time during the financial year but do not impact on the Capital Financing requirement.

7 Actual External Debt

The County Council's actual external debt is set out below and consists wholly of external borrowing.

Year	Executive 21/08/07	£m	Update for 2008/09	£m
31 March 2007	actual	299.0	actual	299.0
31 March 2008	estimate	-	probable	329.8
31 March 2009	estimate	-	estimate	364.3
31 March 2010	estimate	-	estimate	406.9
31 March 2011	estimate	-	estimate	432.6

Comment

It should be noted that actual external debt is not directly comparable to the authorised limit (**Indicator 5 above**) and operational boundary (**Indicator 6 above**) since the actual external debt reflects a position at one point in time.

Prudential Indicator	Comment
TREASURY MANAGEMENT INDICATORS **8 Adoption of CIPFA Code of Practice for Treasury Management** The County Council formally adopted the CIPFA Code of Practice for Treasury Management in the Public Service at its meeting on 15 May 2002.	The County Council has fully complied with this Code following approval by Executive on 23 February 2004 of an updated Treasury Management Policy Statement incorporating 12 Treasury Management Practice statements – these statements will however be reviewed during 2008/09 to ensure they are fully compliant with all the changes in practices and Regulations that have taken place since 2004.
9 Interest Rate Exposures It is recommended that the County Council sets upper and lower limits on its fixed and variable interest rate exposures as a percentage of outstanding principals sums for 2008/09, 2009/10 and 2010/11 as set out below – (Lower % / Upper %) Borrowing - Fixed (07/08 lower limit was 70%): 60 / 100 - Variable (07/08 upper limit was 30%): 0 / 40 Investments - Fixed (07/08 upper limit was 20%): 0 / 30 - Variable (07/08 lower limit was 80%): 70 / 100 Combined Net Borrowing and Investments - Fixed: 120 / 170 - Variable: -20 / -70	To increase both borrowing and lending flexibility, cover volitity of cash balances and be able to take full advantage of changing market conditions, some relatively minor changes are being proposed in 2008/09 as indicated opposite. This means that the Corporate Director – Finance and Central Services, will for **borrowing** manage fixed interest rate exposure within the range 60% to 100% of outstanding principal and variable interest rate exposure within the range 0% to 40% of outstanding principal for **investments** will manage fixed interest rate exposure within the range 0% to 30% of outstanding principal and variable rate exposure within the range 70% to 100% of outstanding principal. The split of investments between fixed and variable rates is based on the market convention that investments up to 365 days are regarded as being at variable rates. The **combined net borrowing and investment** position represents the formal Prudential Indicator for Interest Rate Exposures. On its own however it does not show clearly how borrowing and investments will be managed, hence the two separate 'local indicators' shown above.

Prudential Indicator	Comment
10 Maturity Structure of Borrowing It is recommended that the County Council sets upper and lower limits for the maturity structure of County Council borrowings as follows. The amount of projected borrowing maturing in each period as a percentage of total projected borrowing that is fixed rate:	No changes are proposed to this Indicator which was marginally changed last year to provide increased borrowing flexibility and bring it into line with current practice adopted by many other local authorities. The lower limit of 20% for the period 10 years and above is designed to ensure that the County Council does not have the risk of having to repay all debt within a ten year period.

Period	Lower Limit	Upper Limit %	Memo item - actual at 1 April 06 %	Memo item - actual at 1 April 07 %
under 12 months	0	50	2	2
12 months & within 24 months	0	15	2	2
24 months & within 5 years	0	45	17	11
5 years & within 10 years	0	75	15	11
10 years & above	20	100	64	74
			100	100

Prudential Indicator	Comment
11 Total Principal Sums Invested for periods longer than 364 days A maximum of 20% of funds available for investment (both in house and externally managed) will be held in aggregate in ' non specified ' investments over 364 days. Based on estimated levels of funds and balances over the next three years, the need for liquidity and day to day cash flow requirements, it is forecast that £12m of the overall fund balances can be prudently committed to longer term investments over 364 days.	The maximum sum of £12m for investments longer than 364 days is the same as for 2007/08. The County Council currently has two such investments totalling £6m. A further 2 year investment of £2m made in November 2006 has ceased to be included in this category since November 2007. Prior to 31 March 2004, Regulations generally prevented local authorities from investing for longer than 364 days. As a result of the new Prudential Regime however, these prescriptive regulations have been abolished and replaced with Government Guidance from April 2004. This Guidance gives authorities more freedom in their choice of investments (including investing for periods longer than 364 days) and recognises that a potentially higher return can be achieved by taking a higher risk. The new flexibility requires authorities to produce an Annual Investment Strategy that classifies investments as either **Specified** (liquid, secure, high credit rating & less than 365 days) or **Non Specified** (other investments of a higher risk). Non Specified investments are perfectly allowable but the criteria and risks involved must be vigorously assessed, including professional advice, where appropriate. Therefore investments for 364 days+ are now allowable as a Non Specified investment under Government Guidance. The use of such investments is therefore now incorporated into the County Council's Annual Treasury Management and Investment Strategy.

APPENDIX A

NORTH YORKSHIRE COUNTY COUNCIL

TREASURY MANAGEMENT POLICY STATEMENT

1.0 BACKGROUND

1.1 The County Council has adopted the **CIPFA Code of Practice on Treasury Management in the Public Services (2001).** 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.

1.2 The CIPFA Code of Practice on Treasury Management requires:

(a) a strategic **Treasury Management Policy Statement** (TMPS) stating the County Council's policies and objectives for its treasury management activities

(b) 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 in (a) and prescribing how it will manage and control those activities. The Code recommends 12 TMPs

1.3 The subsequent **CIPFA Prudential Code for Capital Finance in Local Authorities**, and the terms of the **Local Government Act 2003**, establish further requirements in relation to treasury management matters, namely

(a) the approval, on an annual basis, of a set of **Prudential Indicators**

(b) the approval, on an annual basis, of an **Annual Treasury Management Strategy** and **Annual Investment Strategy** with an associated requirement that both are monitored on a regular basis with a provision to report as necessary both in-year and at the financial year end

1.4 This current Treasury Management Policy Statement (TMPS) was approved by County Council on 20 February 2008.

2.0 TREASURY MANAGEMENT POLICY STATEMENT (TMPS)

2.1 Based on the requirements detailed in **paragraph 1.2(a)** above a TMPS stating the County Council's policies and objectives of its treasury management activities is set out below.

2.2 The County Council defines the policies and objectives of its treasury management activities as follows:

(a) treasury management is the management of the County Council’s cash flows, its banking, money market and capital market transactions, the effective control of the risks associated with those activities, and the pursuit of optimum performance consistent with those risks

(b) the successful identification, monitoring and control of risk will be the prime criteria by which the effectiveness of the treasury management activities will be measured. Accordingly, the analysis and reporting of treasury management activities will focus on their risk implications for the County Council

(c) effective treasury management will provide support towards the achievement of the business and service objectives of the County Council as expressed in the Council Plan. The County Council is committed to the principles of achieving best value in treasury management, and to employing suitable performance measurement techniques, within the context of effective risk management

3.0 TREASURY MANAGEMENT PRACTICES (TMPs)

3.1 As referred to in **paragraph 1.2(b)** above the CIPFA Code of Practice on Treasury Management requires a framework of Treasury Management Practices (TMPs) which:

(a) set out the manner in which the County Council will seek to achieve the policies and objectives set out in **paragraph 2.2** above; and

(b) prescribe how the County Council will manage and control those activities

3.2 The CIPFA Code of Practice recommends 12 TMPs and these were approved by Members on 23 March 2004. These TMPs will be reviewed as and when necessary in the light of regulatory and/or local policy changes.

3.3 A list of the 12 TMPs is as follows:

TMP 1 Treasury risk management

TMP 2 Best value and performance measurement

TMP 3 Decision-making and analysis

TMP 4 Approved instruments, methods and techniques

TMP 5 Organisation, clarity and segregation of responsibilities, and dealing arrangements

TMP 6 Reporting requirements and management information arrangements

TMP 7 Budgeting, accounting and audit arrangements

TMP 8 Cash and cash flow management

TMP 9 Money Laundering

TMP 10 Staff training and qualifications

TMP 11 Use of external providers

TMP 12 Corporate governance

4.0 PRUDENTIAL INDICATORS

4.1 The Local Government Act 2003 underpins the new Capital Finance system introduced on 1 April 2004 and requires the County Council to "have regard to" the **CIPFA Prudential Code for Capital Financial in Local Authorities**. This Code requires the County Council to set a range of Prudential Indicators for the next three years

(a) as part of the annual Budget process, and

(b) before the start of the financial year

to ensure that capital spending plans are affordable, prudent and sustainable.

4.2 The Prudential Code also requires appropriate arrangements to be in place for the monitoring, reporting and revision of Prudential Indicators previously set. These arrangements were agreed by the County Council on 18 February 2004.

4.3 The Prudential Indicators are as follows

- Estimated ratio of Capital Financing costs to the net revenue budget
- Estimates of the incremental input of capital investment decisions on the Council Tax
- Capital Expenditure Actual and Forecasts
- Capital Financing Requirement and Forecast
- Authorised Limit for External Debt
- Operational Boundary for External Debt
- Actual External Debt
- Adoption of the CIPFA Code of Practice for Treasury Management
- Interest Rate Exposures
- Maturity Structure of Borrowing
- Total Principal Sums Invested for periods longer than 364 days

4.4 The County Council will approve the Prudential Indicators for a further three year period alongside the annual Revenue Budget/Medium Term Financial Strategy at its February meeting each year.

5.0 ANNUAL TREASURY MANAGEMENT AND INVESTMENT STRATEGY

5.1 A further implication of the Local Government Act 2003 is the requirement for the County Council to set out its Treasury Management Strategy for borrowing and to approve an Annual Investment Strategy (which sets out the County Council's policies for managing its investments and for giving priority to the security and liquidity of those investments).

5.2 The Government's guidance on Annual Investment Strategies issued on 12 March 2004 states that authorities can combine the Treasury Management Strategy Statement and Annual Investment Strategy into one report. The County Council has adopted this combined approach.

5.3 The County Council's Annual Treasury Management and Investment Strategy will therefore cover the following matters:

- treasury limits in force which will limit the treasury risk and activities of the County Council
- Prudential Indicators
- the current treasury position
- the Borrowing Requirement and Borrowing Limits
- Borrowing Policy
- prospects for interest rates
- Borrowing Strategy
- Minimum Revenue Provision Policy
- capping of capital financing costs
- review of long term debt
- Annual Investment Strategy
- other treasury management issues

5.4 The County Council will approve this combined Annual Strategy alongside the annual Revenue Budget/Medium Term Financial Strategy at its February meeting each year.

6.0 REVIEW OF THIS POLICY STATEMENT

6.1 Under Financial Procedure Rule 14, the Corporate Director – Finance and Central Services is required to periodically review this Policy Statement and all associated documentation. A review of this Statement, together with the associated annual strategies, will therefore be undertaken annually as part of the Revenue Budget process and at such other times during the financial year as considered necessary by the Corporate Director – Finance and Central Services.

28 January 2008

APPENDIX B

NORTH YORKSHIRE COUNTY COUNCIL

ANNUAL TREASURY MANAGEMENT AND INVESTMENT STRATEGY 2008/09

1.0 INTRODUCTION

1.1 The Local Government Act 2003, and supporting regulations, require the County Council to have regard to the Prudential Code and set Prudential Indicators for the next three years to ensure that the County Council's capital investment plans are affordable, prudent and sustainable.

1.2 The Act also requires the Council to set out its **Annual Treasury Management Strategy** for borrowing and to prepare an **Annual Investment Strategy** (as required by Investment Guidance issued subsequent to the Act) which sets out the County Council's policies for managing its investments and for giving priority to the security and liquidity of those investments. For practical purposes these two strategies are combined in this document.

1.3 This Strategy document for 2008/09 therefore covers the following

- Treasury Limits in force which will limit the treasury risk and activities of the County Council (**paragraph 2**)
- Prudential Indicators (**paragraph 3**)
- current treasury position (**paragraph 4**)
- Borrowing Requirement and Borrowing Limits (**paragraph 5**)
- Borrowing Policy (**paragraph 6**)
- prospects for interest rates (**paragraph 7**)
- Borrowing Strategy (**paragraph 8**)
- Minimum Revenue Provision Policy (**paragraph 9**)
- capping of capital financing costs (**paragraph 10**)
- review of long term debt (**paragraph 11**)
- Annual Investment Strategy (**paragraph 12**)
- other treasury management issues (**paragraph 13**)
- summary of key elements of this Strategy (**paragraph 14**)

1.4 It is a statutory requirement under Section 33 of the Local Government Finance Act 1992, for the County Council to produce a balanced Annual Revenue Budget. In particular, Section 32 requires a local authority to calculate its Budget requirement for each financial year to include the revenue costs that flow from capital financing decisions. This means therefore that increases in capital expenditure must be limited to a level whereby additional charges to the Revenue Budget arising from:-

(a) increases in interest and principal charges caused by increased borrowing to finance additional capital expenditure, and/or

(b) any increases in running costs from new capital projects

are limited to a level which is affordable within the projected revenue income of the County Council for the foreseeable future.

1.5 This Strategy document was approved by the County Council on 20 February 2008.

2.0 TREASURY LIMITS FOR 2008/09 TO 2010/11

2.1 It is a statutory duty under Section 3 of the Local Government Act 2003 and supporting regulations for the County Council to determine and keep under review how much it can afford to borrow. The amount so determined is termed the **Affordable Borrowing Limit**.

2.2 The County Council must have regard to the terms of the Prudential Code when setting the Affordable Borrowing Limit, which essentially requires it to ensure that total capital investment remains within sustainable limits and, in particular, that the impact upon future Council Tax levels is acceptable. In practice, it is equivalent to the Authorised Limit as defined for the Prudential Indicators (therefore see **paragraph 3** below).

2.3 Whilst termed an Affordable Borrowing Limit, the spending plans to be considered for inclusion incorporate financing by both external borrowing and other forms of liability such as credit arrangements. The Affordable Borrowing Limit has to be set on a rolling basis for the forthcoming financial year and two successive financial years.

3.0 PRUDENTIAL INDICATORS FOR 2008/09 TO 2010/11

3.1 A separate Report incorporating an updated set of Prudential Indicators for the three year period to 31 March 2011, as required by the CIPFA Prudential Code for Capital Finance in Local Authorities, was also approved by the County Council on 20 February 2008.

3.2 These Prudential Indicators include a number relating to external debt and treasury management that are incorporated into this Annual Treasury Management Strategy for 2008/09.

3.3 Full details of the Prudential Indicators listed below are therefore contained in the separate **Revision of Prudential Indicators** report referred to in **paragraph 3.1** above.

3.4 The following Prudential Indicators are relevant for the purposes of setting an integrated Annual Treasury Management Strategy.

(i) **Estimated ratio of capital financing costs to the net Revenue Budget**

2006/07 actual	8.8%
2007/08 probable	8.1%
2008/09 estimate	8.7%
2009/10 estimate	9.2%
2010/11 estimate	9.6%

(ii) **Estimates of the incremental impact of capital investment decisions on the Council Tax requirement**

For a Band D Council Tax	
	£ p
2008/09 estimate	+0.99
2009/10 estimate	+3.20
2010/11 estimate	+6.15

(iii) **Capital Expenditure - Actual and Forecasts**

	£m
2006/07 actual	95.4
2007/08 probable	108.3
2008/09 estimate	119.5
2009/10 estimate	111.1
2010/11 estimate	96.2

(iv) **Capital Financing Requirement (as at 31 March)**

	£m
31 March 2007 actual	317.8
31 March 2008 probable	340.9
31 March 2009 estimate	377.8
31 March 2010 estimate	419.0
31 March 2011 estimate	443.5

(v) **Authorised Limit for external debt**

	£m
2007/08	380.6
2008/09	410.7
2009/10	458.8
2010/11	485.2

(vi) **Operational Boundary for external debt**

	£m
2007/08	360.6
2008/09	390.7
2009/10	438.8
2010/11	465.2

(vii) **Actual External Debt**

	£m
at 31 March 2007 actual	299.0
at 31 March 2008 forecast	329.8
at 31 March 2009 forecast	364.3
at 31 March 2010 forecast	406.9
at 31 March 2011 forecast	432.6

(viii) **Adoption of CIPFA Code of Practice for Treasury Management in the Public Services**

The County Council agreed to adopt this Code at its meeting on 15 May 2002.

(ix) **Interest Rate exposures**

Borrowing	**%age of outstanding principal sums**
Limits on fixed interest rate exposures	60 to 100
Limits on variable interest rate exposures	0 to 40
Investing	
Limits on fixed interest rate exposures	0 to 30
Limits on variable interest rate exposures	70 to 100
Combined net borrowing/investment position	
Limits on fixed interest rate exposures	120 to 170
Limits on variable interest rate exposures	-20 to -70

(x) **Maturity Structure of borrowing**

The amount of projected borrowing maturing in each period as a percentage of total projected borrowing that is fixed rate.

	Lower Limit %	**Upper Limit %**
under 12 months	0	50
12 months and within 24 months	0	15
24 months and within 5 years	0	45
5 years and within 10 years	0	75
10 years and above	20	100

(xi) **Total principal sums invested for periods longer than 364 days**

A maximum of 20% of funds available for investment will be held in aggregate in Non Specified Investments over 364 days. Based on estimated levels of funds and balances over the next three years, the need for liquidity and day to day cash flow requirements, it is forecast that £12m of the overall balances can be prudently committed to longer term investments over 364 days.

4.0 CURRENT TREASURY POSITION

4.1 The County Council's treasury portfolio position at 31 March 2007 consisted of:

Item	**Principal £m**	**Average Rate at 31 March 2007 %**
Debt Outstanding		
Fixed Rate funding		
PWLB	284.0	5.80
Variable Rate funding		
Market LOBO's	15.0	3.80
Total Debt Outstanding	299.0	5.70*
Investments		
Managed in house	91.7	4.97
Managed by external fund manager (up to July 2006)	0	3.61
Total Investments	91.7	4.87*

(Note - * weighted figures)

5.0 BORROWING REQUIREMENT AND BORROWING LIMITS

5.1 The Prudential Indicators laid out in **paragraph 3** above include an Authorised Limit and Operational Boundary for external debt for each of the three years to 2010/11. These figures are referenced at **paragraphs 3.4(v) and 3.4(vi)** respectively of this Strategy.

5.2 The **Operational Boundary** reflects an estimate of the most likely, prudent but not worst case scenario of external debt during the course of the financial year. The **Authorised Limit** is based on the same estimate as the **Operational Boundary** but allows sufficient headroom (£20m) over this figure to allow for unusual cash movements.

5.3 The **Authorised Limit** therefore represents the maximum amount of external debt which the County Council agrees can be incurred at any time during the financial year and includes both capital and revenue requirements. It is not, however, expected that the County Council will have to borrow up to the limit agreed.

5.4 The agreed **Operational Boundary** and **Authorised Limits** for external debt up to 2010/11 are as follows:

	Item	**2007/08 probable £m**	**2008/09 estimate £m**	**2009/10 estimate £m**	**2010/11 estimate £m**
	Debt outstanding at start of year				
	PWLB	284.0	329.8	364.3	406.9
	Other Institutions	15.0			
	sub total (a)	299.0	329.8	364.3	406.9
+	**External borrowing requirements**				
	Capital financing requirement	35.8	50.7	56.7	41.7
	Replacement borrowing	10.8	6.4	11.9	12.6
	4% MRP charged to revenue etc	-12.9	-14.1	-15.7	-17.5
	Variations in internal capital borrowing	7.9	-2.1	1.6	1.5
	sub total (b)	41.6	40.9	54.5	38.3
-	**External debt repayment** (c)	-10.8	-6.4	-11.9	-12.6
=	**Forecast debt outstanding at end of year (a + b - c)**	**329.8**	**364.3**	**406.9**	**432.6**
+	**Provision for**				
	Debt rescheduling	15.0	15.0	15.0	15.0
	Potential capital receipts slippage	5.0	5.0	5.0	5.0
	New borrowing taking place before principal repayments made	10.8	6.4	11.9	12.6
=	**Operational Boundary for year**	**360.6**	**390.7**	**438.8**	**465.2**
+	**Provision to cover unusual cash movements**	20.0	20.0	20.0	20.0
=	**Authorised Limit for year**	**380.6**	**410.7**	**458.8**	**485.2**

5.5 **Therefore the 2008/09 Limits are as follows:**

	£m
Operational Boundary for external debt	390.7
+ provision to cover unusual cash movements during the year	20.0
= Authorised Limit for 2008/09	410.7

6.0 BORROWING POLICY

6.1 The policy of the County Council for the financing of capital expenditure is set out in Treasury Management Practice Note 3 which supports the Treasury Management Policy Statement.

6.2 In practical terms the policy is to finance capital expenditure by borrowing (from the Public Works Loan Board or the money markets) over periods up to 50 years which reflects the best possible value to the County Council. Individual loans are taken out over varying periods depending on the perceived relative value of interest rates at the time of borrowing need and to avoid a distorted loan repayment profile; individual loans are not linked to the cost of specific capital assets or their useful life span. Decisions to borrow are made in consultation with the County Council's Treasury Management Adviser.

6.3 Loans from the PWLB are usually very competitive with other forms of borrowing as they reflect prices on the gilt market for Government securities. Access to PWLB loans since 1 April 2004 is based on the Prudential Indicators and approved 'borrowing requirements' of individual authorities. In December 2005 the PWLB introduced borrowing up to 50 years to replace the previous maximum of 30 years. In response the County Council agreed, on 25 October 2006, that the Annual Treasury Management Strategy be amended so as to allow borrowing for capital purposes for periods up to, and including, 50 years.

6.4 In addition to the PWLB the County Council can borrow from the money market (principally banks and building societies) and the financial instrument generally used for this purpose is a LOBO (Lender Option, Borrower Option). Such loans feature an initial fixed interest period followed by a specified series of calls when the lender has the option to request an interest rate increase. The borrower then has the option of repaying the loan (at no penalty) or accepting the higher rate.

6.5 Borrowing from the money market for capital purposes is to be limited to 30% of the County Council's total external debt outstanding at any one point in time.

6.6 Following advice from the County Council's Treasury Management Adviser, approval to be able to borrow from the money markets using LOBO's, has now been extended from 50 to maximum period of 70 years. This is based on the fact that the market for these type of loans has recently offered more attractive interest rates for such longer period loans that the PWLB 50 year rates.

6.7 In reality borrowing for 70 years is little different to taking a 50 year loan. The risk of taking such long period loans is that the County Council could potentially be locked into paying current interest rates on a loan for up to 70 years which would be disadvantageous if medium/long term rates subsequently fell below current rates at some point in the future. There is also the psychological factor of borrowing for such a long period. In practice, however, it is highly unlikely that such loans would ever run the full period because at some point interest rates are likely to rise above the fixed rate agreed at which point the lender would request an increase and the County Council would have the option of repaying the loan.

6.8 The County Council will always look to borrow from the PWLB and money markets at the most advantageous rate. The Corporate Director – Finance and Central Services will monitor this situation closely throughout the year to determine whether at any stage, money market loans are more appropriate and advantageous to the County Council than PWLB loans.

6.9 At present all County Council long term borrowing is from the PWLB or via equally advantageous money market loans. However some short term money market borrowing may take place during the financial year in order to take advantage of low interest rates or to facilitate any debt restructuring exercise (see **paragraph 11** below).

6.10 Depending on the relationship between short term variable interest rates and the fixed term PWLB or LOBO rates for longer periods, some capital expenditure may be financed by short term borrowing from either the County Council's revenue cash balances or outside sources.

