

The Report of the Executive

The Executive met on Tuesday, 6 January 2009. Present:- County Councillor John Weighell in the Chair. County Councillors John Fort BEM, Carl Les, Chris Metcalfe, Caroline Patmore, John Watson OBE, Greg White and Clare Wood.

The Executive met on Tuesday, 20 January 2009. County Councillor John Weighell in the Chair. County Councillors John Fort BEM, Carl Les, Chris Metcalfe, Caroline Patmore, John Watson OBE, Greg White and Clare Wood.

Also in attendance: County Councillors Eric Broadbent, Roger Harrison-Topham, Michael Heseltine and Michael Knaggs.

The Executive met on Tuesday, 3 February 2009. County Councillor John Weighell in the Chair. County Councillors John Fort BEM, Carl Les, Chris Metcalfe, Caroline Patmore, John Watson OBE, Greg White and Clare Wood.

Also in attendance: County Councillors David Ireton, Michael Knaggs and Paul Richardson

1. Council Plan: The Council Plan sets out the Council's long-term corporate ambitions, medium term objectives (2009/12) and priorities for action for the next year (2009/10) and the Council Plan and Budget are key components of the Council's policy framework, setting out the Council's objectives and how resources are to be used to deliver those objectives. Ensuring the Council Plan and Budget is developed in a timely and robust manner is essential, in order to drive forward the business of the Council and improve performance, including the Council's contribution to the delivery of the North Yorkshire Sustainable Community Strategy and Local Area Agreement. In previous years the Council Plan and Budget have been considered at different meetings of the Executive and Council. Whilst both have been developed in parallel, the fact that they have been presented to different meetings has not suggested an integrated approach. For this reason the Council Plan is being submitted to the Council in February 2009 as part of a suite of reports including the Budget and a Performance Commentary, which is set out below. This approach should better demonstrate the golden thread running through the Council's objectives, priorities and allocation of resources.

As in previous years, a cross directorate project team has been established to co-ordinate the development of the draft Council Plan. This team reported progress on a regular basis to the Executive Member for responsibility for Corporate Affairs. The final draft has also been reviewed by the Management Board. Consultation with the public, partners and staff has been a key feature of the development process. Consultation processes have included the Citizens' Panel, briefings and requests for comments in NY Times and on the Council website and intranet, correspondence and meetings with partners in the public, business and voluntary and community sectors and presentations at all seven Area Committees. Responses from the Citizens' Panel showed broad agreement with identified priorities.

Citizens Panel Findings

	Agreed Priority Area	1 st Priority	1 st + 2 nd + 3 rd Priority
Public Transport	96%	19%	43%
Children & Young People	96%	15%	42%
Older People	96%	8%	30%
Environment	93%	10%	38%
Community Safety	91%	14%	38%
Affordable Housing	86%	14%	33%
Economy & Enterprise	83%	9%	25%
Health & Wellbeing	83%	8%	30%