7.0 PROSPECTS FOR INTEREST RATES

7.1 Whilst recognising the turbulence in the financial markets at the time of preparing this Strategy (January 2008) the following paragraphs represent a measured assessment of key economic factors as they are likely to impact on interest rates in the future three years.

7.2 City forecasts for interest rates do as usual vary considerably with a current consensus view being as follows:

	Bank Rate %	**5 year PWLB %**	**10 year PWLB %**	**25 year PWLB %**	**50 year PWLB %**
Q4 2007	5.50	4.80	4.80	4.65	4.55
Q1 2008	5.25	4.70	4.70	4.60	4.50
Q2 2008	5.20	4.65	4.60	4.55	4.45
Q3 2008	5.00	4.55	4.55	4.55	4.45
Q4 2008	5.00	4.55	4.55	4.50	4.45
Q1 2009	5.00	4.60	4.55	4.55	4.45
Q2 2009	5.00	4.70	4.55	4.55	4.45
Q3 2009	5.00	4.75	4.60	4.60	4.50
Q4 2009	5.00	4.80	4.70	4.65	4.50
Q1 2010	5.00	4.80	4.75	4.70	4.55
Q2 2010	5.00	4.80	4.75	4.70	4.55
Q3 2010	5.00	4.85	4.80	4.70	4.55
Q4 2010	5.00	4.85	4.80	4.70	4.55
Q1 2011	5.00	4.85	4.80	4.75	4.60

7.3 The key economic forecasts, the impact of which are reflected in the above interest rates table, include:-

UK

- GDP growth has been strong during 2007, hitting 3.3% but is expected to cool from 3% overall in 2007 to 2% in 2008
- higher than expected immigration from Eastern Europe has underpinned recent growth and dampened wage inflation
- house prices started to drop towards the end of 2007 and this is expected to continue into 2008
- the combination of Bank Rate increases and consequential mortgage rates, short term mortgage fixes ending and being renewed at higher rates, food prices rising at their fastest rate since 1993 and petrol price increases, have all put consumer sending power under major pressure
- banks have tightened their lending criteria since the Northern Rock crisis; dampen consumer expenditure via credit cards and on buying houses through obtaining mortgages has also dampened
- Government expenditure will be held under a tight rein for the next few years, undermining one of the main props of strong growth during this decade
- the MPC is very concerned at the build up of inflationary pressures, especially the rise in oil prices and the consequent knock on effects on general prices. The price of UK manufactured goods has risen at their fastest rate in 16 year in November 2007 (4.5%). Food prices have also risen at their fastest rate for 14 years (6.6%) driven by strong demand from China and India. Consequently the MPC is going to be much more cautious about cutting rates in the face of these very visible inflationary pressures. In addition, UK growth was still exceptionally strong in 2007, as has been the growth in the money supply
- the downward trend in Bank Rate is now expected to be faster than at first thought after the initial cut in December 2007 to 5.5% which reflected an unanimous MPC vote for a cut and the consideration given to half a % cut. This demonstrated how concerned the MPC is at the potential impact of the credit crunch on the economics of the western world. However, the MPC's room for cutting rates is currently limited by concerns over inflationary pressures. If those pressures subside however there is further downward risk to the current forecast which currently suggests a 0.25% cut early in 2008, a further 0.25% cut in mid 2008 before Bank Rate stabilises at 5% for the next two years

International

- the US, UK and EU economies have all been on the upswing of the economic cycle during 2005 and 2006 and so interest rates were successively raised in order to cool their economies and to counter the build up of inflationary pressures
- the US is ahead of both the UK and EU in the business cycle and started on the downswing of the economic cycle during 2007. US rates peaked at 5.25% and were first cut in September by 0.5% to 4.75%. This was a response to the rapidly deteriorating prospects for the economy in the face of the downturn in the housing market, the sub prime mortgage crisis and the ensuing liquidity

crisis which started in August 2007 and has subsequently resulted in banks making some major write offs of losses on debt instruments containing sub prime mortgages. Banks have also tightened their lending criteria which has hit hard those consumers with poor credit standing

- the US cut its rate again, to 4.5% in October 2007, to 4.25% in December and another 0.75% to 3.5% in January 2008 to try to stimulate the economy and to ameliorate the extent of the downturn. However, the speed and extent of these cuts will be inhibited by inflationary pressures arising from oil prices, the falling dollar increasing the costs of imports, etc. The US could well be heading into stagflation in 2008 – a combination of inflation and a static economy. The economy could even tip into recession if the housing downturn becomes severe enough
- the downturn in economic growth in the US in 2008 will depress world growth, (especially in the western economies), which will also suffer directly under the impact of high oil prices. However strong growth in China and India will partially counteract some of this negative pressure
- EU growth has been strong during 2006 and 2007 but will be caught by the general downturn in world growth in 2008

7.4 Based on the key economic forecasts referred to above the significant interest rate predictions are:

Bank Base Rate

- started on a downward trend from 5.75% to 5.5% in December 2007
- to be followed by further cuts in early 2008 to 5.25% and to 5% in mid 2008
- remain unchanged at 5% for the following two years
- the major influence on the above forecasts is future inflation levels

PWLB rates

- the 50 year PWLB rate is expected to fall marginally from 4.50% in Q1 2008 to 4.45% in Q2 2008 before rising back again to 4.50% in Q3 2009, 4.55% in Q1 2010 and to 4.6% in Q1 2011
- the 25 year PWLB rate is expected to fall progressively from 4.65% to reach 4.5% in Q4 2008 and to then be on the rise from Q1 2009 to reach 4.7% in Q1 2010 and 4.75% in Q1 2011
- the 10 year PWLB rate is expected to fall from 4.7% in Q1 2008 to 4.55% in Q3 2008 and to then gradually rise from Q3 2009 to reach 4.8% in Q3 2010
- the 5 year PWLB rate is expected to fall from 4.7% in Q1 2008 to 4.55% in Q3 2008 and to then gradually rise starting in Q1 2009 to reach 4.85% in Q3 2010

8.0 BORROWING STRATEGY

8.1 Based on the prospects for interest rates outlined above the Borrowing Strategy for 2008/09 will be to take advantage of the lowest borrowing rates anticipated towards the end of the financial year but in as much as little relative variation is expected during the year, this is likely to mean that attractive rates could be available at any time in the year when there is a dip down in rates. Variable rate borrowing and borrowing in the 5 year range is expected to be more expensive than long term borrowing and is likely therefore, to be unattractive throughout the financial year compared to longer term borrowing.

8.2 The main Strategy for undertaking new borrowing will be to take advantage of the lowest borrowing rates available. However attention will be given to the new PWLB borrowing regulations (see **paragraphs 11.3 and 11.4**) so as to give consideration to minimising the spread between the PWLB new borrowing and early repayment rates; this then maximises the potential for debt rescheduling at a later time by minimising the spread between these two rates.

8.3 This Strategy will also focus on new borrowing being over periods where there is currently no concentration of debt so as to achieve a more balanced spread in the County Council's debt maturity profile.

8.4 Based on the forecast PWLB rates set out in **paragraphs 7.2 and 7.3**, borrowing will be made where rates are most favourable around 4.5% at any time in the financial year. This rate is likely to be lower than the forecast rates for shorter maturities in the 5 and 10 year range. **A suitable trigger point for considering new fixed term rate longer term borrowing in 2008/09, will therefore be 4.5%, although the aim will be to secure loans at rates below this level if available.** However if shorter period loans become available around this rate, these will also be considered, as well as market loans with lower rates out to 70 years.

8.5 The central forecast rate and trigger point for new borrowing will be reviewed in the light of movements in the slope of the yield curve, spreads between PWLB new borrowing and early payment rates, and any further changes that the PWLB may introduce to their lending policy and operations (see **paragraphs 11.3 and 11.4**).

8.6 Consideration will also be given to borrowing fixed rate market loans at 0.25% - 0.5% below the PWLB target rate.

8.7 Against this background, caution will be adopted with the County Council's 2008/09 Treasury Management operations. The Corporate Director – Finance and Central Services will monitor the interest market closely and adopt a pragmatic approach to changing circumstances – any key strategic decisions that deviate from the above Strategy will be reported to the Executive at the next available opportunity.

Sensitivity of the forecast

8.8 The main sensitivities of the forecast are likely to be the two scenarios below. The Corporate Director - Finance and Central Services will, in conjunction with the County Council's Treasury Management Adviser, continually monitor both the prevailing interest rates and the market forecasts, adopting the following responses to a significant change of market view:

(a) *if it is felt that there was a significant risk of a sharp rise in both long and short term rates,* perhaps arising from a greater than expected increase in world economic activity or further increases in inflation, then the portfolio position will be re-appraised with the likely action that fixed rate funding will be drawn down whilst interest rates were still relatively cheaper

(b) *if it is felt that there was a significant risk of a sharp fall in both long and short term rates,* for example due to growth rates weakening, then long term borrowings will be postponed, and potential rescheduling from fixed rate funding into short rate funding will be considered.

9.0 NEW POLICY FOR MINIMUM REVENUE PROVISION

9.1 The statutory requirement for local authorities to charge to Revenue each year a specific sum for debt repayment is being replaced with more flexible statutory guidance.

9.2 The current Capital Finance Regulations, which are in the process of being replaced, require a Minimum Revenue Provision (MRP) of 4% of the County Council's Capital Financing Requirement (CFR). The CFR basically consists of external debt plus capital expenditure financed by borrowing from internal sources (surplus cash balances). The County Council's statutory 4% MRP in 2007/08 is £12.7m (CFR of £317.8m at 1 April 2007 @ 4%).

9.3 The amendments to the Capital Finance Regulations are currently still draft but are expected to be issued in the current financial year. They will replace the present detailed rules with a simple duty for an authority,each year, to charge an amount of MRP which it considers to be prudent.

9.4 The new Regulations will not in themselves define prudent provision, but MRP guidance to be issued by CLG will make recommendations to authorities on the interpretation of that term. Authorities will therefore be legally obliged to have regard to this MRP guidance in the same way as applies to other statutory guidance such as the CIPFA Prudential Code, the CIPFA Treasury Management Code and the CLG Guidance on Investments.

9.5 The new 'statutory guidance' will require authorities to prepare an Annual Statement of their policy on making MRP for submission to their full Council. This mirrors the existing requirements to report to the County Council on the Prudential Borrowing Limit and Investment Strategy. The aim is to give Members the opportunity to scrutinise the proposed use of the additional freedoms conferred under the new arrangements.

9.6 Based on the draft document that has been used for consultation the main part of the new statutory guidance will be concerned with the interpretation of the term 'prudent provision' and the principle that provision for borrowing to finance a capital asset should bear some relation to the period over which the asset continues to have a useful life. The present system of 4% MRP does not necessarily provide this link.

9.7 A number of options which the CLG say they consider would constitute prudent provision are detailed in the Guidance. CLG also state however that authorities are free to make additional MRP if they so require.

9.8 The County Council must therefore now approve an Annual MRP Policy Statement which will satisfy the ‘prudent provision’ requirement based on options provided by the CLG.

9.9 Having assessed the various options provided by the CLG, the following MRP policy has been adopted from 1 April 2008 -

(a) for all **capital expenditure incurred before 1 April 2008,** MRP will be based on 4% of the Capital Financing Requirement (CFR) at that date; this to include expenditure supported by Government borrowing approvals and locally agreed Prudential Borrowing up to 31 March 2008. This is in effect a continuation of the old MRP regulations for all capital expenditure up to 31 March 2008 that has been financed from borrowing

(b) for **capital expenditure incurred after 1 April 2008 which is supported by Government borrowing approvals,** MRP to be based on 4% of such sums reflected in subsequent CFR updates. This reflects the fact that the Revenue Support Grant formula for supported borrowing approvals will still be calculated on that basis

(c) for **locally agreed Prudential Borrowing on capital expenditure incurred after 1 April 2008**, MRP will be calculated based on equal annual instalments over the estimated life of the asset for which the borrowing is undertaken. This method is a simpler alternative to depreciation accounting. The estimated life of each asset will be assessed each year based on types of capital expenditure being incurred but in general will be 25 years for buildings, 50 years for land (as advised by CLG), and 5 to 7 years for vehicles/plant and equipment. This option also allows an authority to defer the introduction of an MRP charge for new capital projects/land purchase until the year after the new asset becomes operational rather than in the year borrowing is required to finance capital spending; this approach is beneficial for projects that take more than one year to complete and is therefore included in the proposed MRP Policy.

9.10 Therefore, with effect from 1 April 2008, total MRP provision will be the sum of (a) + (b) + (c) as defined above.

9.11 The change from the current 4% MRP calculated on a reducing balance to equal instalments over the assets life for Prudential Borrowing after 1 April 2008 (ie **(c) in paragraph 9.9** above) does potentially result in additional revenue provision being required compared to current arrangements. The forecast implications of this change are reflected in the 2008/09 Revenue Budget and MTFS although the overall effects are minimal after taking into account financing contributions from Directorate Revenue budgets in relation to Invest to Save capital schemes funded from Prudential Borrowing.

9.12 In terms of timing, the new Regulation is expected to come into force before 31 March 2008 and does therefore require a Policy Statement being approved before 31 March 2008 which would specify the policy for 2008/09. In terms of financial impact however, MRP has previously and continues to be calculated based on capital expenditure incurred to the previous 31 March. Thus the proposed new MRP policy as outlined in **paragraphs 9.9/9.10** above relates to capital expenditure incurred after 1 April 2008 with the consequential impact first affecting the MRP charge for 2009/10.

9.13 An annual review of this new MRP policy will be undertaken and reported to Members as part of this annual Treasury Management report.

10.0 CAPPING OF CAPITAL FINANCING COSTS

10.1 During the preparation of the Revenue Budget/MTFS 2008/09 et seq concerns were expressed about the possible ongoing impact on the annual Revenue Budget of capital expenditure generated either by government borrowing approvals or approved locally under the Prudential Borrowing regime.

10.2 The relationship between levels of capital expenditure and the consequential capital financing costs that they generate is demonstrated in the following table.

Year	**Net Budget Requirement (based on 4.75% Council Tax increase from 2008/09** £m	**Budgeted Capital Financing Costs *** £m	**Costs as a %age of Budget** %	**1% of Budget** £m	**Potential Capital Spend from 1% on BR** £m
	(a)	(b)	(c)	(d)	(e)
2007/08	295.8	30.5	10.3	3.0	35.3
2008/09	322.7	32.6	10.1	3.2	37.6
2009/10	339.7	35.4	10.4	3.4	40.0
2010/11	358.1	38.2	10.7	3.6	42.4
			(b÷a)	(a/100)	

* Based on Capital Plan to 2010/11 and includes interest on external debt plus lost interest earned on internally financed capital expenditure, together with a minimum revenue provision for debt repayment.

10.3 In addition to showing the direct link between the level of capital spend and impact on the Revenue Budget to date, the table also includes an estimate of the impact that planned levels of future capital expenditure (based on the current Capital Plan) will have on the proportion of the Revenue Budget that will be required to meet the consequential capital financing costs (see **column (c)**).

10.4 The table also shows, at **column (e)**, how much additional capital spend an 1% increase in the Budget requirement **(column (d)**) will support.

10.6 On the basis of the table above a cap has been set at 11% - this will accommodate existing Capital Plan requirements but will act as a regulator if Members are considering at a future date expanding the Capital Plan using Prudential Borrowing. Members would, of course have the ability, to review the % at any time but would now have to do so in the light of its explicit impact on the Revenue Budget/MTFS.

11.0 REVIEW OF LONG TERM DEBT

11.1 The long term debt of the County Council is under continuous review.

11.2 Discussions with the County Council's Treasury Management Adviser about the long term financing strategy are ongoing and any debt rescheduling opportunity will be fully explored.

11.3 Future debt restructuring opportunities however have become much less attractive following a number of changes unexpectedly made by the PWLB on 1 November 2007. The changes, which were made without any consultation with local authorities, include

(a) for all new loans the two main changes are narrower maturity brackets (all bands now have a length of six months compared to a range of six months to five years before 1 November) and rates are expressed in increments of one basis point (previously 5 basis points)

(b) in addition where a debt rescheduling exercise is undertaken there is a separate, differential rate for new borrowing and early repayment. This differential (or early repayment penalty) ranges between 0.25% and 0.5% and means that PWLB debt restructuring is now much less attractive.

11.4 Historically, the PWLB facility was created to facilitate cost effective borrowing by local authorities, and for many years achieved this objective. However with the growing sophistication of money markets in recent years borrowing from this source is now seen to be slightly more expensive than many market alternatives, such as LOBO's, although it still does provide stability and flexibility to debt portfolios. Undoubtedly the new early repayment rate differential will discourage local authorities from debt restructuring and indeed perhaps from taking new borrowing from the PWLB. The stability of PWLB fixed rates, compared to market loans, remains unchanged but the previous benefits of flexibility to manage debt portfolios through rescheduling has to a large extent, now been eroded.

11.5 Nevertheless debt rescheduling opportunities will continue to be actively monitored with the County Council's Treasury Management Adviser. In particular there may be opportunities to reschedule from PWLB debt into LOBO's or other market loans (as opposed to PWLB to PWLB). An immediate issue in relation to such PWLB/LOBO rescheduling however is that only a proportion of the County Council's debt portfolio should consist of money market LOBO loans (30% of total debt outstanding – see **paragraph 6.5**) which limits the extent to such rescheduling. Also unlike PWLB loans which can be rescheduled at regular intervals, once a LOBO loan has been taken, future rescheduling opportunities are more limited.

11.6 In terms of actual debt rescheduling opportunities during 2008/09 average PWLB rates are expected to be minimally higher at the start of the financial year than later on in the year. As Bank Rate is expected to fall more than longer term borrowing rates during the year, this will mean that the differential between long and short rates will narrow during the year and that there should therefore be greater potential for making interest rate savings on debt by doing debt restructuring earlier on in the year. Any debt rescheduling will be in accordance with the Borrowing Strategy position outlined in **paragraph 8** above.

11.7 The reasons for undertaking any rescheduling will include:

- the generation of cash savings at minimum risk
- in order to help fulfil the Strategy outlined in **paragraph 8** above, and
- in order to enhance the balance of the long term portfolio (ie amend the maturity profile and/or the balance of volatility)

11.8 Members will appreciate that with long term debt forecast to be £364.3m by the end of 2008/09 (see **paragraph 5.4**) and with an annual interest cost (net) to the Revenue Budget of about £18m the savings or additional costs, attached to even a small interest rate variation can be significant. To put this into context for every 0.1% that the interest rate can be reduced it saves £300k pa on interest charges in the Revenue Budget. Any proposals to restructure debt or change the policy laid out earlier in this Strategy, therefore demand careful attention.

11.9 Several opportunities to reschedule the County Council's long term debt were implemented during 2007/08 and have achieved a significant level of ongoing revenue savings. Full details of all debt rescheduling undertaken in the 2007/08 financial year will be reported to Members as part of the Annual Treasury Management Outturn report.

11.10 The rescheduling of debt involves the early repayment of existing debt and its replacement with new borrowing. This can result in one-off costs or benefits called premiums or discounts. These occur where the rate of the loan repaid varies from comparative current rates. Where the interest rate of the loan to be repaid is higher than current rates, a premium is charged by the PWLB for repayment. Where the interest rate of the loan to be repaid is lower than the current rate, a discount on repayment is paid by the PWLB. This principal continues even through the PWLB changes described in **paragraph 11.3** above impact on the attractiveness and likelihood of future debt rescheduling opportunities.

11.11 Another change from 2007/08 is that new accounting rules have been introduced in relation to how discounts and premiums arising from debt rescheduling have to be dealt with in local authority accounts. Although the County Council must apply these new rules and they will be fully taken into account when assessing future debt rescheduling opportunities, they do not necessitate a change to the Annual Treasury Management Strategy.

12.0 ANNUAL INVESTMENT STRATEGY

Background

12.1 Under the Local Government Act 2003 the County Council is required to have regard to Government Guidance issued in March 2004 in respect of the investment of its cash funds. This Guidance requires an Annual Investment Strategy to be approved by the County Council.

12.2 This Annual Investment Strategy must state the investments the County Council has approved for prudent management of its treasury balances during the financial year under the headings of **Specified Investments** and **Non Specified Investments**.

12.3 This section of the Strategy therefore sets out:

- the Investment Policy (**paragraph 12.4**)
- the policy regarding loans to companies in which the County Council has an interest (**paragraph 12.5**)
- Specified and Non Specified Investments (**paragraph 12.6**)
- security of capital and the use of credit ratings (**paragraph 12.7**)
- the Investment Strategy to be followed for 2008/09 (**paragraph 12.8**)
- the end of year Investment report (**paragraph 12.9**)

12.4 **Investment Policy**

The parameters of the Policy are as follows **-**

(a) the County Council will have regard to the Government's Guidance on Local Government Investments (the Guidance) issued in March 2004 and CIPFA's Treasury Management in the Public Services Code of Practice and Cross Sectoral Guidance Notes (the CIPFA TM Code)

(b) the County Council's investment priorities are:

- the security of capital, and
- the liquidity of its investments

(c) the County Council will also aim to achieve the optimum return on its investments commensurate with proper levels of security and liquidity

(d) the borrowing of monies purely to invest or on-lend and make a return is unlawful and the County Council will not engage in such activity

(e) investment instruments for use in the financial year are listed under **Specified** and **Non Specified Investment** categories (**see paragraph 12.6**)

(f) Counterparty Limits will be as set through the County Council's Treasury Management Practices Schedules

12.5 **Policy regarding loans to companies in which the County Council has an interest**

(a) the County Council's general investment powers under this Annual Treasury Management and Investment Strategy come from the Local Government Act 2003 (Section 12). Under this Act a local authority has the power to invest for any purpose relevant to its functions or for the purpose of the prudent management of its financial affairs

(b) in addition to investment, the County Council has the power to provide loans and financial assistance to Limited Companies under the Local Government Act 2000 which introduced general powers for local authorities to do anything which it considers likely to achieve the promotion or improvement of the economy, social or environmental well being of its area. This well being power includes a power for a local authority to incur expenditure, give financial assistance to any person and to enter into arrangements with any person

(c) any such loans to limited companies by the County Council, will therefore be made under these 'well being powers'. They will not however be classed as investments made by the County Council and will not impact on this Investment Strategy. Instead they will be classed as capital expenditure by the County Council under the Local Authorities (Capital Finance and Accounting) Regulations 2003, and will be approved, financed and accounted for accordingly.

12.6 **Specified and Non Specified Investments**

Based on Government Guidance -

(a) investment Instruments identified for use in the forthcoming financial year are listed in the Schedules attached to this Strategy under the **Specified** and **Non Specified** Investment categories

(b) all **Specified** investments are identified by the Government as "requiring minimal procedural formalities" (see **Schedule A**). In this context the County Council has defined specified investments as being sterling denominated, with maturities up to a maximum of 1 year meeting the minimum high credit rating where appropriate

(c) for **Non Specified** investments (see **Schedule B**) a maximum of 20% of funds available for investment (both in house and externally managed) can be held in aggregate in such investments

(d) for both **Specified** and **Non Specified** investments, the attached Schedules indicate for each type of investment:-

- the investment category
- minimum credit rating criteria
- circumstances of use
- why use the investment and associated risks (Non Specified only)
- maximum %age of total investments (Non Specified only)
- maximum maturity period (Non Specified only)

(e) there are other instruments available as Specified or Non Specified Investments which the County Council will NOT currently use. Examples of such investments are:-

Specified Investments
- Commercial Paper
- Gilt funds and other Bond Funds
- Treasury Bills

Non Specified Investments
- Sovereign bond issues
- Corporate Bonds
- Floating Rate notes
- Equities
- Open Ended Investment Companies
- Derivatives

A proposal to use any of these instruments would require detailed assessment and be subject to approval by Members as part of this Strategy.

12.7 **Security of capital and the use of credit ratings**

The methodology and its application in practice will be as follows

(a) the County Council will rely on credit ratings published by the credit rating agency Fitch (one of the industry standards) to establish the credit quality (ability to meet financial commitments) of counterparties (to whom the County Council lends) and investment schemes

(b) where a counterparty does not have a Fitch rating, the equivalent Moody's rating will be used

(c) an institution's overall creditworthiness for the purpose of setting credit policy is based on a combination of -

- long term and short term ratings (the capacity to service and repay debt obligations punctually)
- financial strength/individual ratings (the intrinsic soundness of an institution evaluated on a stand alone basis)
- support rating (assessment of the presence of the lender of the last resort)

(d) it is paramount that the County Council's money is managed in a way that balances risk with return, but with the overriding consideration being given to the security of the invested capital sum.

The rationale and purpose of distinguishing Specified and Non Specified investments is detailed in **paragraph 12.6** above. Part of the definition for a Specified investment is that it is an investment made with a body

- which has been awarded a high credit rating
- with maturities of not longer than 364 days

It is therefore necessary to define what the County Council consider to be a "high" credit rating in order to maintain the security of the invested capital sum.

The "high" credit rating chosen is based on guidance provided by the County Council's Treasury Management Adviser and is as follows:

Fitch Ratings		Moody's Ratings	
Long Term	Short Term	Long Term	Short Term
AA-	F1+	Aa3	P1

(e) in addition to identifying a "high" credit rating to safe guard the County Council's funds, in light of the recent market conditions connected with the "credit crunch" in the US and as a result of the liquidity problems experienced by Northern Rock, it is considered necessary to identify a second slightly "lower" credit rating for maturities up to 1 year.

The purpose of a second level tier of credit rating is to ensure that the County Council will continue to be able to invest its surplus funds, with the overriding consideration being given to the security of the invested capital sum. The lower credit criteria increases the number of counterparties that will accept smaller investment amounts, so enabling more favourable return on investment whilst maintaining security. Building Societies fall into this category in addition to some banks.

The lower credit criteria has been chosen using guidance from the Treasury Management Adviser. Although no combination of ratings can be viewed as entirely fail-safe the following credit criteria has been selected based on Fitch and Moody's long and short term ratings and Fitch's individual and support ratings.

Fitch Ratings		Moody Ratings	
Long Term	Short Term	Long Term	Short Term
A	F1	A2	P1

(f) the table below shows the relationship between the two rating agencies and compares the Specified Investment "High" credit rating with the "lower" credit rating.

INVESTMENT GRADE RATINGS

INCREASING FINANCIAL STRENGTH ↑

Moody's		Fitch	
Short Term	Long Term	Short Term	Long Term
	Aaa		AAA
	Aa1	F1+	AA+
P-1	Aa2		AA
	Aa3		AA-
	A1	F1	A+
	A2		A
	A3		A-
P-2	---	F2	---
	Baa1		BBB+
P-3	Baa2	F3	BBB
	Baa3		BBB-

--------------- Specified Investment "High" Credit Rating criteria
_________ Specified Investment "Lower" Credit Rating criteria

(g) the "high" financial rating will be set at a minimum of Fitch's: F1+ AA- and Moody's: P-1 Aa3. The lower rating will be set at Fitch's: F1 A and Moody's: P-1 A2.

In the markets and using Fitch, short term credit ratings (deposits of less than 1 year) range between F1+ (highest) to D (lowest) with F1 to F3 being low to moderate credit risk and B to D being higher level of credit risk or default has previously occurred.

Similarly long term credit risk (deposits of more than 1 year) range between AAA (highest) to D (Lowest) with AAA to BBB being low to moderate credit risk and BB to D being a higher level of credit risk or default has previously occurred.

(h) the change in the credit criteria detailed above, in accordance with the Treasury Management Adviser's credit matrix, results in a change to the Approved Lending List of counterparties for investment purposes.

All Counterparties that have a "high" credit criteria rating will be maintained on the list for 364 days and have a maximum investment limit of £15 million. Those counterparties that meet the lower defined rating will be subject to a more limited time and amount constraint to ensure the security of the County Council's funds is maintained.

(i) No combination of ratings can be viewed as entirely fail-safe and those with a lower rating have been allocated a time limit of 3 months, in line with the Treasury Management Adviser's credit matrix and a limit of £8 million.

Essentially if a counterparty was to get into trouble then they are likely to survive for 3 months after initial warnings have been announced.

(j) All credit ratings will be monitored on a regular basis. The County Council is alerted to changes in Fitch ratings through its use of the Treasury Management Adviser's credit worthiness service

(k) Therefore if a counterparty or investment scheme rating is subsequently downgraded with the result that it no longer meets the County Council's minimum criteria, the further use of that counterparty/investment scheme as a new investment will be withdrawn immediately; if an investment is already held with a counterparty whose credit rating falls below the minimum, the County Council will seek to withdraw that investment as soon as possible within the terms and conditions of the investment made

(l) If a counterparty/investment scheme is subsequently upgraded so that it now fulfils the County Council's minimum criteria the Corporate Director – Finance and Central Services will have the discretion to include it on the County Council's Approved Lending List with immediate effect

(m) An updated list of the current counterparty lending list is attached at **Schedule C**.

12.8 **The Investment Strategy to be followed for 2008/09**

Recognising the categories of investment available and the rating criteria detailed above

(a) the County Council currently manages all its cash balances internally

(b) ongoing discussions will be held with the County Council's Treasury Management Adviser on whether to consider the appointment of a external fund manager(s) or continue investing in-house – any decision to appoint an external fund manager will be subject to Member approval

(c) the County Council's cash balances consist of two basic elements. The first element is **cash flow derived** (debtors/creditors/timing of income compared to expenditure profile). The second, **core element**, relates to specific funds (reserves, provisions, balances, capital receipts, funds held on behalf of other organisations etc)

(d) having given due consideration to the County Council's estimated level of funds and balances over the next three financial years, the need for liquidity and day to day cash flow requirements it is forecast that a maximum of £12m of the overall balances can be prudently committed to longer term investments (eg between 1 and 3 years)

(e) investments will accordingly be made with reference to this core element and the County Council's cash flow requirements and the outlook for short term interest rates (ie rates for investments up to 12 months)

(f) the County Council currently has two Non Specified investments over 365 days totalling £6m as follows:-

- ➔ £3m invested with the Royal Bank of Scotland on 30 November 2006 at a fixed interest rate of 5.45% for three years but the bank has the option of repaying at the end of each year (callable deposit)

- ➔ £3m invested with Barclays on 24 January 2008 at a fixed interest rate of 5.50% for 3½ years but the bank has the option of repaying at the end of the first year (callable deposit)

(g) following the Bank Rate reduction in December 2007 from 5.75% to 5%, the interest rate outlook is a downward trend with a further reduction to 5.25% in early 2008 and 5% in mid 2008 being forecast. It is then expected to remain unchanged for the next two years. The County Council will seek to lock in longer period investments at higher rates for some of its investment portfolio (which represents its core element) before the expected interest rate fall starts. **A rate in excess of 5.45% for one year deposits and in excess of 5.55% for two and three year deposits has been determined as an attractive investment trigger rate given current bank rate forecasts.** These trigger points will however be kept under review and discussed with the Treasury Management Adviser so that investments can be made at the appropriate time

(h) for its cash flow generated balances the County Council will seek to utilise 'business reserve accounts' (deposits with certain banks and building societies) and short dated deposits (overnight to three months) in order to benefit from the compounding of interest.

12.9 **End of Year Investment Report**

At the end of the financial year a report on the County Council’s investment activity will be submitted to Members as part of the Annual Treasury Management Outturn Report.

13.0 OTHER TREASURY MANAGEMENT ISSUES

Operational leasing

13.1 Up to 2004/05 the County Council used operational leasing to acquire plant and vehicles. The main reason was that such financing did not impact on the level of capital resources (capital receipts and Government borrowing approvals) otherwise available to the County Council. However because this rationale no longer applies under the Prudential Code there is now the option of undertaking additional unsupported borrowing to finance such items.

13.2 There is of course still the option to finance by operational leasing and therefore the use of leasing for periods greater than one year is approved within the schedule of Treasury Management Practices which support the County Council’s Treasury Management Policy Statement. Furthermore the Financial Procedure Rules of the County Council require that the Corporate Director – Finance and Central Services shall undertake the negotiation of all leasing arrangements.

13.3 A detailed option appraisal on whether to operationally lease, finance lease or fund from borrowing will therefore be undertaken each year as it may be the case that the best value option will change over time (eg as market conditions fluctuate). A recent in house option appraisal indicated that borrowing was the best value option for 2007/08 and therefore the purchase of plant, vehicles and equipment estimated at £0.5m for 2007/08 was financed from Prudential borrowing with consequential financing costs being recharged to Directorates in lieu of lease rentals.

13.4 The capital value of plant, equipment and vehicles to be purchased in 2008/09 is estimated to be £0.8m and a further option appraisal will be carried out during the year to determine whether financing should be through leasing or Prudential borrowing.

Other issues

13.5 The County Council continues to monitor potential PFI opportunities and assess other innovative methods of funding. Indeed a PFI scheme for Waste Disposal is currently underway with the tender stage scheduled for 2008/09. Depending on the way these initiatives progress, it may be necessary to review the overall financing/borrowing figures included in this Strategy. The Corporate Director - Finance and Central Services will monitor the position as it develops throughout the year and report as necessary to the Executive.

14.0 SUMMARY OF KEY ELEMENTS OF THIS STRATEGY

14.1 For the financial year 2008/09 the County Council approves the following:-

(a) an Authorised Limit for external debt of £410.7m in 2008/09

(b) an Operational Boundary for external debt of £390.7m in 2008/09

(c) a borrowing limit on fixed interest exposures of between 60% to 100% of outstanding principal sums and a limit on variable interest rate exposures of between 0 to 40% of outstanding principal sums

(d) an investment limit on fixed interest exposures of 0 to 30% of outstanding principal sums and a limit on variable interest rate exposure of between 70% to 100% of outstanding principal sums

(e) a limit of 20% (estimated at £12m) of the total cash sums available for investment (both in house and externally managed) to be invested in Non Specified investments over 364 days

(f) the Corporate Director - Finance and Central Services to report to the County Council if and when necessary during the year on any changes to this Strategy arising from the use of operational leasing, PFI or other innovative methods of funding

JOHN MOORE
Corporate Director – Finance and Central Services

28 January 2008

NORTH YORKSHIRE COUNTY COUNCIL

ANNUAL INVESTMENT STRATEGY 2008/09

SPECIFIED INVESTMENTS

All the specified Investments listed below must be sterling denominated, redeemable within 364 days, and represent share or loan capital.

Investment	***Security/ Minimum Credit Rating***	***Circumstances of use***
Term Deposits with the UK government or with UK Local Authorities (as per Local Government Act 2003) with maturities up to one year	High security as Government backed.	In-house
Term Deposits with credit rated deposit takers (banks & building societies), including callable deposits with maturities less than one year	High Criteria Fitch's short term F1+, long term AA- Lower Criteria Fitch's short term F1, long term A	In-House
Certificates of Deposit issued by credit rated deposit takers (banks & building societies) up to 1 Year	High Criteria Fitch's short term F1+, long term AA- Lower Criteria Fitch's short term F1, long term A	Fund Manager or In-House buy & hold after advice from Sector Treasury Services
Money Market Funds i.e. a collective investment scheme as defined in SI 2004 No 534. *These funds do not have any maturity date*	Yes - AAA	In house – limited to £15m but as yet not used
Gilts (with maturities up to 1 year) *Custodial arrangements prior to purchase*	Govt backed	Fund Manager or In-House buy & hold after advice from Sector Treasury Services
Forward deals with credit rated banks and building societies less than 1 year (i.e. negotiated deal plus period of deposit)	High Criteria Fitch's short term F1+, long term AA- Lower Criteria Fitch's short term F1, long term A	In house via Brokers or direct
Bonds issued by a financial institution that is guaranteed by the UK Government (as defined in SI 2004 No 534) with maturities under 12 months *Custodial arrangement required prior to purchase*	Govt backed	Only after consultation with Sector

NORTH YORKSHIRE COUNTY COUNCIL

ANNUAL INVESTMENT STRATEGY 2008/09

NON-SPECIFIED INVESTMENTS

Investment	*(A) Why use it?* *(B) Associated risks?*	*Security/ Minimum Credit Rating*	*Circumstances of use*	*Max % of overall investments or cash limits in each category*	*Maximum investment with any one counterparty*	*Maximum Maturity period*
Term Deposit with credit rated deposit takers (banks and building societies), UK Government and other Local Authorities with maturities greater than 1 year.	(A) Certainty of return over period invested which would be useful for budget purposes (B) (i) Not liquid, cannot be traded or repaid prior to maturity (ii) Return will be lower if interest rates rise after making the deposit (iii) Credit risk as potential for greater deterioration of credit quality over longer period	Fitch's short term F1+, long term AA or Fitch's short term F1+, Long term AA-	In-house via money market brokers or direct	100% of core cash balances (£12m based on estimate for 2008/09)	£5m	No longer than 5 years Or No longer than 2 years
Certificates of Deposit with credit rated deposit takers (banks and building societies) with maturities greater than 1 year. *Custodial arrangement prior to purchase*	(A) Attractive rates of return over period invested and in theory tradable (B) Market or 'interest rate' risk; the yield is subject to movement during life of CD which could negatively impact on its price	Fitch's short term F1+, long term AA or Fitch's short term F1+, Long term AA-	Fund Manager or In-House buy & hold after advice from Sector Treasury Services	25% of core cash balances (£3m)	£3m	No longer than 5 years Or No longer than 2 years
Callable deposits with credit rated deposit takers (banks and building societies) with maturities greater than 1 year.	(A) Enhanced Income – potentially higher return than using a term deposit with a similar maturity (B) (i) Not liquid – only borrower has the right to pay back the deposit; the lender does not have a similar call (ii) period over which the investment will actually be held is not known at the outset (iii) Interest rate risk; borrower will not pay back deposit if interest rates rise after the deposit is made	Fitch's short term F1+, long term AA or Fitch's short term F1+, Long term AA-	To be used in-house after consultation with Sector	50% of core cash balances (£6m)	£5m	No longer than 5 years Or No longer than 2 years

Investment	*A) Why use it?* *B) Associated risks?*	*Security/ Minimum Credit Rating*	*Circumstances of use*	*Max % of overall investments or cash limits in each category*	*Maximum investment with any one counterparty*	*Maximum Maturity period*
UK Government Gilts with maturities in excess of 1 year *Custodial arrangement required prior to purchase*	(A) (i) Excellent credit quality (ii) liquid (iii) If held to maturity, yield is known in advance (iv) If traded, potential for capital appreciation (B) (i) Market or 'interest rate' risk: yield subject to movement during life of the bond which could impact on price	Govt backed	Fund Manager	25% of core cash balances (£3m)	N/A	No longer than 5 Year
Forward Deposits with credit rated banks and building societies > 1 year (i.e. negotiated deal period plus period of deposit)	(A) (i) Known rate of return over the period the monies are invested – aids forward planning (B) (i) Credit risk is over the whole period not just when the monies are invested (ii) Cannot renege on making the investment if credit rating falls or interest rates rise in the interim period	Fitch's short term F1+, long term AA or Fitch's short term F1+, Long term AA-	To be used in-house after consultation with Sector	25% of core cash balances (£3m)	£3m	No longer than 5 years Or No longer than 2
Bonds issued by a financial institution that is guaranteed by the UK Government (as defined in SI 2004 No 534) with maturities in excess of 1 year *Custodial arrangement required prior to purchase*	(A) (i) Excellent credit quality (ii) relatively liquid (iii) if held to maturity the yield is known in advance (iv) enhanced rate in comparison to gilts (B) (i) Market or 'interest rate' risk: yield subject to movement during life of bond which could impact on price	AA or govt backed	In house on a 'buy and hold' basis after consultation with Sector or use by Fund Managers	25% of core cash balances (£3m)	N/A	No longer than 5 Years
Bonds issued by multilateral development banks (as defined in SI 2004 No 534) with maturities in excess of 1 year *Custodial arrangement required prior to purchase*	(A) (i) Excellent credit quality (ii) relatively liquid (iii) if held to maturity the yield is known in advance (iv) enhanced rate in comparison to gilts (B) (i) Market or 'interest rate' risk: yield subject to movement during life of bond which could negatively impact on price	AA or govt backed	In house on a 'buy and hold' basis after consultation with Sector	25% of core cash balances (£3m)	£3m	No longer than 5 Years

Note: NYCC has a maximum limit on Non-Specified investments of 20% of its overall cash balances – estimated at £12m for 2008/09

INVESTMENT COUNTERPARTY LIMITS FOR 2008/09

Maximum sum invested at any time (The overall total exposure figure covers both Specified and Non-Specified investments)		Specified Investments (up to 1 year)		Non-Specified Investments Total Limit £12m (over 1 year)	
		Total Exposure £m	Time Limit	Total Exposure £m	Time Limit
Category 1 - Banks					
(a) UK Clearing Banks, and UK based banks approved by the Bank of England					
Abbey		15.0	364 days	5.0	2 years
Barclays Bank/Woolwich		15.0	364 days	5.0	5 years
Clydesdale Bank (trading as Yorkshire Bank)		15.0	364 days	5.0	2 years
Credit Suisse International		15.0	364 days	5.0	2 years
HBOS (Halifax, Bank of Scotland)		15.0	364 days	5.0	5 years
HSBC		15.0	364 days	5.0	5 years
Lloyds/TSB Group		15.0	364 days	5.0	5 years
Royal Bank of Scotland / Nat West Bank / Ulster Bank		15.0	364 days	5.0	5 years
Alliance and Leicester		8.0	3 months	-	-
Bradford & Bingley		8.0	3 months	-	-
Co-operative Bank		8.0	3 months	-	-
Kaupthing Singer and Friedlander Ltd		8.0	3 months	-	-
(b) High Quality Foreign Banks					
National Australia Bank	Australia	See above – Clydesdale Bank is a subsidiary of National Australia Bank			
Dexia Bank	Belgium	15.0	364 days	5.0	5 years
Fortis Bank	Belgium	15.0	364 days	5.0	2 years
KBC Bank	Belgium	15.0	364 days	5.0	2 years
Canadian Imperial Bank of Commerce	Canada	15.0	364 days	5.0	2 years
Nordea Bank Finland	Finland	15.0	364 days	5.0	2 years
CAYLON	France	15.0	364 days	5.0	5 years
Credit Industriel et Commercial	France	15.0	364 days	5.0	2 years
Credit Agricole	France	15.0	364 days	5.0	5 years
Societe Generale	France	15.0	364 days	5.0	2 years
Bayrische Landesbank	Germany	8.0	3 months	-	-
Deutsche Bank	Germany	15.0	364 days	5.0	2 years
Dresdner Bank	Germany	8.0	3 months	-	-
HSH Nordbank (AG)	Germany	8.0	3 months		
Landesbank Baden-Wurttemberg	Germany	8.0	3 months	-	-
Norddeutsche Landesbank Girozentrale	Germany	8.0	3 months	-	-
DBS Bank (Hong Kong)	Hong Kong	15.0	364 days	5.0	2 years
Glitner Banki	Iceland	8.0	3 months	-	-
Landsbanki Islands	Iceland	8.0	3 months	-	-
Intesa Sanpaolo Spa	Italy	15.0	364 days	5.0	2 years
Banco Espirito Santo SA	Portugal	8.0	3 months		
Allied Irish	Rep of Ireland	15.0	364 days	5.0	2 years
Anglo Irish	Rep of Ireland	8.0	3 months	-	-
Bank of Ireland (Bristol & West)	Rep of Ireland	15.0	364 days	5.0	2 years
Depfa	Rep of Ireland	15.0	364 days	5.0	2 years
Irish Life & Permanent	Rep of Ireland	8.0	3 months	-	-
Irish Intercontinental Bank (IIB)	Rep of Ireland	8.0	3 months	-	-
Nordea Bank AB	Sweden	15.0	364 days	5.0	2 years

Maximum sum invested at any time (The overall total exposure figure covers both Specified and Non-Specified investments)	Specified Investments (up to 1 year)		Non-Specified Investments Total Limit £12m (over 1 year)	
Category 2 – Building Societies				
(a) Group 1 – Rated F1/AA or equivalent	**Total Exposure £m**	**Time Limit**	**Total Exposure £m**	**Time Limit**
Britannia	8.0	3 months	-	-
Chelsea	8.0	3 months	-	-
Cheshire	8.0	3 months	-	-
Coventry	8.0	3 months	-	-
Derbyshire	8.0	3 months	-	-
Dunfermline	8.0	3 months	-	-
EBS	8.0	3 months	-	-
Leeds	8.0	3 months	-	-
Nationwide	15.0	364 days	5.0	2 years
Newcastle	8.0	3 months	-	-
Norwich & Peterborough	8.0	3 months	-	-
Principality	8.0	3 months	-	-
Scarborough	8.0	3 months	-	-
Skipton	8.0	3 months	-	-
Yorkshire	8.0	3 months	-	-
West Bromwich	8.0	3 months	-	-
Category 3 - Local Authorities				
(a)*Group 1*				
County Councils	15.0	364 days	5.0	5 years
English Unitary Councils	15.0	364 days	5.0	5 years
Metropolitan District Councils	15.0	364 days	5.0	5 years
(b)*Group 2*				
District Councils	15.0	364 days	5.0	5 years
Police Authorities	15.0	364 days	5.0	5 years
Fire Authorities	15.0	364 days	5.0	5 years
National Park Authorities	15.0	364 days	5.0	5 years
Category 4 - Other Deposit Takers				
(a) Money Market Funds with highest possible rating (AAA) for that fund type, by at least one of the three major credit rating agencies (Moody's, Standard and Poor, Fitch)	15.0	364 days	5.0	5 years
(b) UK Government Debt Management Account Deposit Facility ('AAA' rated)	15.0	364 days	2.5	5 years

North Yorkshire County Council
Children and Young People's Service

Presence
Participation
Achievement

Special Educational Needs Policy 2007-2010

CHILDREN AND YOUNG PEOPLE'S SERVICE
July 2007

Excellence for All

A responsive County Council providing excellent and efficient local services

Contents

Introduction

The Local Authority's (LA) Special Educational Needs (SEN) Policy 2007-2010 sets out the actions which will be taken by the Children and Young People's Service, and our partners, to ensure that the needs of children and young people with SEN are met effectively and that they have every opportunity to access high quality provision as close to their local community as possible.

Children have special educational needs if they have a **learning difficulty** which calls for **special educational provision** to be made for them.

Children have **a learning difficulty** if they:

(a) have significantly greater difficulty in learning than the majority of children of the same age
(b) have a disability which either prevents or hinders the child from making use of educational facilities of a kind provided for children of the same age in schools within the area of the local education authority
(c) are under compulsory school age and fall within the definition of (a) or (b) above or would do so if special educational provision was not made for them

Children must not be regarded as having a learning difficulty solely because the language or form of language of their home is different from the language in which they will be taught.

Special educational provision means:

(a) for children of two or over, educational provision which is additional to, or otherwise different from, the educational provision made generally for children of their age in schools maintained by the LA other than special schools, in the area
(b) for children under two, educational provision of any kind (Education Act, 1996)

Disabled children and young people, as defined under the Disability Discrimination Act 1995 (DDA), have a physical or mental impairment, which has substantial and long term effect on his or her ability to carry out normal day-to-day activities. Impairment does not itself mean that a child or young person is disabled, it is how this impairment affects normal day to day activities and whether or not this is a long term and substantial impairment.

Long-term is defined in the DDA as having lasted or being likely to last 12 months or more and ability to carry out day to day activities must affect one or more of the following:
- mobility
- manual dexterity
- physical co-ordination
- continence
- ability to lift or carry or otherwise move every day objects
- speech, hearing or eyesight
- memory or ability to concentrate, learn or understand;
- perception of risk

Physical impairment includes sensory impairment. Mental impairment includes learning difficulties and an impairment resulting from or consisting of a mental illness. The definition can include a wide range of impairments, including hidden impairments such as dyslexia, autism, speech and language impairments, Attention Deficit Hyperactivity Disorder (ADHD). Pupils with severe disfigurements are also covered by the DDA as are those with progressive conditions that are likely to change over time such as cancer.

Many, although not all, disabled children will have a special educational need if they have difficulty accessing education or if they need special educational provision to be made for them.

The term **Learning Difficulties and/or Disabilities (LDD)** is used to refer to individuals or groups of learners who have either a learning difficulty in relation to acquiring new skills or who learn at different rates to their peers. The term is used to cross professional boundaries between education, health and social care and to incorporate a common language from 0-19.

The terms SEN and LDD are therefore now often used interchangeably. However, for the purposes of this policy and the LA's Children and Young People's Plan children and young people with SEN are considered as having LDD but do not exclusively make up this vulnerable group.

Our policy takes account of the Government's 10 year Strategy for SEN "Removing Barriers to Achievement" (RBA) and the relevant SEN and Disability legislation. RBA sets out a 10 year strategy in which the Government 'wants to see':

Early intervention

- health and social care organised around the needs of children and their families, with better information sharing and assessments leading to early intervention
- parents having access to good quality childcare and early years provision in their local community
- schools with the skills and resources to enable them to take prompt action to help children who are falling behind their classmates
- teachers and early years staff spending more time supporting early intervention and less time on SEN-related paperwork

Removing barriers to learning

- schools with the confidence to innovate and with the skills and specialist support they need to meet the needs of all pupils successfully
- special schools providing education for children with the most severe and complex needs and sharing their specialist skills and knowledge to support inclusion in mainstream schools
- schools working together to support the inclusion of all children from their local community, backed up by specialist support from the local authority and health services, working in multi-disciplinary teams
- parents with confidence, that, in choosing a local mainstream school, their child will receive a good education and be a valued member of the school community

Raising expectations and achievement

- all teachers having the skills and confidence, and access to specialist advice where necessary, to help children with SEN to reach their potential
- improved data giving parents and teachers a clearer picture of how well children working below age-related expectations are progressing
- young people able to follow courses which build on their interests and aptitudes and lead to recognised qualifications
- young people with SEN actively involved in decisions about their education and options post-16 and having real opportunities for progression, training and work.

Delivering improvements in partnership

- more consistency between local authorities in their strategic management of SEN, particularly in their use of statements, the level of delegated funding to schools and in special provision
- schools regularly reviewing the effectiveness of their provision, with LAs providing support and challenge where concerns are raised
- parents with greater confidence that their child's SENs will be met in school, whether or not they have a statement
- greater integration of education, health and social care to meet the needs of children and families

The SEN Policy 2007-2010 supersedes and replaces the LA's SEN Strategy 2005-2008 and explains:

1. The local context and the SEN Policy Framework

2. The information to be provided by the Local Authority in accordance with Schedule 2 of the SEN Regulations 2001

3. The North Yorkshire Inclusion Statement

    - Aims and principles

    - Inclusion Quality Mark

Section 1: SEN Policy Framework

1.1 The local context

The Council Plan is published annually and sets our overall purpose and priorities. It has seven key objectives

- **Security for all** – by promoting safe, healthy and sustainable communities
- **Growing up prepared for the future** – through good education and care and protection when it is needed
- **Independence** – through employment, opportunity and appropriate support
- **Keeping us on the move** – with good roads and a safe and reliable transport system
- **Strengthening our economy** – by supporting business, developing our infrastructure, investing in powerful telecommunications and helping people improve their skills
- **Looking after our heritage and our environment** – in our countryside and our towns and villages
- **Keeping in touch** – by listening to your views, and planning to meet your needs and by telling you what we are doing

The Children's Act 2004 placed a new duty on agencies to co-operate to improve outcomes for children and young people and established new Children's Services Authorities in order to achieve this. The North Yorkshire Children's Services Authority was established in April 2006 bringing together education and children's social care into one Directorate. **The Children and Young People's Plan (CYPP) 2006-2009** sets out actions to ensure that all children, including those with SEN are well prepared for the future, are able to develop independence, so far as this is possible, and how we will listen to the views of children, young people and their families.

Further key plans and strategies that influence the development of services and provision for children and young people with SEN are:

The Corporate Social Inclusion Strategy which provides additional targets for tackling circumstances which limit an individual's participation in mainstream community life.

The Quality and Improvement Service Development Plan which sets out the ways in which we will support and challenge schools and settings in raising standards of achievement and providing for the personal development and well-being of all children. In particular Priority 3: Inclusion which sets out how we will work with schools and settings to secure inclusive practice, raise the achievement of vulnerable groups and increase the understanding and appreciation of individual needs.

The Access and Inclusion Service Development Plans which identify the key objectives for and actions to be taken by the specialist teaching and educational psychology services, and the SEN Officer Team, in supporting schools and settings in the assessment of and provision for children with special educational needs. All Access and Inclusion services work to secure access to high quality, inclusive provision and better outcomes for all vulnerable groups of children and young people, including those with SEN.

Access and Inclusion Services for children and young people with SEN are currently the:

- Behaviour Support Service
- Educational Psychology Service

- Specialist Teaching Service
    - Hearing Support
    - Physical and Medical Support
    - Vision Support
- Learning Support Service, including the Early Years Service and Portage
- SEN Officer Team

The future pattern of provision, including support and outreach services for children and young people with SEN and/or Behavioural Difficulties (BESD) was consulted on in 2006 and is described in Section 2.

Early Years and childcare: The Sure Start Children's Centre practice guidance sets out a requirement that disabled children should be fully included in all services provided by Sure Start Children's Centres. All disabled children, along with their families, should be able to participate in activities and take part equally alongside their peers. Children' Centre Services must ensure that they are embedding Early Support principles and approaches throughout their work with children and families. Children's Centres will take account of the numbers of disabled children under 5 in their area to inform planning.

From April 2008 the Children's Information System (CIS) will offer a brokerage service to help vulnerable families find suitable childcare.

1.2 Legislation and statutory guidance

The SEN Policy is underpinned by SEN and Disability legislation and our aims and principles have regard to the authority's duties and those of the governing bodies of mainstream schools to identify, assess and make provision for children's special educational needs. In doing so we have taken account of:

- The Education Act, 1996
- The SEN and Disability Act, 2001
- The SEN Regulations, 2001
- The SEN Code of Practice, (2001)
- Inclusive Schooling Guidance, (2001)
- The Disability Rights Code of Practice for Schools, (2002)
- The Children Act 2004
- The DfES and DRC Guidance on 'Implementing the Disability Discrimination Act in schools and early years settings.' (2006)

Education & Inspections Act 2006

Schools have a number of additional duties to those under the SEN legislation framework, the most relevant being:

- the duties to promote equality
- the duty to promote wellbeing;
- the duty to have regard to the North Yorkshire Children & Young People's Plan.

LAs have a new duty under Part 4 of this act to 'promote earlier action to tackle school underperformance; to ensure that effective support and challenge are provided immediately when unacceptable standards are identified; and to secure decisive action if a school in

Special Measures fails to make sufficient improvements'. This includes the provision that schools make for children and young people with SEN.

From April 2007, School Improvement Partners will be deployed in primary and secondary schools and from April 2008 in special schools. Together with consultants they monitor standards, challenge where appropriate and broker support when it is needed.

Section 2: Information to be provided by the Local Authority

Schedule 2 of the SEN Regulations 2001 requires that LAs provide information on the following:

2.1 The action that the authority is taking to:

- promote high standards of education for children with SEN

- encourage children with SEN to participate fully in their school and community to take part in decisions about their education

- encourage schools in their area to share their practice in providing support for children with SEN

- work with other statutory and voluntary bodies to provide support for children with SEN

The CYPP, together with key plans described above, provide information about the actions that we are taking with respect to the above.

2.2 The general arrangements that the LA makes for:

(i) the identification of children with SEN:

- The LA's Quality and Improvement Service (Q&I) and Access and Inclusion Services (AIS) work on an on going basis with schools and settings to enable them to identify children with SEN through the levels of intervention which take account of the action taken by the setting or school and the progress made by the child, in accordance with the SEN Code of Practice.

(ii) monitoring the admission of children with SEN to maintained schools:

- SEN, Admissions and Parent Partnership Coordinators liaise to address concerns relating to admissions procedures and time scales. The North Yorkshire Children and Young People's Service strategy for the monitoring, challenge, intervention and support of schools & settings sets out our expectations of schools in relation to the admission of children with SEN and our response where this gives cause for concern.

- The percentage of statements amended by 15 February each year for phase transfers is monitored and action taken where needed.

- The SEN database provides management information through which admissions of children with statements of SEN can be monitored as required.

(iii) organising the assessment of children's special educational needs under section 323 of the Education Act, 1996;

- This is carried out in accordance with guidance in Sections 7 and 8 of the SEN Code of Practice, 2001.

- Revised guidance for schools, settings and SEN Advisory Panels on the identification, assessment and provision for children with SEN was published in 2007.

(iv) organising the making and maintaining of statements including any local protocols;

- Information for parents is published and provided for parents of children with SEN through the Parent Partnership Service, the Local Education Offices and on the North Yorkshire County Council website:

  - Information for Parents & Carers: Action/Action Plus
  - Information for Parents & Carers: Statutory Assessment

(v) the provision of support to schools[1] with regard to making provision for children with SEN (Action, Action Plus and Statements).

- The LA provides a comprehensive range of services to support schools[1] in making provision for children with SEN through the:

  - Educational Psychology Service
  - Specialist Teaching Service for children with visual, hearing, and physical difficulties, and multi-sensory impairments
  - Behaviour Support Service
  - Service for pupils educated out of school (including sick children)
  - Learning Support Service including an Early Years Teaching Service and Portage home visitors
  - Education Social Work Service
  - Principal Adviser SEN/Inclusion; SEN/Inclusion Advisers
  - Primary/Secondary Advisers (National Strategies)
  - Support Advisers, Consultants and School Improvement Partners
  - SEN Officer Team

- The Specialist Services above provide support for schools based on a model of 'core' and 'additional' time as detailed in the Specialist Support to Schools and Settings: Entitlement and Additional Support (2007).

- Additional resources are also made available to some schools in areas of high deprivation which enables enhanced provision and collaborative working.

- Special schools are encouraged to provide support to mainstream schools and settings in their localities through dual placements and local partnership arrangements. In addition special schools are commissioned to provide outreach services to mainstream schools for children and young people with Severe Learning Difficulties and Autistic Spectrum Conditions.

[1] Schools and settings

- High need children with ASD in early years' settings and in mainstream schools have access to support from an area based ASD Network comprising of special schools, specialist teachers, educational psychologists and specialist teaching assistants.

(vi) auditing, planning, monitoring and reviewing provision for pupils with SEN.

- The Council is expected to keep its pattern of provision for special educational needs under review. A comprehensive review was undertaken in 2005-2006 and a new pattern of provision for SEN and BESD was agreed by the Council for implementation in three phases from 2007 to 2019. This includes the restructure of the above services to provide Networks of support for:

  - Cognition and Learning
  - Communication and Interaction
  - Behaviour, Emotional and Social Difficulties
  - Physical, Sensory and Medical Needs.

  See appendix 1a – f.

- The Children and Young People's Plan is reviewed annually.
- The SEN database is monitored termly to provide management information relating to children with SEN.
- Inclusion Advisers and Heads of Specialist Services monitor the effectiveness of provision through a range of indicators
- Access and Inclusion Specialist Services contribute to this process through:

  - monitoring and review of Service Action Plans to improve service delivery
  - annual business meetings with schools to agree how best to support and advise the school
  - service involvement in individual casework and in developing the capacity of mainstream schools to better meet the needs of children with SEN
  - attendance at annual reviews of children with statements of SEN

- The North Yorkshire Inclusion Quality Mark enables schools to self evaluate the provision that they make for all children, including those with SEN (see section 5).
- The LA's strategy for Monitoring, Challenge, Intervention and Support for Schools and Settings promotes high standards of education and well-being for all children and sets out how we will ensure that schools are supported to make inclusive provision for children with SEN.
- School Improvement Partner (SIP) visit: In the normal cycle of visits to a school it is expected that the SIP will ensure inclusion is a high priority. Additionally, on an annual basis, the LA will request the SIP drills deeper into certain areas of inclusive practice or provision. The specific nature of some areas of inclusion, for example the education of pupils with SEN, may require the SIP to be supported by a specialist adviser.

SIPs who work in special schools will meet each half-term at a Special School forum. The objective of the forum to monitor the performance of special schools and enhanced mainstream schools for SEN or BESD as the new pattern of provision is developed.

- The LA completes a self-evaluation of SEN/LDD provision, performance and progress within the Every Child Matters Five Outcome Framework and this is reviewed with the DfES (DCSF) SEN Adviser on their annual visit.
- The APA (Annual Performance Assessment of the Children and Young People's Service aligned to the review of the CYPP) and JAR (Joint Area Review) requires Children's Service Authorites to self evaluate their performance against an inspection framework which includes the provision that we make for children with SEN/LDD.

(vii) securing training, advice and support for staff working with children with SEN.

The LA provides a developmental programme aligned to local and national priorities. This programme includes:

- Special Educational Needs Co-ordinators (SENCO) Networks – induction for new SENCOs and bi annual centrally funded Continuing Professional Development (CPD)
- National Strategies – National Primary Strategy, National Secondary (Key Stage 3) Strategy and the Early Years Foundation Stage standards for learning, development and care.
- National training programmes – Ofsted "SEN in Mainstream Schools" and "Judging the achievement of children with Profound and Multiple Learning Difficulties"
- Targeted use of resources to support specific training programmes e.g. Moving and Handling, medical needs in school, Communication Aids Project, Lets Talk Project
- Tailored development programmes aligned to specific aspects of SEN e.g. Dyslexia friendly schools, Autistic Spectrum Conditions (ASC)
- School based training aligned to identified developmental needs in individual schools or groups of schools (Education Development Plan Priority 4 "Schools Causing Concern") e.g. developing inclusive practice, making effective use of Adults other than Teachers
- Guidance to schools on entitlement to additional support for Vulnerable Children and Young People, including those with SEN, from the CYPS specialist services and outreach support services form Special Schools
- An integrated Workforce Development training plan, as detailed in the Early Years Foundation Stage (EYFS), has been drawn up to address the needs of the practitioners from the different early years providers. The plan covers ten priority areas for training .
- Advice and support from Area Early Years SENCOs

(viii) reviewing and updating SEN policy and development plans

- The SEN Policy will be updated on a 3 year cycle.
- The CYPP objectives, targets and milestones are reviewed annually.
- The LDD Strategy – the Council and its partners have set out action to develop and implement an integrated approach to the delivery of

services for children with learning difficulties and /or disabilities and improve the range and coverage of these services (JAR Action Plan 2007)

- Service development plans/action plans are reviewed at least annually.
- The DFES (DCSF) annual SEN Adviser visit, which focuses on key areas of the LA's self evaluation against the DFES framework, informs the development of service action plans and the CYPP.

2.3 The management of SEN funding

The provision for children with SEN (but without statements) which the LA expects normally to be met from maintained schools' budget shares and that element of such provision that the authority expects normally to be met from funds which it holds centrally are described in the authority's SEN Accountability Framework. This can be located on the Council's website at http://www.northyorks.gov.uk/m280_0.pdf .

Schools are expected to take responsibility to financially outline the provision and support they are making for pupils with SEN by completing Part 6 of the annual Section 52 financial reporting statement. (Guidance on how to do this is in the North Yorkshire Inclusion Quality Mark).

Funding has been identified from the General Sure Start Grant to enable non-maintained settings to include children with high incidence, low need SENs at Early Years Action Plus.

For children with SEN but without statements:

(i) Schools must

- do their best to ensure that the necessary provision is made for any pupil who has SEN;
- inform the pupil's parents/carers that special educational provision is being made for them because they have SEN (i.e. they are being supported at School Action of the SEN Code of Practice);
- ensure that parents have knowledge about the SEN provision that the school makes; is able to make their views known about how their child is educated and have access to information, support and advice regarding their child's SENs
- ensure that, where the 'responsible person' - the head teacher or the appropriate governor - has been informed by the LA that a pupil has SEN, those needs are made known to all who are likely to teach them;
- ensure that teachers in the school are aware of the importance of identifying, and providing for, those pupils who have SEN, including differentiating the curriculum;
- ensure that a pupil with SEN joins in the activities of the school together with pupils who do not have SEN, so far as is reasonably practical and compatible with the child receiving the special educational provision their learning needs call for and the efficient education of the pupils with whom they are educated and the efficient use of resources;
- consult the LA and the governing bodies of other schools, when it seems to be necessary or desirable in the interests of co-ordinated special educational provision in the area as a whole;
- have a written SEN policy containing the information as set out in the Education (Special Educational Needs) Regulations 1999 (reproduced in the SEN Code of Practice) and report to parents on it in the school

prospectus, including the name of the person responsible for coordinating SEN provision;

- have regard to the SEN Code of Practice, which is designed to help schools make effective decisions but does not set out what to do in each individual case;

(ii) Schools should plan well and make good provision for pupils with SEN by ensuring that:

- learning targets for individual pupils are identified;
- additional or different provision from the differentiated curriculum is planned and offered to all pupils;
- provision is reviewed in light of individual pupil outcomes.

If a school has a policy of planning, target setting and recording the progress of all pupils as part of personalised learning then there is not a need for the school to write Individual Education Plans for children and young people with SEN.

(iii) Schools should be able to demonstrate inclusive practice is in line with the National Strategies wave model.

- **Wave 1** is quality inclusive teaching which takes into account the learning needs of all the children in the classroom.
- **Wave 2** describes specific, additional and time-limited interventions provided for some children who need help to accelerate their progress to enable them to work at or above age-related expectations.
- **Wave 3** describes targeted provision for a minority of children where it is necessary to provide highly tailored intervention to accelerate progress or enable children to achieve their potential. This may include one to one or specialist interventions.

(iv) The Local Authority must monitor, challenge, intervene and support schools in making provision for children with SEN/LDD.

Schools are monitored to ensure that the County Council is able to account for the money which it delegates and spends itself in connection with schools, and gives best value for money.

The CYPS, through the Quality and Improvement Service and its other Service Groups acts as the 'critical friend'; both supporting schools and settings in what they do well, and challenging them, when appropriate, to do better. This requires:

- a detailed analysis of all performance data related to standards, wellbeing and finances;
- a close knowledge of the current picture gained through regular visiting to most schools, with the schools' agreement;
- a good grasp of a school's aspirations including its plans and targets;
- a system of regular meetings of those with knowledge and understanding of the schools.

A school inclusion profile is maintained which includes information from:

- recent OFSTED inspection reports
- the school's PANDA and Fischer Family Trust data
- the school's Self Evaluation Form (SEF)

- the school’s strategic plan
- analysis of trend data and moving averages (very important for schools with small cohorts)
- analysis of pupil progress data matching individual pupils’ results between key stages
- exclusion and attendance data
- financial data
- visits by SIPs; link advisers; strategy and early years consultants; subject/aspect advisers; financial bursars.
- visits/information available from any other Service Group including Human Resources, Specialist Support Services and the Parent Partnership Service
- the Directorate’s Complaints Officer
- human resources data.

If after systematic monitoring a school appears to have an issue around inclusion further investigation and challenge from initially the SIP and then specialist advisers from the LA will take place in one of the following ways:

- Immediate communication
- SIP Visit
- Paired visit
- Focussed review
- Themed review

If on monitoring a school serious and/or chronic concerns/issues around inclusion are prevalent a short-notice (one to three days), focussed review will take place. The inclusion profile may also act as an alert, including the non-return of Part 6 of the Section 52 financial statement.

For children with SEN for whom the Authority maintains a statement schools must:

(i) ensure all of the above and

(ii) make the provision specified in statements through the funding made available to them from the Local Authority

(iii) monitor the child’s progress against the objectives as set out in the statement

(iv) initiate the annual review of the statements, ensure that all relevant representatives are invited to the review meeting and ensure that a report is provided to the LA following each meeting no later than 10 days after the annual review or the end of term, whichever is earlier.

(vi) Disability Equality Scheme

From December 2006 (2007 primary and special schools) schools must publish a three year disability Equality Scheme showing how they will promote equality of opportunity for disabled pupils, staff and those for whom they provide services. They must also publish an annual action plan showing how they are implementing their scheme. A school’s Disability Equality Scheme should show:

- how disabled people with an interest in the Scheme have been involved in its development;
- the methods for assessing the impact of policies and practices on equality for disabled persons;

- the steps that will be taken to promote equality of opportunity for disabled people;
- the effect of policies and practices for disabled people, including information on recruitment, development and retention of disabled employees; educational opportunities for and achievements of disabled pupils;
- the arrangements for making use of this information to help promote equality of opportunity.

2.4 Monitoring and reviewing the role of central SEN support services and parent partnership services.

2.4.1 All SEN support services carry out an annual self assessment which informs service improvement and service development plans.

2.4.2 Support and outreach services commissioned from special schools have a Service Level Agreement which is reviewed annually.

2.4.3 SEN support services are monitored and reviewed by the Quality and Improvement service through an annual questionnaire to schools and full service reviews as required.

2.4.4 The LA is required to keep its pattern of provision for SEN, including SEN support services, under review. The last review took place in 2006 with a phased implementation of the provision agreed by the Council to take place 2007/08 – 2018/19.

2.4.5 The Parent Partnership Service will be subject to external review every two years and a framework for this is being developed in 2007.

2.5 Key documents:

- Monitoring, Challenge, Intervention and Support of Schools and Settings (200-2009)
- SEN Accountability Framework (2007)
- Guidance for schools, settings, SEN Advisory Panels on the identification, assessment and provision for children with SEN (2006)
- Vulnerable Children and Young People: Specialist Support to Schools – Guidance to Entitlement and Additional Support (2007)

Section 3: The Children and Young People's Service Inclusion Statement

Inclusion Statement

Promoting inclusive education is a key strategic aim of North Yorkshire County Council and the Children and Young People's Service. This Statement sets out what we mean by 'inclusion'.

Inclusion is concerned with the identification and removal of barriers to the *presence, participation* and *achievement* of **all** children and young people. We also believe that there needs to be an emphasis placed on groups of learners that may be at risk of underachievement, exclusion or marginalization.[2] For inclusion to move forwards successfully, we need to engage all of those involved with the education of children and young people both in terms of what can be achieved now and through the continuous development of our long-term strategies.

'*Presence'*, is concerned with where children and young people are educated, and whether they attend regularly and arrive punctually. In line with government policy, we believe that learners should receive their education, wherever possible, in a mainstream setting. If, for whatever reason, this is not practicable, they should receive their education as close to their home as possible. Every effort should also be made to enable learners attending specialist provision to maintain social links with their neighbourhood peers and have access to appropriate mainstream experience.

'Participation' is concerned with the quality of learners' educational experiences, and the extent to which they feel that they 'belong'. We believe that all learners have a right to experience success in learning and, as a result, become self-confident and develop a strong sense of self-worth. Children, and their parents, have a right to express their views about educational matters that affect them. We have a responsibility to listen to, and learn from, those views.

'Achievement' is concerned with learning outcomes across the whole curriculum. It is concerned with what learners learn both inside and outside the classroom and how they learn. Achievement, therefore, includes academic attainment, but is a much broader concept and cannot be measured by tests alone.

Finally, we believe that promoting inclusion is a 'whole-service' issue. This Statement, therefore, has implications for everything that the Local Authority, its schools and Early Years providers does, and everybody working in the Service has a contribution to make. We are committed to evaluating our progress towards becoming more inclusive and in particular, we will collect information that relates directly to the 'presence', 'participation' and 'achievement' of all children and young people with an emphasis on those learners who we believe may be at risk of under-achievement and not fulfilling their aspirations or potential.

Aims and principles of our strategies for improving the outcomes for children with SEN

These aims and principles underpin the work of the Children and Young People's Service in making provision, and improving outcomes, for children and young people with SEN or a disability; those with medical needs and those at risk of, or who are, disaffected or excluded.

(i) AIMS

Our starting point is the North Yorkshire Inclusion Statement, more specifically we aim to:

Presence

- Reduce the number of children and young people educated outside a mainstream setting.
- Ensure that all children with severe and complex needs have consistent access to specialist provision and expertise of equally high quality that is as close to their home as possible.
- Ensure that children attending specialist provision are provided with access to appropriate mainstream experience, in line with the wishes of the children and their parents.
- Improve the attendance and punctuality of these children, wherever they are educated.

Participation

- Ensure that children and young people feel included, they are listened to and that their contributions are valued, wherever they are educated.
- Ensure that provisions and services are respectful to children and young people and that they are fully consulted on educational matters that directly affect them, taking account of their developmental age.
- Ensure that parents and carers are consulted on educational matters that affect their children, and feel welcome in school or wherever their child is educated.

Achievement

- Improve the educational achievements of children and young people across the whole curriculum.
- Ensure that children and young people experience success in their education by having their achievements recognised, recorded and celebrated.

(ii) PRINCIPLES

The following broad principles are expressed in terms of what the Children and Young People's Service, schools, settings and other agencies are committed to doing in order to achieve the outcomes described in the previous section. Our strategies will:

- be informed by the DfES's '*Removing Barriers to Achievement: The Government's Strategy for SEN*'
- take full account of SEN and disability and equal opportunities legislation, other relevant DfES guidance, the National Service Framework and the Children Act 2004
- recognise the need to ensure that high quality mainstream provision is available locally before special school places and out of school provision are reduced
- improve and better co-ordinate specialist advice and support to mainstream schools through transforming the role of special schools and support services
- ensure that financial and human resources are used effectively, efficiently and transparently, targeting the greatest level of support to the greatest level of need
- recognise the importance of the early identification, assessment of need and transition planning for these children and young people.
- promote inclusive education in line with the North Yorkshire Inclusion Statement and the Children and Young People's Plan.

- promote schools working together in localities in order to enhance their capacity to meet the needs of these children and young people.
- recognise the need to provide co-ordinated community based support from all Local Authority services to schools and parents/carers.
- contribute to the development of effective partnerships between the Children and Young People's Service, health and other statutory and voluntary agencies in order to deliver properly coordinated services to these children and their families.

North Yorkshire Inclusion Quality Mark

The North Yorkshire Inclusion Quality Mark (IQM) is an incremental, self-evaluation award. It is achievable at different levels on an annual basis and aims to:

- increase understanding of inclusion as an ongoing process;
- foster inclusion (in terms of presence, participation and achievement);
- strengthen school self-evaluation, improvement and staff development;
- celebrate good inclusive practice;
- use learner participation as a stimulus to school improvement;
- provide clear judgements to inform school self-evaluation.

The IQM has been produced to help schools to engage with the educational and social inclusion agenda. A framework of 12 standards sets out the institutional and adult behaviour and processes needed to achieve a genuinely inclusive school. The IQM is practical and asks schools to reflect, examine and make judgements through sets of key questions on each of the standards.

The standards are as follows:

1. Welcoming school and ethos
2. Access
3. Resource Management
4. Active Participation
5. Policy driven inclusive practice
6. Personal and professional development
7. Partnership with the community
8. Partnership and collaboration
9. Monitoring achievement
10. Transitions
11. Behaviour and Attendance
12. Curriculum

The IQM is awarded at 5 levels graduated between Level 1 for a school which is beginning to focus on inclusion though to Level 5 which celebrates the school being a fully inclusive, highly effective, leading school.

A moderation and validation process is undertaken annually by a Quality Assurance Group, including Quality and Improvement inclusion advisers, Access and Inclusion Service managers and representatives from primary, secondary and special schools.

Glossary of Terms

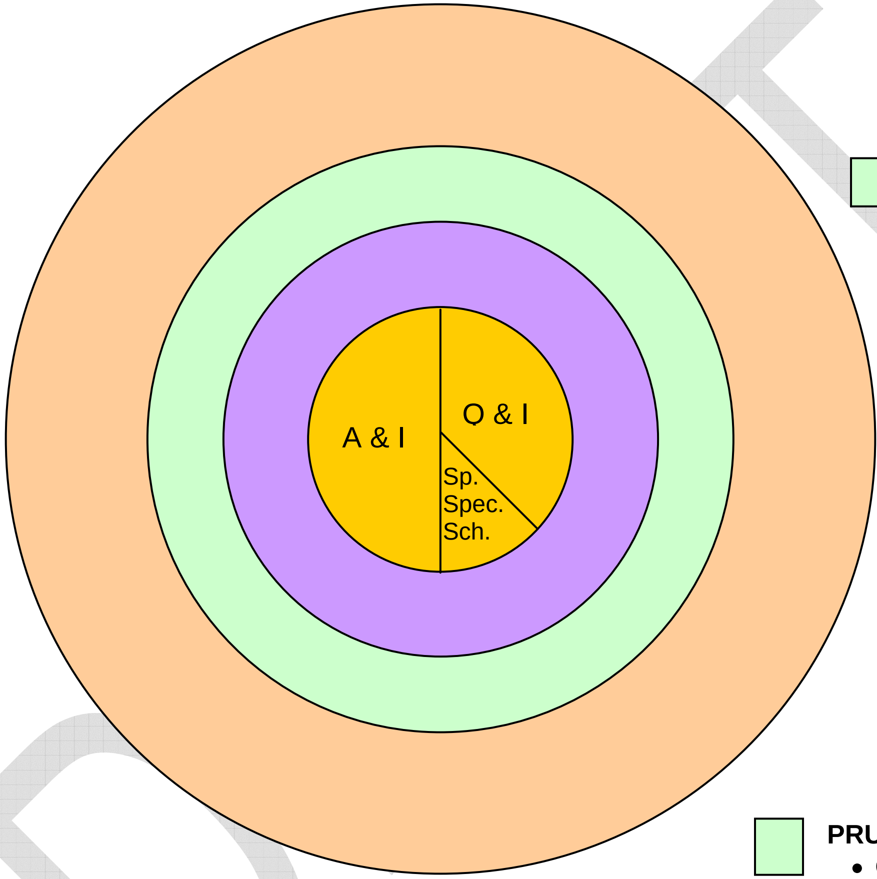
ADHD		Attention Deficit Hyperactivity Disorder
AIS/A&I		Access and Inclusion Service
APA		Annual Performance Assessment
ASC		Autistic Spectrum Condition
ASD		Autistic Spectrum Disorder
BESD		Behaviour, Emotional and Social Difficulties
CIS		Children's Information Service
CPD		Continuing Professional Development
CYPP		The Children and Young People's Plan
DCSF		Department for Children, Schools and Families
DDA		Disability Discrimination Act
DfES		Department for Education and Skills
DRC		Disability Rights Commission
EMS		Enhanced Mainstream School
EP		Educational Psychologist
EPS		Educational Psychology Service
EYFS		Early Years Foundation Stage
IQM		Inclusion Quality Mark
JAR		Joint Area Review
LA		Local Authority
LDD		Learning Difficulties and/or Disabilities
Ofsted		Office for Standards in Education
PANDA		Performance and Assessment Reports (Ofsted)
PRU		Pupil Referral Unit
Q and I		Quality and Improvement Service
RBA		Removing Barriers to Achievement – The Government Strategy for SEN
SEAL		Social and Emotional Aspects of Learning
SEF		Self Evaluation Form
SEN		Special Educational Needs
SENCO		Special Educational Needs Coordinator
SIP		School Improvement Partner
SLD		Severe Learning Difficulties
SpLD		Specific Learning Difficulties
Specialist Special Schools	CL	Cognition and Learning Networks
	CI	Communication and Interaction Networks
	SPM	Sensory/Physical/Medical Networks
	BESD	Behaviour, Emotional and Social Difficulties

SEN and BESD Networks – Provision & Outreach Support

Special Schools (Satellite Classes)
- Centres of expertise
- Support and outreach to mainstream schools
- Integral part of SEN or BESD Networks
  - whole county
  - locality based
- Provision for high need/low Incidence SEN/BESD

LA HUB
Access & Inclusion
Network Co-ordinators & Network Leads
EPS / Specialist EPs/Specialist Teachers/Consultants/Support Staff
Early Years Support Services
Quality & Improvement
Inclusion Advisers
Specialist Special Schools
- Lead schools, centres of expertise supporting other special schools
- Work with the LA Hub to develop the Networks and develop capacity of mainstream schools

Co-ordination and support for whole County and locality Networks
Monitoring, Challenge, Intervention and Support
Quality Assurance / School Improvement / Raising Achievement
Commissioning Strategy
Integrated Service Delivery
Partnership Working

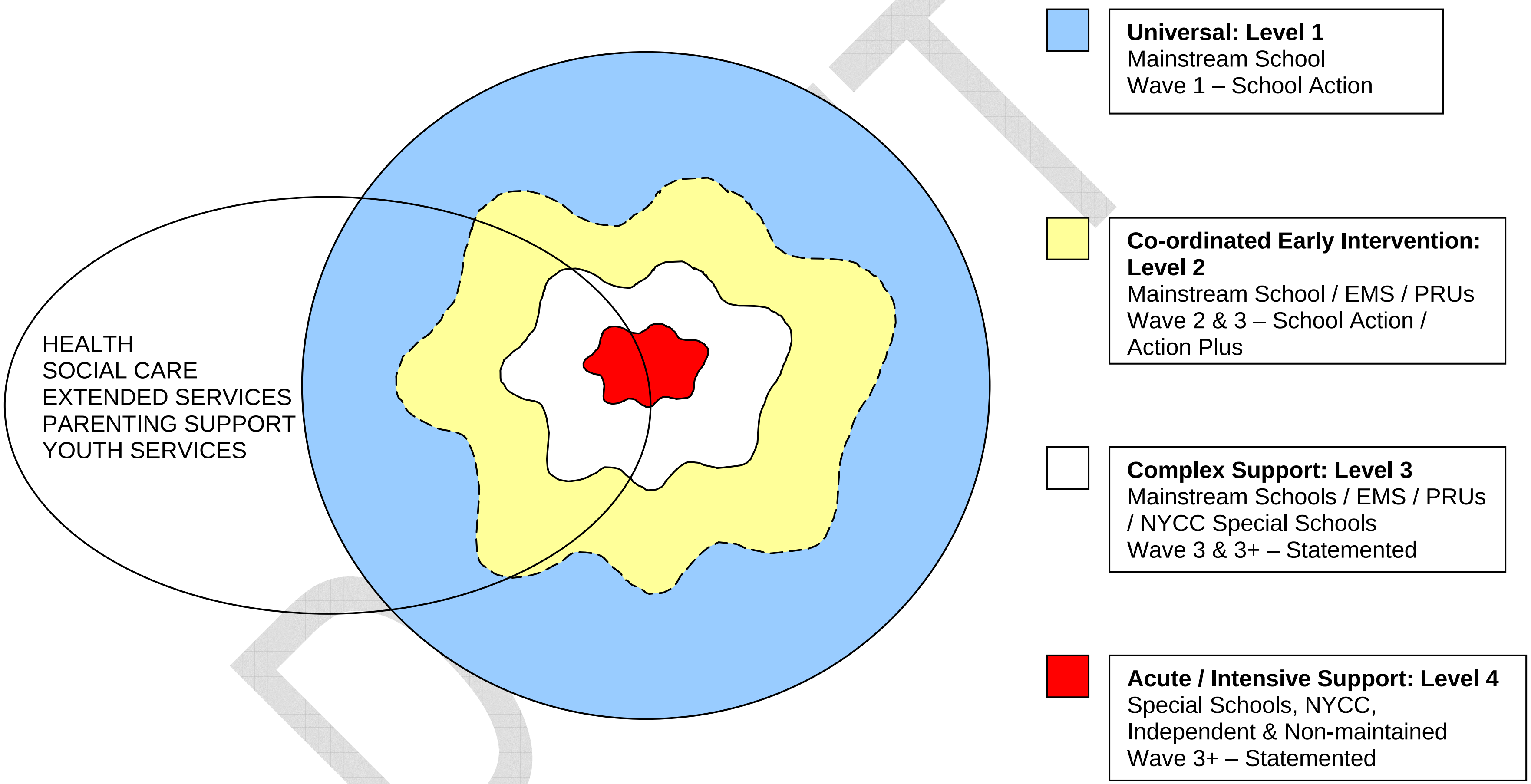


Mainstream Schools
Grouped by localities and supported by Enhanced Mainstream Schools, Special Schools and the central Networks for SEN and BESD including Behaviour Collaboratives

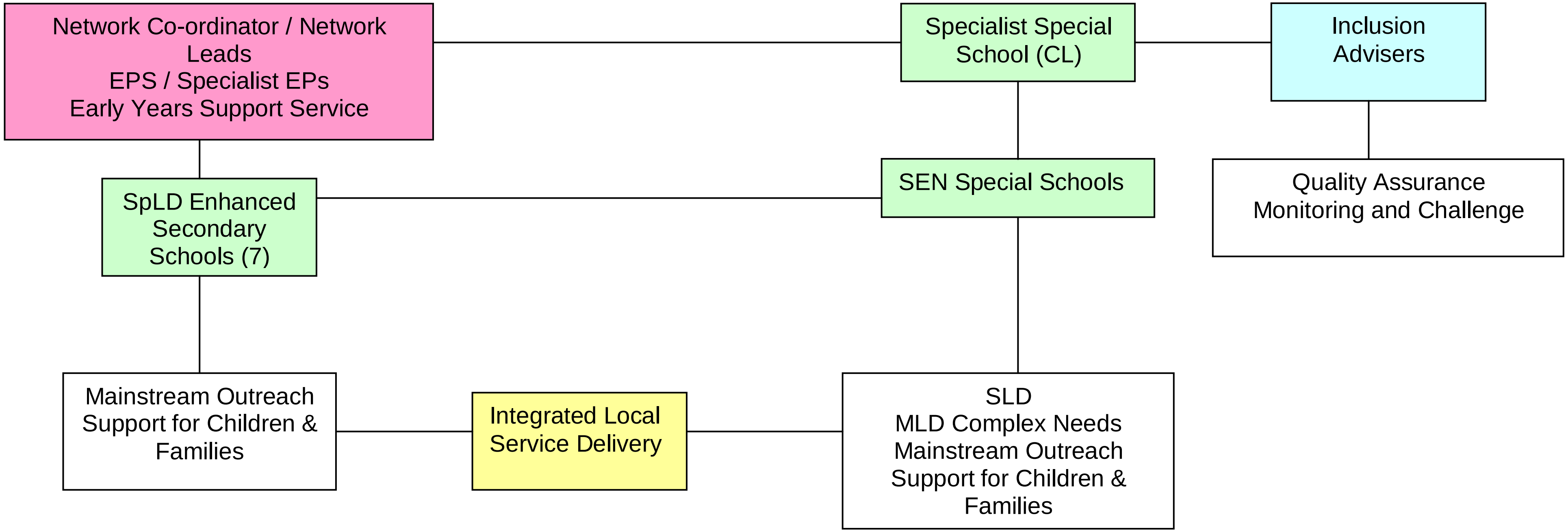
Enhanced Mainstream School (EMS)
- Provide an outreach and support service to Mainstream Schools in their localities.
- Centres of Excellence/Lead Schools. All curriculum/class leaders supported to make inclusive provision.
- Early intervention and high need/low incidence provision.
- Some direct teaching and/or support for pupils in the EMS provision, usually intensive/time limited interventions
- Pupils in the EMS Provision should be able to have their needs met in mainstream classes for all or most of the time.
- Networked with other EMS
- Networked with all Specialist Provision for SEN or BESD in their localities.

PRUs
- Outreach & support
- Centre of expertise
- Integral part of BESD Networks
  - whole County
  - locality based
- Early Intervention and provision for high need/low incidence BESD, usually intensive, time limited intervention

Provision and Levels of Intervention (SEN & BESD)



Cognition & Learning Networks



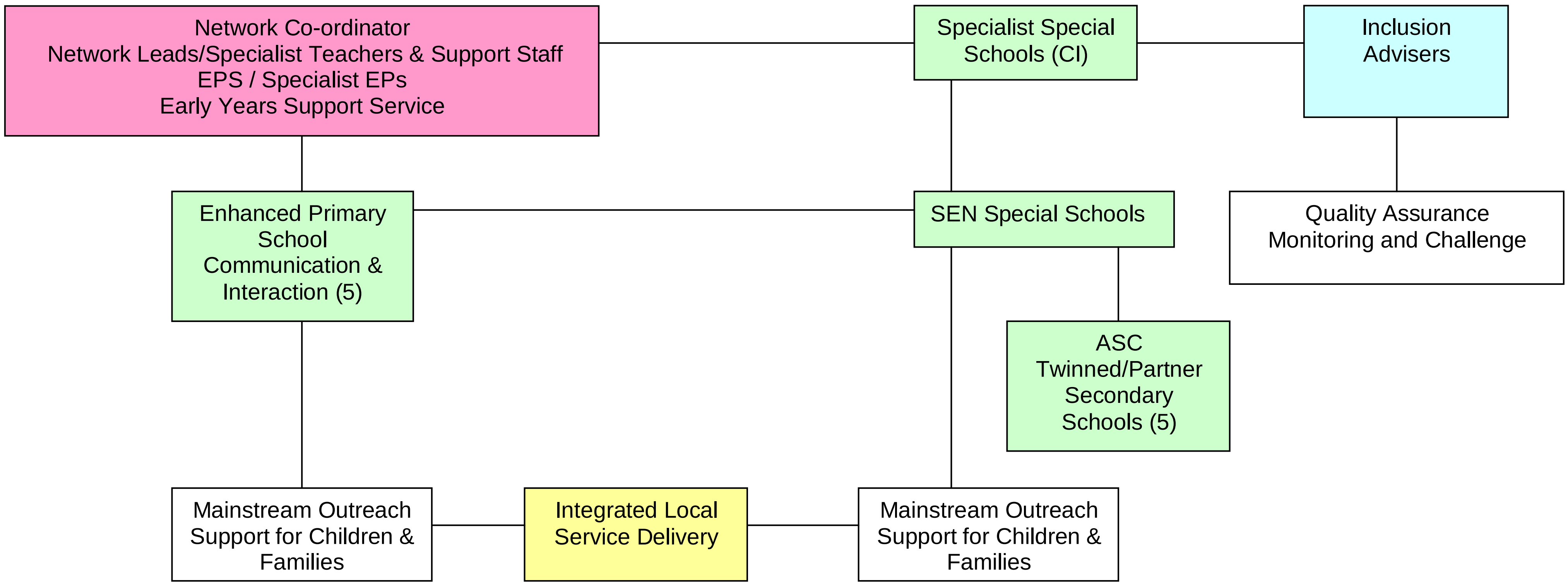
Co-ordination and support for the whole county and locality networks; monitoring of access and entitlement; targeted use of resources; commissioning strategy; partnership working and strategic developments; provision of expertise and specialist support including wave 3 strategies for low need/high incidence SENs

Centre of expertise making provision and providing training and advice/outreach support. Working to quality standards.

Raising achievement and quality assurance.

Integrated, local, front-line services to improve outcomes for vulnerable children.

Communication & Interaction Networks



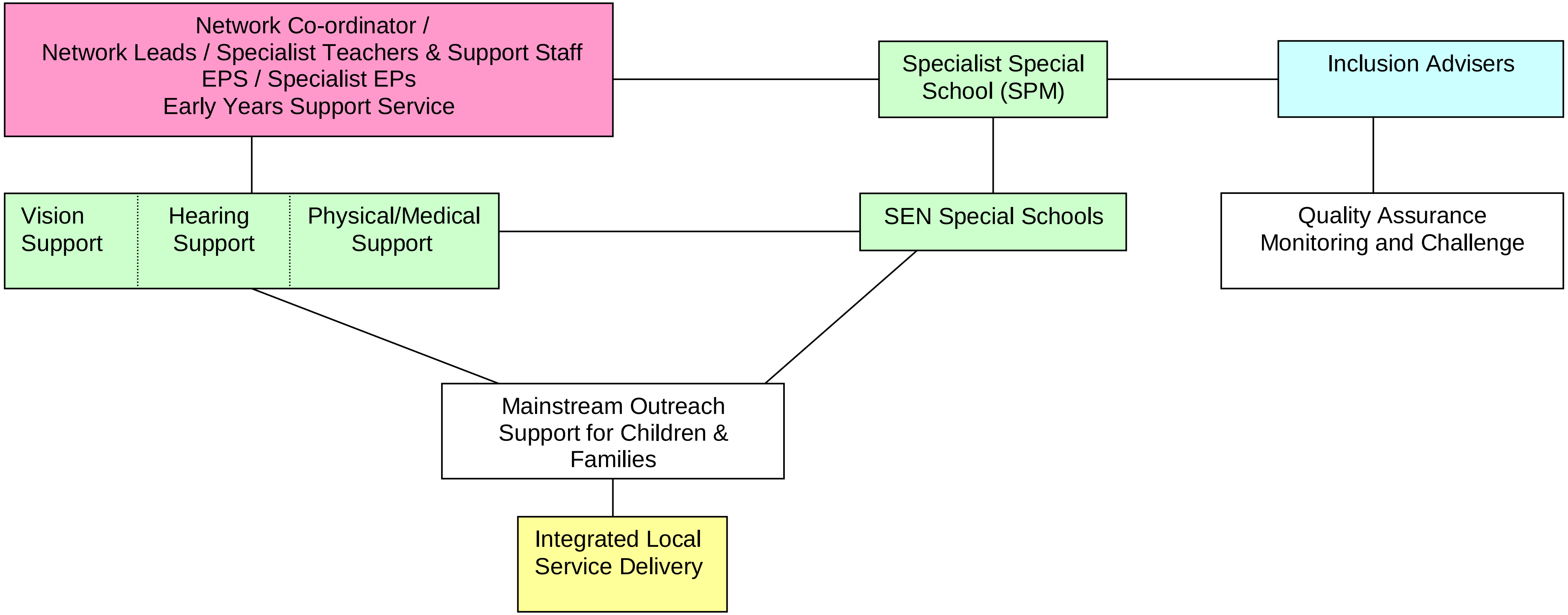
Co-ordination and support for the whole county and locality networks; monitoring of access and entitlement; targeted use of resources; commissioning strategy; partnership working and strategic developments; provision of expertise and specialist support

Centre of expertise making provision and providing training and advice/outreach support. Working to quality standards.

Raising achievement and quality assurance.

Integrated, local, front-line services to improve outcomes for vulnerable children.

Sensory/Physical/Medical Networks



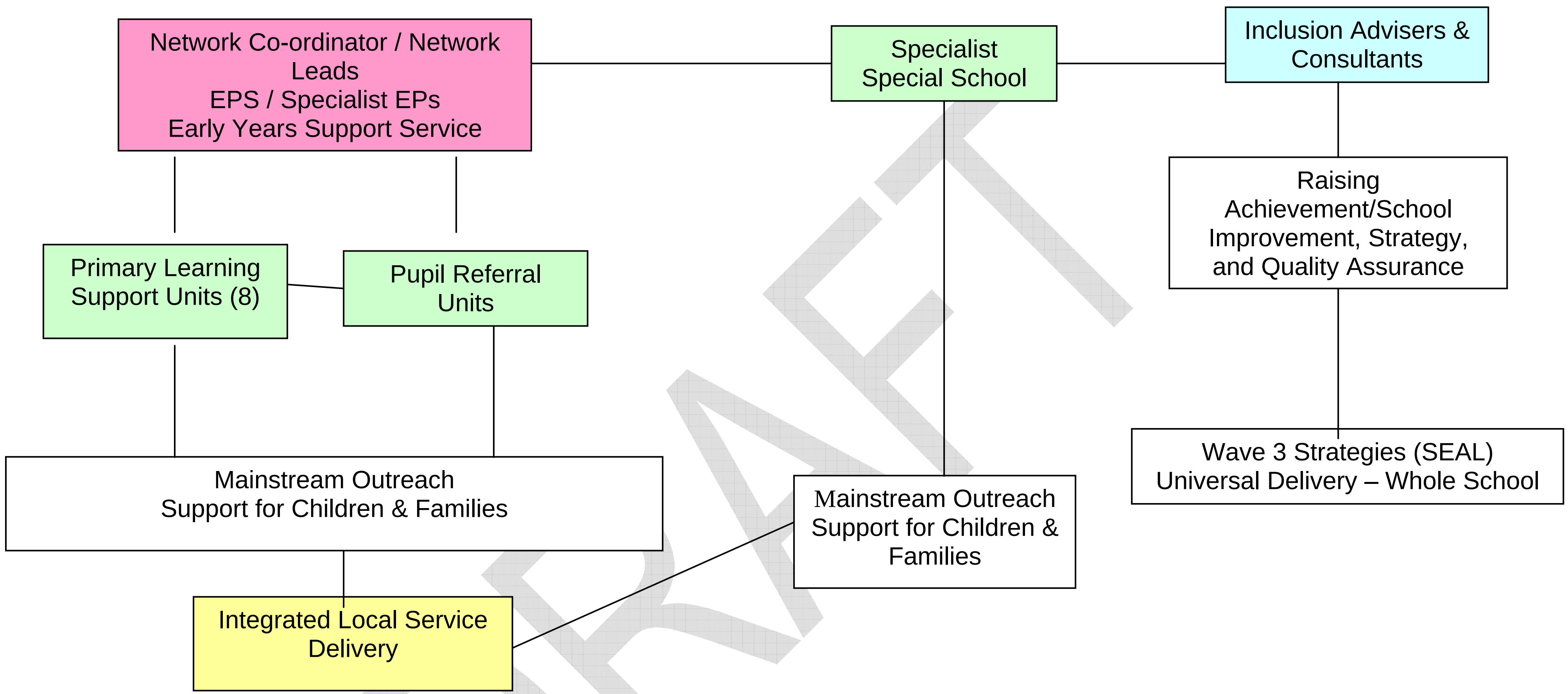
Co-ordination and support for the whole county and locality networks; monitoring of access and entitlement; targeted use of resources; commissioning strategy; partnership working and strategic developments; provision of expertise and specialist support.

Centre of expertise making provision and providing training and advice/outreach support. Working to quality standards.

Raising achievement and quality assurance.

Integrated, local, front-line services to improve outcomes for vulnerable children.

Behaviour, Emotional & Social Difficulties Networks



(pink) Co-ordination and support for the whole county and locality networks; monitoring of access and entitlement; targeted use of resources; monitoring, challenge, intervention and support; commissioning strategy; partnership working .

(green) Centre of expertise, training and advice/outreach support. Working to quality standards.

(blue) Raising achievement and quality assurance.

(yellow) Integrated, local, front-line services to improve outcomes for vulnerable children.

Appendix 1

ADMISSIONS POLICY FOR COMMUNITY AND VOLUNTARY CONTROLLED SCHOOLS FOR THE ACADEMIC YEAR 2009/10

All governing bodies are required by section 324 of the Education Act 1996 to admit to the school a child with a statement of special needs that names the school. This is not an oversubscription criterion. This relates only to children who have undergone statutory assessment and for whom a final statement of special educational needs (SEN) has been issued.

If the number of applications exceeds the Maximum Admission Limit (MAL), after the admission of children where the school is named in the statement of special educational needs (SEN) the following oversubscription criteria will apply:

ORDER OF PRIORITY:	Notes:
	.
Priority Group 1: Children and young people in Public Care for whom the school has been expressed as a preference.	*This applies to all looked-after children, including those who are in the care of another local authority.*
Priority Group 2 : Children the Authority believes have special social or medical reasons for admission **or** where it is deemed by the Authority that the enhanced special educational needs provision available at that school is the most appropriate provision to meet the child's needs.	*We will only consider applications on social or medical grounds if they are supported by a professional recommendation from a doctor, social worker, or other appropriate professional which says that it is essential for your child to go to this school **and no other**. A panel of professionally qualified people will consider the reasons given under this priority.*
Priority Group 3 : Children living within the normal area of the school.	
Priority Group 4: Children living outside the normal area of the school.	

Children in higher numbered priority groups will be offered places ahead of those in lower numbered priority groups and applications within each priority group will be considered equally (i.e. all applications, regardless of order of preference) unless a tie break is needed.

Tie break:
If there are not enough places for all the children in one of these priority groups, we will give priority first to those with brothers or sisters at the school in September 2009 (in all cases brothers and sisters would include stepbrothers and stepsisters living at the same address) and then to those living nearest the school.

If within a priority group there are not enough places for all those with brothers or sisters at the school in September 2009 , we will give priority to those children with brothers or sisters living nearest the school.

Distance measurements are based on the nearest walking route that a *child can walk with reasonable safety, accompanied* as *necessary. We usually make the measurements using an electronic mapping system.*

We may be able to meet your preference for a place at a *school that does not serve the local area you live in. In this case, you will normally be responsible for travel arrangements and the costs of your child's travel to and from school.*

Appendix 2

ADMISSIONS POLICY FOR COMMUNITY AND VOLUNTARY CONTROLLED

NURSERY SCHOOLS, NURSERY CLASSES AND PRE-RECEPTION CLASSES FOR THE ACADEMIC YEAR 2009/2010

ORDER OF PRIORITY:	*Notes*
First priority: Children with a statement of special educational needs naming the school concerned.	
Second priority: Children who are recommended by the Director of Children and Young Peoples Service, including children in the care of a local authority, or by the appropriate designated medical officer.	*Note: we will only consider applications in this category if they are supported by a recommendation from a doctor, social worker or other appropriate professional which says that it is essential for the child to go to the preferred school and no other.*
Third priority: Children from homes with poor housing conditions or overcrowding, or from a background which could affect the child's normal educational development.	*Note: this should be supported by the recommendation of a doctor, social worker or other professional.*
Fourth priority: Children within the normal area of the school, giving priority to the oldest children first.	
Fifth priority: Children from outside the school's normal area, giving priority to those whose home is nearest to school first.	

North
Yorkshire County Council
Children and Young People's Service

Appendix 3

2009/10

CO-ORDINATED ADMISSION ARRANGEMENTS

November 2007

Introduction

The aim of the North Yorkshire Coordinated Primary and Secondary School Admissions Scheme is to provide a fair and appropriate way for considering parental preferences for admission to schools. Our scheme complies with current legislation relating to school admissions and with advice contained in the Department for Children, Schools and Families School Admissions Code.

Our coordination arrangements apply as follows:

The secondary arrangements involve our 13 neighbouring Local Authorities plus all schools within North Yorkshire which are their own Admission Authority.

The primary arrangements include all North Yorkshire Primary Schools including those which are their own Admission Authority.

The secondary scheme enables parents living within North Yorkshire whose children are transferring to secondary or starting primary school to complete a single application either on-line or in paper form expressing up to five preferences for admission to any maintained school, both within North Yorkshire and neighbouring Local Authority areas. The primary scheme follows the same principle with the exception that we do not fully coordinate with our neighbouring authorities.

After consideration of all expressed preferences, the Local Authority (LA) will issue to parents living within North Yorkshire the offer of one school place on behalf of all admission authorities operating the coordinated admissions scheme.

Our scheme will ensure that parents only receive one offer of a school place from the admission authorities who participate in the coordination arrangements. Our scheme aims to ensure that each parental preference is considered equally and parents receive a school place in accordance with their highest priority.

The detailed arrangements and timetable of both secondary and primary coordinated schemes can be found at Appendix A and B of this coordination document and in the LA's published Secondary and Primary Guides for Parents as well as on our website at www.n-yorks.gov.uk.

The Primary and Secondary Guides for Parents include information about

a) Details of the operation of our admissions scheme (including selection at relevant secondary school(s) for all North Yorkshire maintained schools;

b) The timescales and timetable for each admission process;

c) Information about the number of allocations made at each school in the previous academic year;

d) Information about the number of schools which were oversubscribed resulting in parental appeals and the numbers and outcome of these appeals;

e) This information about allocations and appeals should help parents to assess realistically their likelihood of obtaining a place at their preferred school(s).

Late Applications

Common Application Forms for school places received after the closing date of 24 October 2008 for secondary schools and 9 December 2008 for primary schools will be considered as a late application unless an acceptable reason for lateness is provided. Late applications will be considered after other parents' applications which have been received on time have been processed.

Applications received after 2 March 2009 for secondary schools or 24 April 2009 for primary schools will be coordinated using the same arrangements and criteria as previous applications. The offer of a school place will be made in accordance with our agreed and published scheme. If none of a parents' preferences can be met, the local or nearest school with a place available will be offered and appeals information provided. Waiting lists for oversubscribed schools contain the names of children whose preference could not be complied with. The list of these children is completed using our LA's published oversubscription criteria. Waiting lists will close on 30 September 2009.

Admissions Co-ordination 2009/10

Synopsis

North Yorkshire's coordinated admissions are outlined in the enclosed proposed scheme with its 6 Voluntary Aided Secondary Schools, 1 Foundation Primary, 50 Voluntary Aided Primary Schools, 2 Foundation Secondary, 13 neighbouring Local Authorities, 6 Diocesan Authorities and 277 Voluntary Controlled and Community Primary and 40 Community Secondary Schools, one of which is currently seeking Foundation status, including 5 middle schools deemed secondary.

The new DCSF Code of Practice came into operation in February 2007.
This scheme document complies with its recommendations and requirements.

Application for school places can be made by logging on to our website at www.northyorks.gov.uk/primary or secondary admissions.

Secondary Schools

In early June 2008 parents of Year 6 pupils will be provided with a Common Application Form upon which to express up to 5 preferences for admission to all secondary schools, including Voluntary Aided and Foundation schools.

Parents will be requested to return their applications by a closing date of 24th October, 2008. Every effort will be made by the Local Authority to ensure that applications are received by that closing date.

All applications will be processed in accordance with North Yorkshire's Coordinated Admissions Scheme for Secondary Schools. The Local Authority will issue letters to parents offering school places on 2nd March, 2009.

Arrangements are available for parents to make on line applications for admission to school for the 2009/10 school year.

The timetable for secondary school admissions is attached as Appendix A.

Selection

There are within the Local Authority area 3 selective grammar schools; one of which is a voluntary aided boys' school, one a mixed co-educational school and one a girls' school which has foundation status. In addition there are 3 non selective schools in the selective areas of the County.

The Local Authority's selection scheme uses nationally recognised tests from the National Foundation for Education Research which are standardised against the local annual cohort of North Yorkshire children taking these tests for transfer from the primary to secondary phase of education.

The results of the selection tests are used to find the highest scoring 28% (or as close as possible) of Year-6 pupils who live in their local selective area. This sets the cut-off mark in each selective area and sets the standard which pupils must reach, to be considered as suitable for grammar school education in their local selective area.

For us to consider children who live outside the selective area to be suitable for grammar school, they must meet the cut-off mark which is set by the performance of the pupils who live in the area, as set out above.

There is a non statutory review as well as statutory appeal process which parents can utilise if their child(ren) are not considered suitable for selective school education and/or cannot access a place at their preferred selective school because of oversubscription.

It should be noted that the current School Admissions Code allows parents to access their selection test results before submitting their common application form.

The Local Authority also has a scheme which incorporates the relevant Disability Discrimination Act requirements to ensure adequate, appropriate and suitable adjustment(s) can be made for qualifying pupils taking selection tests.

In Year Fair Access Protocol

The Local Authority has agreed an In Year Fair Access protocol with schools in its area since September 2007. This protocol is in line with the Government's 5 Year Strategy for Children and Learners and the Behaviour Improvement Programme. This strategy and programme relates particularly to managing the admission of difficult to place pupils into schools. Details of the scheme are available from North Yorkshire website www.n-yorks.gov.uk

Primary Schools

Admissions

The application procedures for admission to Reception classes in Primary schools are in accordance with the North Yorkshire's Coordinated Admissions Scheme for Primary Schools and are similar to those for Secondary Schools, but with a different timetable for the completion of this process.

Parents of children eligible for admission to reception classes of primary schools will be provided with a common application form by mid October 2008 with a closing date for their return of December 12th 2008.

Parents will be offered their allocated school on 24th April, 2009.

Arrangements will be made for parents to make on line admissions in a similar way to secondary admissions. Details of the exact timing of admission within an academic year can be obtained from each school. The Local Authority has delegated this responsibility and as such it may vary from school to school. Admissions to schools could be phased during the 2008/9 academic year i.e. in September 2009, Spring 2010, Easter 2010, dependent on each school's arrangements.

The Local Authority will coordinate admissions to the Reception Year as described in the attached timetable Appendix B for all schools including voluntary aided, community, voluntary controlled and foundation primary schools.

November 2007

CO-ORDINATED ADMISSION ARRANGEMENTS

Secondary Transfer 2009/10

Introduction

1. The co-ordinated admission scheme is reviewed annually by the LA's Admission Forum and designed to ensure that every child living in North Yorkshire, who is due to transfer to secondary school, is offered a single place on the same day. This scheme applies to admissions in the normal round but not those that take place in-year. In-year admissions are those which occur after the closing of the waiting list at the end of September 2009.

2. The offer of a single place will be made on 2nd March 2009 and allocation letters will be posted on that date.

3. The scheme does not affect the duty of voluntary aided and foundation schools to determine their own admissions policies.

4. The scheme does not apply to children who have a statement of Special Educational Needs naming a particular school as the timetable for admission of these children is determined by the SEN Code of Practice

5. North Yorkshire Local Authority (LA) will work with other admission authorities, including our thirteen neighbouring Local Authorities, voluntary aided and community schools within North Yorkshire listed below, to ensure the co-ordinated scheme operates as smoothly as possible for parents. Our 13 neighbouring admission authorities and six aided and two foundation secondary schools are listed below:

   Foundation Secondary Schools:

   Skipton Girls' High School
   Gargrave Road
   Skipton
   North Yorkshire, BD23 1QL
   Tel. 01756 707600

   South Craven School
   The Technology & Engineering College
   Holme Lane
   Cross Hills, Keighley
   West Yorkshire, BD20 7RL
   Tel. 01535 632861

   ***** George Pindar Community Sports College
   Eastfield, Scarborough
   YO11 3LX
   Tel. 01723 582194

   ***** At this stage George Pindar CSC have put forward a proposal to acquire Foundation School status with an associated charitable Trust. Currently the school is still a Community School.

Voluntary Aided Secondary Schools

Holy Family Catholic High School
Longhedge Lane,
CARLTON
Goole
East Yorkshire
DN14 9 NS

St Aidan's C of E High School
Oatlands Drive
HARROGATE
North Yorkshire
HG2 8JR

St Augustine's RC School
Sandybed Lane
Off Stepney Hill
Scarborough
North Yorkshire
YO12 5LH

St Francis Xavier School
Darlington Road
RICHMOND
North Yorkshire
DL10 7DA

St John Fisher Catholic High School
Hookstone Drive
HARROGATE
North Yorkshire
HG2 8PT

Ermysted's Grammar School
Gargrave Road
SKIPTON
North Yorkshire
BD23 1PL

Neighbouring Local Education Authorities

Bradford
Pupil Access Manager
Education Bradford
Future House, Bolling Road
BRADFORD
BD4 7EB

Tel No: 01274 385604

Cumbria
Corporate Director – Children Services
5 Portland Square
CARLISLE
CA1 1PU

Tel No. 01228 606877

Darlington
Children's Information Service
Town Hall,
Feethams
DARLINGTON
DL1 5QT

Tel No. 01325 380651

Doncaster
Director of Education and Culture
Admissions and Pupil Services
The Council House
College Road
DONCASTER DN1 3AD

Tel No. 01302 737204/727234

Durham
School Admissions
Education Offices
County Hall
DURHAM
DH1 5UJ

Tel No. 0191 383 3115

East Riding of Yorkshire
Admissions Team
Children, Family & Adult Services
County Hall,
BEVERLEY
HU17 9BA

Tel No.01482 392130/392131/392132

Lancashire
Director of Education
PO Box 61,
County Hall
PRESTON
PR1 0LD

Tel No. 01772 254868

Leeds
Admissions & Transport Team
Leeds Education
10th Floor West
Merrion House
LEEDS LS2 8DT

Tel No. 0113 2475729

Middlesbrough
Corporate Director, Families and Learning
Middlesbrough Council
PO Box 69, First Floor
Vancouver House
Gurney Street
MIDDLESBROUGH
TS1 1 EL

Tel No. 01642 728092

North Lincolnshire
Director of Education
North Lincolnshire Council
PO Box 35
Hewson House
Station Road
BRIGG
DN20 8XJ

Tel No. 01724 297241

Redcar and Cleveland
School Admissions
Redcar and Cleveland Borough Council, Council Offices
PO Box 83, Kirkleatham Street
REDCAR
TS10 1YA

Tel No. 01642 444108

Stockton on Tees
School Admissions
Stockton-on-Tees Borough Council
PO Box 228,
Muncipal Buildings, Church Road
STOCKTON ON TEES
TS18 1XE

Tel No. 01642 526605

Wakefield
School Admissions
County Hall,
WAKEFIELD
WF1 2QL

Tel No. 01924 305616/305617

York
Education Access Team
Learning, Culture and Children's Services
City of York Council
Mill House
North Street
YORK YO1 6JD

Tel No. 01904 554248/554239

Applying for a school place

6. Details of our admission scheme and policy can be found in the 2009-10 Guide for Parents. Parents of North Yorkshire Year 5 children who will be in Year 6 in September 2008 will receive a common application form and a Guide for Parents explaining our procedures in early June 2008. This will enable them to express a preference for a school or schools and to give reasons for their preferences. They will be informed that supplementary information may also be requested by the school if it is an Aided or non-North Yorkshire school, in order for the school to apply their oversubscription criteria.

7. Preferences will be requested for all transfers at Year 7 including those to Middle (deemed Secondary) Schools who admit at Year 6 and those admitting in year 9 or 10. We will have regard to any reasons given by parents for their preferences when applying our oversubscription criteria.

8. Parents will be able to provide at least five ranked preferences.

9. Parents who wish their children to attend independent schools will be encouraged to tell us but this information and process is not included in the co-ordinated arrangements.

10. Common Application Forms and literature will be distributed through North Yorkshire primary schools. Literature (but not Common Application Forms) will also be sent direct to parents from outside the county at the request of parents, neighbouring LAs or other admissions authorities. Parents will be advised to complete a common application form for their home authority.

11. Filling in common application forms
    Parents must do this and return their form to the local authority or apply on-line before the deadline of 24 October 2008.

    Parents will need to provide their child's name and residential address.
    The address where their child lives which should be where the child lives permanently for most of the time. If equally split between two parents, this should be the address of the parent who gets the Child Benefit.
    School Preferences
    Parents should:
    - Name all the schools they are prepared to consider for their child in order of preference, up to a maximum of five.
    - Should name at least three schools.
    - We try to offer places according to the highest ranked preference, for which a place may be available.
    - Parents may want to include their normal area school as one of their preferences because if we are not able to meet a higher preference and

their normal area school is oversubscribed, we will give a child another place at the nearest school with places available. If parents name a school other than their normal area school, parents will normally be responsible for transporting their child to school if their child is offered a place there.

- Parents are asked to tell us if they want their child to go to an independent school.

Independent schools are not included in the co-ordinated admission arrangements so parents are advised to name a school covered by these arrangements as a preference because we cannot allocate places at independent schools. We will treat parents' preferences for other schools according to their order on their form. We will offer a place at a North Yorkshire school even if parents have not named one on the common application form because we have to make sure a place is available for every North Yorkshire child.

- If a child is entered for selection testing, parents are asked to make sure they name the selective school they would like them to go to. Parents will not be offered a place at a selective school unless they have named the school on their form. If parents name a selective school they are required to enter their child for selection testing by contacting the LA before 22 August 2008.

12. Parents requesting literature on aided or foundation schools or non-North Yorkshire schools will be referred to the appropriate school or admissions authority. Where non-North Yorkshire parents complete our form in error we will send it direct to their home authority.

13. The closing date for receipt of Common Application Forms will be the 24th October 2008.

Late Applications

14. If a common application form is received after the closing date of 24th October 2008, without a reason that is acceptable to us as the admissions authority, we will consider it to be a late application and will process it after we have considered other applications received by the deadline.

Change of Preference

15. Parents will only be allowed to change their preferences after 24th October 2008 in exceptional circumstances, for example, if they move home after this date. This restriction will continue until the end of September 2009 when we will cease to maintain waiting lists. Learning that the child is suitable or not suitable for a selective school, an admission appeal has not been successful or dissatisfaction with the allocated school will not be considered reasons to allow a change of preference.

Allocation of Places

16. Selection testing will take place during early September 2008 and the results of selection testing will be sent out to parents on 15th October 2008.

17. After the closing date of 24th October 2008 we will send copies of Common Application Forms, of pupils who have expressed preferences for schools for whom we are not the admissions authority, to those authorities for consideration. This will include voluntary aided and foundation schools within North Yorkshire and neighbouring LAs.

18. Preferences for aided schools within another LAs boundary will be sent to that LA for onward transmission by them.

19. Aided schools and other LAs will be responsible for collecting from parents whatever additional information they need in order to apply their oversubscription criteria.

20. We will receive, from neighbouring LAs, copies of Common Application Forms for their children expressing preferences for our maintained and aided schools which we will process as part of our co-ordinated arrangements along with those for North Yorkshire children. The exchange of information dates specified at Appendix A will apply when other LA's coordinate admissions with us.

21. All admissions authorities will then apply their oversubscription criteria, including selection suitability where appropriate, and produce a list identifying which pupils could be offered places and which of their oversubscription criteria categories they fall into. The list will also show the position of other children who have expressed a preference for that school who cannot be allocated a place.

22. We will send, to our neighbouring LAs, lists of their pupils showing who could be offered places at any of our schools and who cannot.

23. We will receive lists from our own aided schools and neighbouring LAs (who will have received lists from their aided schools) of children they can offer places to and we will produce a list in relation to our maintained schools.

24. Having received information from other admissions authorities we will provisionally allocate places to pupils living in our area **according to the highest preference for which a place may be available**. Other LAs will do likewise (or whatever their scheme says) for children living in their area.

25. Where we cannot meet any of the parental preferences expressed for a North Yorkshire child we will allocate a place at an alternative school with places available. This may or may not be the local school. The same will apply to children for whom no preferences have been received although these will be processed after all those who have expressed preferences. A system for chasing outstanding Common Application Forms will be in place.

26. We will communicate the results of this initial allocation to enable other authorities to operate their own co-ordinated schemes

27. Once the final adjustments have been made, a final allocation of places will take place, based on the highest preference place we are able to offer. We will obtain from other LAs and admissions authorities, information enabling us to give reasons why the child has not been allocated a place at their school of preference as this information will go in the letter allocating them a lower preference place.

The offer of a place

28. No places will be held in reserve for any school.

29. We will write to all parents of North Yorkshire children on 2nd March 2009 notifying them of the single school place they have been allocated for each child or children.

30. Children of UK service personnel and other crown servants will be allocated places in advance of the approaching school year if the application is accompanied by an official MOD, FCO or GCHQ letter declaring a relocation date.

31. The place offered could be at one of our community schools, one of the aided or foundation schools within North Yorkshire or a school in the area served by another LA.

Appeals

32. We will inform all North Yorkshire schools of the children who have been allocated a place on 2 March, 2009.

33. Where we have been unable to offer an expressed preference, parents will be offered the right of appeal against the decision through the appropriate channels.

34. The offer letter will give the reasons why we have been unable to allocate their other stated preferences. If the right of appeal will be the responsibility of NYCC we will enclose appeal papers. If not we will advise parents to contact the appropriate admission authority to confirm appeal arrangements.

35. The outcome of admission appeals taking place after the allocation date and places accepted as a result of successful appeals will lead to further modifications to the original allocation. These changes must again be communicated to other admission authorities (and theirs to us) to enable both authorities to make final adjustments to the allocation after the allocation date.

36. Once appeals have finished we will communicate with all the schools within our boundary to ensure they know which pupils will be coming to them in September 2009. We will also send final lists to our neighbouring Local Authorities for checking of North Yorkshire children who will attend other authorities' schools and other authorities' children who will attend our schools.

Waiting Lists

37. A waiting list will be maintained for all oversubscribed community and voluntary controlled North Yorkshire schools until the end of September 2009. Voluntary aided and foundation schools make their own arrangements and publish them in their school prospectus.

38. Places will be allocated from the waiting list in accordance with the published oversubscription criteria.

39. Where we are able to offer a place to a non-North Yorkshire child from the waiting list we will liaise with their home Local Authority.

North Yorkshire LA

Secondary, Community, Voluntary Controlled, Aided and Foundation Schools Timetable 2009/2010

Date	Activity
13 June 2008	Literature and Common Application Forms to North Yorkshire parents.
22 August 2008	Closing date for all in-area pupils to withdraw from selection testing. Closing date for all out-of-area applications for selection testing.
9 September 2008	Familiarisation selection test in selective areas.
12 September 2008	First actual selection test for both in and out-of-area pupils.
16 September 2008	Second actual selection test for both in and out-of-area pupils.
17 October 2008	Results of selection testing posted to all parents.
24 October 2008	Closing date for return of Common Application Forms.
14 November 2008	Neighbouring LA's to send us details of children in their area who have expressed preferences for schools in North Yorkshire. We send details of children expressing preferences for schools in other LA areas to those authorities for consideration.
21 November 2008	Details of all children who have expressed preferences for North Yorkshire aided and Foundation schools to the schools for consideration.
9 January 2009	Information to be returned to us by aided/foundation schools on which places they can allocate.
12 January 2009	Non statutory selection reviews commence.
20 January 2009	Send first round of allocation information to other authorities identifying potential offer(s).
27 January 2009	Confirmation of allocations with neighbouring admission authorities including voluntary aided and foundation.
2 February 2009	Input information from first cycle of exchange of allocation information.
9 February 2009	Second allocation cycle preference information sent to other authorities
13 February 2009	Input allocation information from second cycle and send final allocation information to other authorities of school place offers to be made
27 February 2009	Input final allocation preference information and produce final allocation letters. Send out allocation letters to all North Yorkshire parents. Inform schools of final results.
2 March 2009	Allocation Day. Send out allocation letters to all parents applying for a school place. Inform schools of final allocation.
W/C 6 April 2009 to 8 June 2009	Statutory admission appeals.
W/C 6 April 2009 to 24 August 2009	Manual adjustments to allocation and communicating those results to other authorities.
30 September 2009	Closure of waiting lists.

CO-ORDINATED ADMISSION ARRANGEMENTS

PRIMARY TRANSFER 2009/2010

November 2007

Primary Schools Introduction

1. The co-ordinated admission scheme is designed to ensure that every child living in North Yorkshire, who is due to transfer to a North Yorkshire primary school, is offered a single school place on the same day. This scheme applies to admissions in the normal round but not those that take place in-year. In-year admissions are those which occur after the closing of the waiting lists at the end of September 2009.

2. The offer of a single school place in a North Yorkshire primary school to North Yorkshire children will be made by us on 24 April 2009.

3. The scheme does not affect the duty of voluntary aided and foundation schools to determine their own admissions policies.

4. The scheme does not apply to children who have a statement of Special Educational Needs naming a particular school as the timetable for admission of these children is determined by the SEN Code of Practice.

5. North Yorkshire Local Authority will work with voluntary aided schools and foundation schools within North Yorkshire, to ensure the co-ordinated scheme operates as smoothly as possible for parents. Although we will not have a fully co-ordinated cross-boundary scheme for primary schools in 2008/2009 we will work closely with our 13 neighbouring LAs to ensure admission arrangements are as closely co-ordinated as possible. Some neighbouring authorities may be operating fully co-ordinated schemes and some may not. Our 13 neighbouring admission authorities, one foundation, and 50 voluntary aided infant and primary schools are listed below:

Neighbouring Local Education Authorities

Bradford
Pupil Access Manager
Education Bradford
Future House, Bolling Road
BRADFORD
BD4 7EB

Tel No: 01274 385604

Cumbria
Corporate Director – Children Services
5 Portland Square
CARLISLE
CA1 1PU

Tel No. 01228 606877

Darlington
Children's Information Service
Town Hall,
Feethams
DARLINGTON
DL1 5QT

Tel No. 01325 380651

Doncaster
Director of Education & Culture
The Council House
College Road
DONCASTER
DN1 3AD

Tel No. 01302 737204/727234

Durham
School Admissions
Education Offices
County Hall
DURHAM
DH1 5UJ

Tel No. 0191 383 3115

East Riding of Yorkshire
Admissions Team
Children, Family & Adult Services
East Riding of Yorkshire Council
County Hall,
BEVERLEY
HU17 9BA

Tel No.01482 392130/392131/392132

Lancashire
Director of Education
PO Box 61,
County Hall
PRESTON
PR1 0LD

Tel No. 01772 254868

Leeds
Admission and Transport Team
Leeds Education
10th Floor West
Merrion Centre
LEEDS
LS2 8DT

Tel No. 0113 2475729

Middlesbrough
Corporate Director Children, Families and Learning
Middlesbrough Council
PO Box 69, First Floor
Vancouver House
Gurney Street
MIDDLESBROUGH
TS1 1 EL

Tel No. 01642 728092

North Lincolnshire
Director of Education
North Lincolnshire Council
PO Box 35
Hewson House
Station Road
BRIGG
DN20 8XJ

Tel No. 01724 297241

Redcar and Cleveland
School Admissions
Redcar and Cleveland Borough Council, Council Offices
PO Box 83, Kirkleatham Street
REDCAR
TS10 1YA

Tel No. 01642 444108

Stockton on Tees
School Admissions
Stockton on Tees Borough Council
PO Box 228,
Muncipal Buildings, Church Road
STOCKTON ON TEES
TS18 1XE

Tel No. 01642 3526605

Wakefield
School Admissions
County Hall,
WAKEFIELD
WF1 2QL

Tel No. 01924 305616/305617

York
Education Access Team
Learning, Culture and Children's Service
City of York Council
Mill House, North Street,
YORK YO1 6JD

Tel No. 01904 554248/554239

Foundation School

Nun Monkton Foundation Primary School
The Green
NUN MONKTON
York
YO26 8ER
Tel No: 01423 330313

Voluntary Aided Primary Schools

All Saints C of E Primary School
Kirkby Overblow
HARROGATE
North Yorkshire
HG3 1HD
Tel No.01423 872491

All Saints RC Primary School
Green Lane East
THIRSK
North Yorkshire
YO7 1NB
Tel No. 01845 523058

Austwick C of E (VA) Primary School
AUSTWICK
Lancaster
LA2 8BN
Tel No. 015242 51366

Barkston Ash Catholic Primary School
London Road
Barkston Ash
TADCASTER
North Yorkshire
LS24 9PS
Tel No 01937 557373

St Mary's C of E Primary School
Bolton-on-Swale
Scorton
RICHMOND
North Yorkshire
Tel No. 01748 818401

Burneston C of E (VA) Primary School
BURNESTON
Bedale
North Yorkshire
DL8 6BP
Tel No. 01677 423183

Burnsall VA Primary School
BURNSALL
Skipton
North Yorkshire
BD23 6BP
Tel No. 01756 720273

Burnt Yates C of E Primary School
Burnt Yates
HARROGATE
North Yorkshire
HG3 3RW
Tel No. 01423 770586

Carleton Endowed School
Carleton
SKIPTON
North Yorkshire
BD23 3DE
Tel No. 01756 792910

Carlton and Faceby C of E VA Primary School
CARLTON-IN-CELEVELAND
Middlesbrough
Cleveland TS9 7BB
Tel No. 01642 712340

Cawood C of E VA Primary School
Broad Lane
CAWOOD
Selby
North Yorkshire
YO8 3SQ
Tel No. 01757 268368

Dacre Braithwaite C of E Primary School
BRAITHWAITE
Harrogate
North Yorkshire
HG3 4AN
Tel No. 01423 780285

Egton C of E VA Primary School
EGTON
Whitby
North Yorkshire
YO21 1UT
Tel No. 01947 895369

Farnley C of E VA Primary School
Farnley Lane
FARNLEY
Otley
West Yorkshire
LS21 2QJ
Tel No. 01943 463306

Horton in Ribblesdale C of E VA Primary School
HORTON-IN-RIBBLESDALE
Settle
North Yorkshire
BD24 0EX
Tel No. 01729 860282

Ingleby Arncliffe C of E VA Primary School
INGLEBY ARNCLIFFE
Northallerton
North Yorkshire
DL6 3NA
Tel No. 01609 882432

Kirkby in Malhamdale United VA Primary School
KIRKBY MALHAM
Skipton
North Yorkshire
Tel No. 01729 830214

Kirkby & Great Broughton C of E VA Primary School
KIRKBY-IN-CLEVELAND
Middlesbrough
TS9 7AL
Tel No. 01642 714707

Long Preston Endowed VA Primary School
School Lane
LONG PRESTON
Skipton
North Yorkshire
BD23 4PN
Tel No. 01729 840377

Manfield C of E Primary School
MANFIELD
Darlington
Co. Durham
DL2 2RG
Tel No. 01325 374259

Marton cum Grafton C of E VA Primary School
Reas Lane
MARTON-CUM-GRAFTON
York
YO51 9QB
Tel No. 01423 322355

Masham C of E VA Primary School
1 Millgate
MASHAM
Ripon
North Yorkshire
HG4 4EG
Tel No. 01765 689200

Michael Syddall C of E (Aided)
Primary School
Mowbray Road
CATTERICK VILLAGE
Richmond
North Yorkshire
DL10 7LH
Tel No. 01748 818485

Middleham C of E Aided School
Park Lane
MIDDLEHAM
Leyburn
North Yorkshire
DL8 4QX
Tel No. 01969 623592

Rathmell C of E (VA) Primary School
Hesley Lane
RATHMELL
Settle
North Yorkshire
BD24 0LA
Tel No. 01729 840360

Richard Taylor C of E Primary School
Bilton Lane
HARROGATE
North Yorkshire
HG1 3DT
Tel No. 01423 563078

Richard Thornton's C of E (VA)
Primary School
BURTON IN LONSDALE
Via Carnforth
Lancashire
LA6 3JZ
Tel No. 015242 61414

Sacred Heart RC Primary School
Broomfield Avenue
NORTHALLERTON
North Yorkshire
DL7 8UL
Tel No. 01609 780971

St Benedict's RC Primary School
Back Lane
AMPLEFORTH
York
YO62 4DE
Tel No. 01439 788340

St George's RC Primary School
Overdale Road
Eastfield
SCARBOROUGH
North Yorkshire
YO11 3RE
Tel No. 01723 58353

St Hedda's RC Primary School
EGTON BRIDGE
Whitby
North Yorkshire
YO21 1UX
Tel No. 01947 895361

St Hilda's RC Primary School
Waterstead Lane
WHITBY
North Yorkshire
YO21 1PZ
Tel No. 01947 603901

St Joseph's Catholic Primary School
Colber lane
BISHOP THORNTON
Harrogate
North Yorkshire
HG3 3JR
Tel No. 01423 770083

St Joseph's Catholic Primary School
Coppice Rise
HARROGATE
North Yorkshire
HG1 2DP
Tel No. 01423 562650

St Joseph's Catholic Primary School
Swainsea Lane
PICKERING
North Yorkshire
YO18 8AR
Tel No. 01751 473102

St Joseph's Catholic Primary School
Station Road
TADCASTER
North Yorkshire
LS24 9JG
Tel No. 01937 832344

St Martin's C of E VA Primary School
Holbeck Hill
SCARBOROUGH
North Yorkshire
YO11 3BW
Tel No. 01723 360239

St Mary's Catholic Primary School
Tentergate Road
KNARESBOROUGH
North Yorkshire
HG5 9BG
Tel No. 01423 867038

St Mary's RC Primary School
Highfield Road
MALTON
North Yorkshire
YO17 7DB
Tel No. 01653 692274

St Mary's RC Primary School
Cross Lanes
RICHMOND
North Yorkshire
DL1 7DZ
Tel No. 01748 821124

St Mary's Catholic Primary School
Baffam lane
SELBY
North Yorkshire
YO8 9AX
Tel No. 01757 706616

St Peter's C of E VA Primary School
BRAFFERTON
Helperby
York
YO61 2PA
Tel No. 01423 360250

St Peter & St Paul RC Primary School
Richmond Road
LEYBURN
North Yorkshire
DL8 5DL
Tel No. 01969 622351

St Peter's RC Primary School
North Leas Avenue
SCARBOROUGH
North Yorkshire
YO12 6LX
Tel No. 01723 372720

St Robert's Catholic Primary School
Ainsty Road
HARROGATE
North Yorkshire
HG1 4AP
Tel No. 01423 504730

St Stephen's Catholic Primary School
Gargrave Road
SKIPTON
North Yorkshire
BD23 1PJ
Tel No. 01756 793787

St Wilfrid's Catholic Primary School
Church lane
RIPON
North Yorkshire
HG4 2ES
Tel No. 01765 603232

Swainby and Potto C of E VA Primary School
Claver Close
SWAINBY
Northallerton
North Yorkshire DL6 3DH
Tel No. 01642 700518

Terrington C of E VA Primary School
TERRINGTON
York
YO60 6NS
Tel No. 01653 6483340

The Boyle & Petyt Primary School
Harrogate Road
BEAMSLEY
Skipton
North Yorkshire
BD23 6HE
Tel No. 01756 710378

Applying for a school place

6. Details of our admission scheme and policy can be found in the 2009-10 Guide for Parents. We will invite parents of North Yorkshire children, in early October 2008, to express a preference for a school or schools and to give reasons for their preferences. They will receive a common application form and will be informed that the school may also request supplementary information if it is an Aided school, in order for the school to apply their oversubscription criteria.

7. Preferences will be requested for all reception age children and children transferring from Infants school at the end of year 2 to Junior school to start at the beginning of year 3. We will have regard to any reasons given by parents for their preferences when applying our oversubscription criteria.

8. Parents will be able to provide up to five ranked preferences.

9. Parents who wish their children to attend independent schools will be encouraged to tell us but this will not be included in the co-ordinated arrangements.

10. Common Application Forms and literature will be distributed through North Yorkshire primary schools. Literature and Common Application Forms will also be sent direct to parents from outside the county at the request of parents, neighbouring Local Education Authorities or other admissions authorities. They will be advised to complete a common application form for their home authority if that authority is operating a fully co-ordinated scheme. They will also be advised to complete one of our common application forms if they wish to express a preference for any school within the North Yorkshire boundary. We will liaise with our neighbouring LAs to determine who makes the allocation.

11. Parents requesting literature on aided or foundation schools or non-North Yorkshire schools will be referred to the appropriate admissions authority.

12. Filling in common application forms on line

    Parents must do this and return their form to the Local Authority or apply on-line before the deadline of 9 December 2008.

    Parents will need to provide their child's name and residential address.

    The address should be where the child lives permanently for most of the time. If equally split between two parents, this should be the address of the parent who gets the Child Benefit.

    School Preferences

    Parents are asked to:

    - Name all the schools they are prepared to consider for their child in order of preference, up to a maximum of five.
    - Should name at least three schools. We try to offer places according to the

highest ranked preference, for which a place may be available.

- Parents may want to include their normal area school as one of their preferences because if we are not able to meet a higher preference and their normal area school is oversubscribed, we will give a child a place at the nearest school with places available.
- If parents name a school other than their normal area school, parents will normally be responsible for transporting their child to school if their child is offered a place there.
- Parents are asked to tell us if they want their child to go to an independent school.

Independent schools are not included in the co-ordinated admission arrangements so parents are advised to name a school covered by these arrangements as a preference because we cannot allocate places at independent schools. We will treat parents' preferences for other schools according to their order on their form. We will offer a place at a North Yorkshire school even if parents have not named one the common application form because we have to make sure a place is available for every North Yorkshire child.

13. The closing date for receipt of Common Application Forms will be 9th Dec 2008.

Late Applications

14. If a common application form is received after the closing date of 9th December 2008, without a reason that is acceptable to us as the admissions authority, we will consider it to be a late application and will process it after we have considered other applications received by the deadline.

Change of Preference

15. Parents will only be allowed to change their preferences after 9th December 2008 in exceptional circumstances, for example, if they move home after this

date. This restriction will continue until the end of September 2009 when we will cease to maintain waiting lists. Learning that an admission appeal has not been successful or dissatisfaction with the allocated school will not be considered reasons to allow a change of preference.

Allocation of Places

16. After the closing date we will send copies of Common Application Forms, of pupils who have expressed preferences for schools for whom we are not the admissions authority, to those authorities for consideration. This will include voluntary aided and foundation schools within North Yorkshire and neighbouring Local Education Authorities.

17. Preferences for aided schools within another LA’s boundary will be sent to that LA for onward transmission by them.

18. Aided schools and other LA will be responsible for collecting from parents whatever additional information they need in order to apply their oversubscription criteria.

19. If other LAs co-ordinate admissions then the exchange of information dates enclosed in the timescale attached at Appendix B will apply. We will receive, from neighbouring LAs, copies of Common Application Forms for their children expressing preferences for community, aided and foundation schools in North Yorkshire which we will process as part of our co-ordinated arrangements along with those for North Yorkshire children.

20. All aided and foundation Schools will then apply their oversubscription criteria and produce a list identifying which pupils could be offered places and which of their oversubscription criteria categories they fall into. The list will also show the position of other children who have expressed a preference for that school who cannot be allocated a place.

21. We will inform our neighbouring LAs of their pupils who can be offered places at any of our schools and who cannot.

22. We will receive lists from North Yorkshire aided and foundation schools of children they can offer places to and we will produce a list in relation to our maintained schools.

23. Having received information from other admissions authorities we will provisionally allocate places to pupils living in our area according to **the highest preference for which a place is available**. Other LAs will do likewise (or whatever their scheme for 2009/2010 says).

24. Where we cannot meet any parental preference expressed for a North Yorkshire child we will allocate a place at an alternative school with places available. This may or may not be the local school. The same will apply to

children for whom no preferences have been received although these will be processed after all those who have expressed preferences. A system for chasing outstanding Common Application Forms will be in place.

25. We will communicate the results of this initial allocation to enable other authorities to operate their own co-ordinated schemes

26. Once the final adjustments have been made, a final allocation of places will take place, based on the highest preference place we are able to offer. We will obtain from aided schools, information enabling us to give reasons why the child has not been allocated a place at their school of preference as this information will go in the letter allocating them a lower preference place.

27. No places will be held in reserve for any school.

The offer of a place

28. We will write to all parents of children who we have been able to allocate a place at a North Yorkshire school on 24th April 2009, notifying them of the place that their child has been allocated. We will liaise with neighbouring LAs over children from their area who may have been allocated places in our schools.

29. This could be a place at one of our maintained schools or one of the aided or foundation schools within North Yorkshire. We will not make allocations for schools outside of North Yorkshire's boundary. We will liaise with neighbouring Local Authorities to ensure that all parents receive an appropriate allocation letter.

30. We will write to all schools in North Yorkshire on 24th April 2009 notifying them of the children who have been allocated a place at the school.

Appeals

31. Where we have been unable to offer an expressed preference, parents will be offered the right of appeal against the decision through the appropriate channels.

32. The offer letter will give the reasons why we have been unable to allocate their other stated preferences. If the right of appeal will be the responsibility of NYCC we will enclose appeal papers. If not we will advise parents to contact the relevant admission authority to confirm the appeal arrangements.

33. The outcome of admission appeals, taking place after the allocation date, and places accepted, as a result of successful appeals will lead to further modifications to the original allocation. These changes must again be communicated to other admission authorities (and theirs to us) to enable both

authorities to make final adjustments to the allocation after the allocation date.

34. Once appeals have been completed we will communicate with all the schools within our boundary to ensure they know which pupils will be coming to them in September. We will also send final lists to our neighbours for checking of our children who will be attending other authorities' schools and other authorities' children who will be attending our schools.

35. Appeals are usually heard for first admission to schools in June and July of the admission year 2009.

Waiting Lists

36. A waiting list will be maintained for all oversubscribed community and voluntary controlled North Yorkshire schools until the end of September 2008. Voluntary aided schools and our Foundation school make their own arrangements and publish them in their school prospectus.

37. Places will be allocated from the waiting list in accordance with the published oversubscription criteria.

38. Where we are able to offer a place to a non-North Yorkshire child from the waiting list we will liaise with their home Local Authority.

North Yorkshire LA

Primary for Aided, Community, Voluntary Controlled and Foundation Schools Timetable 2009/10

Date	Activity
6 October 2008	Literature and Common Application Forms to North Yorkshire parents.
9 December 2008	Closing date for return of Common Application Forms.
16 December 2008	Neighbouring LAs to send us details of children in their area who have expressed preferences for schools in North Yorkshire (depending on their timetables). We send details of children expressing preferences for schools in other LA areas to those authorities for consideration.
16 December 2008	Local education offices send out details of all children who have expressed preferences for North Yorkshire aided/foundation schools to the schools for consideration.
29 January 2009	Information to be returned to us by aided/foundation schools on which places they can allocate
27 February 2009	Send first round of allocation information to other authorities identifying potential offer(s).
13 March 2009	Input information from first cycle of parental preferences
27 March 2009	Send second allocation cycle information to other authorities
3 April 2009	Input preference information from second cycle and send final allocation information to other authorities
24 April 2009	Write to North Yorkshire schools notifying them of initial pupil allocations. Input final allocation preference information and produce final allocation letters. Send out allocation letters to all North Yorkshire parents except those who will receive a letter from another authority. Inform schools of final results.
June and July 2009	Admission Appeals
10 June 2009 to 29 August 2009	Manual adjustments to allocation and communicating those results to other authorities by local education offices
30 September 2009	Closure of waiting list

Appendix 4

DCSF No. 815-	School	Published Admission Limit 2008/09	Proposed Maximum Admission Limit 2009/10
3616	All Saints Roman Catholic Primary School, Thirsk	14	14
3361	All Saints, Church of England School, Kirkby Overblow	12	12
3350	Austwick Church of England (V.A.) Primary School	10	10
3369	Barkston Ash Catholic Primary School	20	20
3301	Bolton-on-Swale St Mary's Church of England Primary School	14	14
3337	Burneston Church of England (Voluntary Aided) Primary School	20	19
3352	Burnsall Voluntary Aided Primary School	12	12
3356	Burnt Yates Church of England Primary School	8	8
3354	Carleton Endowed School	20	20
3306	Carlton and Faceby Church of England Voluntary Aided Primary School	11	11
3355	Cawood Church of England Voluntary Aided Primary School	25	25
3357	Dacre Braithwaite Church of England Primary School	10	10
3308	Egton Church of England Voluntary Aided Primary School	8	8
3632	Farnley Church of England Voluntary Aided Primary School	15	15
3358	Horton-in-Ribblesdale Church of England Voluntary Aided Primary School	15	15
3336	Ingleby Arncliffe Church of England Voluntary Aided Primary School	11	11
3315	Kirkby & Great Broughton Church of England Voluntary Aided Primary School	18	18
3360	Kirkby in Malhamdale United Voluntary Aided Primary School	13	12
3362	Long Preston Endowed Voluntary Aided Primary School	13	13
3317	Manfield Church of England Primary School	5	5
3363	Marton-cum-Grafton Church of England Voluntary Aided Primary School	14	14
3319	Masham Church of England VA Primary School	20	20
3307	Michael Syddall Church of England (Aided) Primary School	36	36
3320	Middleham Church of England Aided School	13	13
3365	Rathmell Church of England (Voluntary Aided) Primary School	10	10
3368	Richard Taylor Church of England Primary School	39	39
3353	Richard Thornton's Church of England (Voluntary Aided) Primary School	15	15
3902	Sacred Heart RC Primary, Northallerton	13	13
3600	St. Benedict's Roman Catholic Primary School, Ampleforth	15	15
3631	St. George's Roman Catholic Primary School, Scarborough	14	14
3602	St. Hedda's Roman Catholic Primary School	7	7
3620	St. Hilda's Roman Catholic Primary School	15	15
3370	St. Joseph's Catholic Primary School, Bishop Thornton	8	8
3378	St. Joseph's Catholic Primary School, Harrogate	30	30
3376	St. Joseph's Catholic Primary School, Tadcaster	10	10
3610	St. Joseph's Roman Catholic Primary School, Pickering	15	15
3326	St. Martin's Church of England Voluntary Aided Primary School, Scarborough	40	40
3371	St. Mary's Catholic Primary School, Knaresborough	30	30
3373	St. Mary's Catholic Primary School, Selby	30	24
3609	St. Mary's Roman Catholic Primary School, Malton	14	14
3614	St. Mary's Roman Catholic Primary School, Richmond	30	30
3607	St. Peter & St. Paul Roman Catholic Primary School, Leyburn	7	7
3304	St. Peter's Brafferton Church of England Voluntary Aided Primary School	10	10
3615	St. Peter's Roman Catholic Primary School	28	30
3377	St. Robert's Catholic Primary School, Harrogate	40	40
3375	St. Stephen's Catholic Primary School, Skipton	28	28
3372	St. Wilfrid's Catholic Primary School, Ripon	20	20
3335	Swainby and Potto Church of England Voluntary Aided Primary School	12	12
3331	Terrington Church of England Voluntary Aided Primary School	9	9
3351	The Boyle & Petyt Primary School	8	8
5200	Nun Monkton Primary School	4	4
3000	Ainderby Steeple Church of England Primary School	15	15
3001	Aiskew, Leeming Bar Church of England Primary School	14	14
2150	Alanbrooke School	15	15
2245	Alne Primary School	15	15
2242	Alverton Infant School	45	45
2246	Amotherby Community Primary School	25	25
2080	Applegarth Primary School	40	40
2301	Appleton Roebuck Primary School	12	12

Appendix 4

DCSF No. 815-	School	Published Admission Limit 2008/09	Proposed Maximum Admission Limit 2009/10
2247	Appleton Wiske Community Primary School	12	12
3006	Arkengarthdale Church of England Primary School	8	8
3221	Arncliffe Church of England Voluntary Controlled Primary School	4	4
3289	Askrigg Voluntary Controlled Primary School	14	14
2302	Askwith Community Primary School	13	13
3008	Bainbridge Church of England Primary and Nursery School	9	9
3009	Baldersby St. James Church of England Voluntary Controlled Primary School	8	8
2400	Barlby Bridge Community Primary School	22	22
2401	Barlby Community Primary School	40	45
3223	Barlow Church of England Voluntary Controlled Primary School	12	12
2108	Barrowcliff Nursery & Infant School	80	80
3133	Barton Church of England Primary School	12	10
2348	Beckwithshaw Community Primary School	9	9
3010	Bedale Church of England Primary School	50	50
2306	Bentham, Low Bentham Community Primary School	10	10
3012	Bilsdale Midcable Chop Gate Church of England Voluntary Controlled Primary School	6	6
3226	Birstwith Church of England Primary School	12	12
3227	Bishop Monkton Church of England Primary School	18	18
3228	Bishop Thornton Church of England Primary School	8	8
2309	Boroughbridge Primary School	40	40
2310	Bradleys Both Community Primary School	19	20
3231	Brayton Church of England Voluntary Controlled Infant School	60	60
2379	Brayton Community Junior School	60	60
2250	Brompton & Sawdon Community Primary School	10	10
2249	Brompton Community Primary School	22	22
3015	Brompton-on-Swale Church of England Primary School	30	?
2225	Broomfield School	35	35
2311	Brotherton & Byram Community Primary School	30	30
2218	Bullamoor Junior School	37	37
3232	Burton Leonard Church of England Primary School	10	10
2312	Burton Salmon Community Primary School	7	7
2387	Camblesforth Community Primary School	29	29
2252	Carlton Miniott Community Primary School	25	25
2314	Carlton-in-Snaith Community Primary School	28	28
2256	Castleton Community Primary School	10	10
2212	Catterick Garrison, Carnagill Community Primary School	30	30
2173	Catterick Garrison, Le Cateau Community Primary School	58	58
2189	Catterick Garrison, Wavell Community Infant School	72	72
2188	Catterick Garrison, Wavell Community Junior School	60	60
2224	Cayton Community Primary School	30	30
3233	Chapel Haddlesey Church of England Voluntary Controlled Primary School	7	7
3273	Christ Church Church of England Voluntary (Controlled) Primary School	20	20
3234	Clapham Church of England Voluntary Controlled Primary School	10	10
3150	Cliffe Voluntary Controlled Primary School	16	16
2167	Colburn Community Primary School	50	50
2316	Cononley Community Primary School	16	16
2317	Cowling Community Primary School	19	19
3235	Cracoe and Rylstone Voluntary Controlled Church of England Primary School	7	7
3020	Crakehall Church of England Primary School	14	14
3021	Crayke Church of England Voluntary Controlled Primary School	11	11
3022	Croft Church of England Primary School	15	15
3025	Danby Church of England Voluntary Controlled School	10	10
2347	Darley Community Primary School	20	20
2165	Dishforth Airfield Community Primary School	14	14
3027	Dishforth Church of England Voluntary Controlled Primary School	10	10
2318	Drax Community Primary School	10	10
2164	Easingwold Community Primary School	45	45
2257	East Ayton Community Primary School	30	30
3030	East Cowton Church of England Primary School	8	6

Appendix 4

DCSF No. 815-	School	Published Admission Limit 2008/09	Proposed Maximum Admission Limit 2009/10
3236	Embsay Church of England Voluntary Controlled Primary School	28	28
3034	Eppleby Forcett Church of England Primary School	8	6
3153	Escrick Church of England Voluntary Controlled Primary School	17	20
2320	Fairburn Community Primary School	8	8
3154	Filey Church of England Voluntary Controlled Infant and Nursery School	76	76
2413	Filey Junior School	85	85
3237	Follifoot Church of England Primary School	9	9
3288	Forest of Galtres Anglican/Methodist Primary School	27	27
3039	Foston Church of England Voluntary Controlled Primary School	3	3
3266	Fountains Church of England Primary School	15	15
3238	Fountains Earth, Lofthouse Church of England Endowed Primary School	6	6
3139	Fylingdales Church of England Voluntary Controlled Primary School	15	15
3285	Gargrave Church of England Voluntary Controlled Primary School	20	20
2324	Giggleswick Primary School	13	13
3040	Gillamoor Church of England Voluntary Controlled Primary School	7	7
2117	Gladstone Road Infant School	117	117
2116	Gladstone Road Junior School	117	117
2041	Glaisdale Primary School	8	8
2338	Glasshouses Community Primary School	10	10
2393	Glusburn Community Primary School	48	48
2043	Goathland Primary School	7	7
3240	Goldsborough Church of England Primary School	12	12
3241	Grassington Church of England (Voluntary Controlled) Primary School	12	12
2426	Great Ayton, Roseberry Community Primary School	30/21	30/21
2327	Great Ouseburn Community Primary School	15	15
2047	Great Smeaton Community Primary School	10	10
3242	Green Hammerton Church of England Primary School	17	17
3243	Grewelthorpe Church of England Primary School	10	10
3207	Gunnerside Methodist Primary School	6	6
3045	Hackforth and Hornby Church of England Primary School	7	7
3046	Hackness Church of England Voluntary Controlled Primary School	7	7
3244	Hambleton Church of England Voluntary Controlled Primary School	25	25
3245	Hampsthwaite Church of England Primary School	15	15
2328	Harrogate, Bilton Grange Community Primary School	50	50
2383	Harrogate, Coppice Valley Community Primary School	30	30
2329	Harrogate, Grove Road Community Primary School	56	56
2368	Harrogate, Hookstone Chase Community Primary School	45	45
2330	Harrogate, New Park Community Primary School	53	53
2376	Harrogate, Oatlands Community Junior School	70	70
2372	Harrogate, Pannal Community Primary School	45	45
2424	Harrogate, Saltergate Community Junior School	60	60
3247	Harrogate, St. Peter's Church of England Primary School	42	40
2332	Harrogate, Starbeck Community Primary School	60	60
2334	Harrogate, Woodlands Community Junior School	90	90
2056	Hawes Community Primary School	16	16
3050	Hawsker cum Stainsacre Church of England Voluntary Controlled Primary School	12	12
2336	Hellifield Community Primary School	15	15
2236	Helmsley Community Primary School	28	23
2402	Hemingbrough Community Primary School	30	30
2337	Hensall Community Primary School	17	17
3155	Hertford Vale Church of England Voluntary Controlled Primary School, Staxton	18	18
2305	High Bentham Community Primary School	25	25
3053	Hipswell Church of England Primary School	21	24
2340	Hirst Courtney & Temple Hirst Community Primary School	7	7
3284	Holy Trinity Church of England Infant School	75	75
3263	Holy Trinity Church of England Junior School	75	75
3054	Hovingham Church of England Voluntary Controlled Primary School	8	8
3055	Huby Church of England Voluntary Controlled Primary School	15	15
2403	Hunmanby Primary School	30	30

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DCSF No. 815-	School	Published Admission Limit 2008/09	Proposed Maximum Admission Limit 2009/10
2063	Hunton and Arrathorne Community Primary School	10	10
3057	Husthwaite Church of England Voluntary Controlled Primary School	18	18
2228	Hutton Rudby Primary School	30	30
3060	Ingleby Greenhow Church of England Voluntary Controlled Primary School	10	10
2391	Ingleton Primary School	28	28
3076	Kell Bank Church of England Primary School	5	5
2422	Kellington Primary School	19	19
2321	Kettlesing Felliscliffe Community Primary School	8	8
2343	Kettlewell Primary School	7	7
3287	Kildwick Church of England (Voluntary Controlled) Primary School	17	16
3248	Killinghall Church of England Primary School	15	15
3062	Kirby Hill Church of England Primary School	17	17
3251	Kirk Fenton Parochial Church of England Voluntary Controlled Primary School	27	27
3252	Kirk Hammerton Church of England Primary School	12	12
3253	Kirk Smeaton Church of England (Voluntary Controlled) Primary School	15	15
3065	Kirkby Fleetham Church of England Primary School	9	9
3249	Kirkby Malzeard Church of England Primary School	15	15
2064	Kirkbymoorside Community Primary School	30	30
2377	Knaresborough, Aspin Park Community Primary School	56	60
2389	Knaresborough, Meadowside Community Primary School	29	29
3068	Knayton Church of England Voluntary Controlled Primary School	15	15
2345	Langcliffe Community Primary School	7	7
2404	Langton Primary School	15	15
2042	Lealholm Primary School	8	8
2405	Leavening Community Primary School	10	10
2040	Leeming and Londonderry Community Primary School	8	8
2166	Leeming RAF Community Primary School	40	40
2065	Leyburn Community Primary School	30	30
2233	Lindhead School	30	30
2171	Linton-on-Ouse Primary School	15	15
3255	Long Marston Church of England Voluntary Controlled Primary School	8	8
2346	Lothersdale Community Primary School	14	14
2406	Luttons Community Primary School	8	12
3069	Lythe Church of England Voluntary Controlled Primary School	15	15
2074	Malton Community Primary School	42	42
3256	Markington Church of England Primary School	10	12
3042	Marwood Church of England Voluntary Controlled Infant School, Great Ayton	21	21
3208	Melsonby Methodist Primary School	10	10
3079	Middleton Tyas Church of England Primary School	19	19
3257	Monk Fryston Church of England Voluntary Controlled Primary School	30	30
2366	Moorside Infant School	36	36
2367	Moorside Junior School	36	36
2075	Nawton Community Primary School	15	14
2076	Newby and Scalby Primary School	60	60
2081	North & South Cowton Community Primary School	7	8
2407	North Duffield Community Primary School	25	25
3260	North Rigton Church of England (C) Primary School	12	12
3258	North Stainley Church of England Primary School	8	8
2163	Northallerton, Mill Hill Community Primary School	42	42
2408	Norton Community Primary School	73	60
2060	Oakridge Community Primary School	8	10
2331	Oatlands Infant School	75	75
2083	Osmotherley Primary School	10	10
2235	Pickering Community Infant School	75	75
2222	Pickering Community Junior School	78	78
3088	Pickhill Church of England Primary School	9	9
3090	Ravensworth Church of England Primary School	10	10
2096	Reeth Community Primary School	8	8
2410	Riccall Community Primary School	30	30

Appendix 4

DCSF No. 815-	School	Published Admission Limit 2008/09	Proposed Maximum Admission Limit 2009/10
3092	Richmond Church of England Primary School	45	45
3210	Richmond Methodist Primary School	45	45
2411	Rillington Community Primary School	20	20
3261	Ripley Endowed (Church of England) School.	13	13
3262	Ripon Cathedral Church of England Primary School	30	30
2388	Ripon, Greystone Community Primary School	33	33
3264	Roecliffe Church of England Primary School	12	12
2097	Romanby Primary School	44	40
2098	Rosedale Abbey Community Primary School	7	7
2382	Rossett Acre Primary School	60	60
3126	Ruswarp Church of England Voluntary Controlled Primary School	15	15
2425	Saltergate Infant School	60	60
3099	Sand Hutton Church of England Voluntary Controlled Primary School	11	11
3267	Saxton Church of England Voluntary Controlled Primary School	10	10
2109	Scarborough, Barrowcliff Community Junior School	70	70
2161	Scarborough, Braeburn Community Junior School	70	70
2112	Scarborough, Braeburn Infant & Nursery School	70	70
2114	Scarborough, Friarage Community Primary School	65	65
2118	Scarborough, Hinderwell Community Primary School	45	45
2120	Scarborough, Northstead Community Primary School	85	85
2170	Scarborough, Overdale Community Primary School	52	52
2350	Scotton Lingerfield Community Primary School	10	10
2223	Seamer & Irton Community Primary School	55	55
3268	Selby Abbey Church of England Voluntary Controlled Primary School	51	51
2351	Selby Community Primary School	48	48
2390	Selby, Barwic Parade Community Primary School	35	35
2418	Selby, Longman's Hill Community Primary School	25	25
3101	Sessay Church of England Voluntary Controlled Primary School	15	15
3270	Settle Church of England Voluntary Controlled Primary School	30	30
3160	Settrington All Saints' Church of England Voluntary Controlled Primary School	9	9
3271	Sharow Church of England Primary School	8	9
3161	Sherburn Church of England Voluntary Controlled Primary School	8	8
2421	Sherburn in Elmet, Athelstan Community Primary School	39	39
2380	Sherburn in Elmet, Hungate Community Primary School	42	42
2186	Sheriff Hutton Primary School	15	15
2354	Sicklinghall Community Primary School	9	9
2221	Sinnington Community Primary School	12	12
3272	Skelton Newby Hall Church of England Primary School	6	6
3274	Skipton Parish Church Church of England Voluntary Controlled Primary School	50	50
2365	Skipton, Greatwood Community Primary School	37	37
2355	Skipton, Ings Community Primary and Nursery School	15	15
2356	Skipton, Water Street Community Primary School	30	30
3035	Sleights Church of England Voluntary Controlled Primary School	20	20
2132	Slingsby Community Primary School	7	7
3108	Snainton Church of England Voluntary Controlled Primary School	10	10
2133	Snape Community Primary School	6	6
3109	South Kilvington Church of England Voluntary Controlled Primary School	8	10
2357	South Milford Community Primary School	30	30
3291	South Otterington Church of England Voluntary Controlled Primary School	20	20
2183	Sowerby Community Primary School	45	45
3110	Spennithorne Church of England Primary School	13	13
3275	Spofforth Church of England (Controlled) Primary School	15	15
3903	St John's CE Primary School, Knaresborough	40	40
3225	St. Cuthbert's Church of England Primary School, Pateley Bridge	22	22
3005	St. Hilda's Ampleforth Church of England Voluntary Controlled Primary School	7	7
3124	St. Nicholas Church of England Primary School, West Tanfield	7	7
2061	Staithes, Seton Community Primary School	15	15
2358	Staveley Community Primary School	10	10
2138	Stillington Primary School	12	12

Appendix 4

DCSF No. 815-	School	Published Admission Limit 2008/09	Proposed Maximum Admission Limit 2009/10
2139	Stokesley Community Primary School	75	75
2335	Summerbridge Community Primary School	10	10
3276	Sutton in Craven Church of England Voluntary Controlled Primary School	15	16
2359	Sutton in Craven Community Primary School	30	30
3113	Sutton on the Forest Church of England Voluntary Controlled Primary School	13	13
2392	Tadcaster East Community Primary School	30	30
2427	Tadcaster, Riverside Community Primary School	54	54
2237	Thirsk Community Primary School	45	45
3117	Thornton Dale Church of England Voluntary Controlled Primary School	28	28
2360	Thornton in Craven Community Primary School	10	10
3119	Thornton Watlass Church of England Primary School	7	7
2381	Thorpe Willoughby Community Primary School	40	40
3277	Threshfield School	17	17
3278	Tockwith Church of England Voluntary Controlled Primary School	30	30
3120	Topcliffe Church of England Voluntary Controlled Primary School	19	19
3122	Warthill Church of England Voluntary Controlled Primary School	6	6
3163	Weaverthorpe Church of England Voluntary Controlled Primary School	9	9
2364	Wedderburn Infant and Nursery School	60	60
2151	Welburn Community Primary School	12	12
3016	West Burton Church of England Primary School	7	7
2197	West Cliff Primary School	38	38
3165	West Heslerton Church of England Voluntary Controlled Primary School	14	14
2333	Western Primary School	50	52
2206	Wheatcroft Community Primary School	35	35
2190	Whitby, Airy Hill Community Primary School	30	30
2154	Whitby, East Whitby Community Primary School	45	45
2217	Whitby, Stakesby Community Primary School	34	34
2363	Whitley & Eggborough Community Primary School	34	36
3282	Wistow Parochial Church of England Voluntary Controlled Primary School	20	20
2430	Woodfield Primary School	30	30
3130	Wykeham Church of England Voluntary Controlled Primary School	8	8

Appendix 4

DCSF No. 815-	School	**Published Admission Limit 2008/09**	**Proposed Maximum Admission Limit 2009/10**

Appendix 5

DCSF number [815-]	School	MAL 2008/2009	Sixth Form Limit 08/09	Proposed Maximum Admission Limit 09/10	Proposed 6th form limit 09/10
4208	Aireville School	167	N/A	**167**	**N/A**
4074	Allertonshire School	315	N/A	**315**	**N/A**
4232	Barlby High School	169	N/A	**165**	**N/A**
4052	Bedale High School	190	N/A	**182**	**N/A**
4221	Boroughbridge High School	124	10	**124**	**10**
4224	Brayton College	240	N/A	**240**	**N/A**
4059	Caedmon School	184	N/A	**184**	**N/A**
4005	Easingwold School	220	75	**210**	**75**
4608	*Ermysted's Grammar School*	112	20	**112**	**20**
4041	Eskdale School	146	N/A	**146**	**N/A**
4150	Filey School, A Technology College	171	N/A	**171**	**N/A**
4069	George Pindar Community Sports College	175	N/A	**200**	**N/A**
4070	Graham School Science College	260	N/A	**260**	**N/A**
4200	Harrogate Grammar School	256	30	**256**	**30**
4219	Harrogate High School	257	10	**257**	**10**
4610	*Holy Family RC High School*	90	N/A	**90**	**N/A**
4201	Ingleton Middle School	85	N/A	**85**	**N/A**
4202	King James's School	243	35	**243**	**35**
4054	Lady Lumley's School	162	30	**162**	**30**
4077	Malton School	125	80	**125**	**80**
4223	Nidderdale High School & Community College	92	N/A	**94**	**N/A**
4503	Northallerton College	307	65	**307**	**65**
4152	Norton College	145	N/A	**145**	**30**
4071	Raincliffe School	173	N/A	**173**	**N/A**
4076	Richmond School	245	80	**245**	**80**
4203	Ripon College	125	15	**125**	**15**
4215	Ripon Grammar School	117 inc 14 boarders	10	**117 inc 14 boarders**	**10**
4004	Risedale Sports and Community College	175	N/A	**175**	**N/A**
4217	Rossett School	235	15	**235**	**15**
4022	Ryedale School	122	N/A	**133**	**N/A**
4073	Scalby School	212	N/A	**212**	**N/A**
4225	Selby HighSchool	243	N/A	**243**	**N/A**
4205	Settle College	165	5	**165**	**5**
4220	Settle Middle School	97	N/A	**97**	**N/A**
4216	Sherburn HighSchool Specialist Science College	210	0	**210**	**0**
4518	Skipton Girls' High School	112	20	**112**	**20**
4210	South Craven School, The Technology & Engineering College	270	42	**270**	**42**
4611	*St Aidans Church of England High School*	226	100	**226**	**100**
4604	*St Augustines Catholic School*	86	N/A	**96**	**N/A**
4605	*St Francis Xavier School*	82	N/A	**82**	**N/A**
4609	*St John Fisher Catholic High School*	196	30	**196**	**30**
4047	Stokesley School	230	20	**222**	**20**
4211	Tadcaster Grammar School Business and Enterprise College	260	10	**260**	**10**
4035	Thirsk School & Sixth Form College	210	10	**210**	**10**
4206	Upper Wharfedale School - A Specialist Sports College	58	N/A	**58**	**N/A**
4075	The Wensleydale School	90	4	**90**	**4**
4039	Whitby Community College	295	15	**295**	**15**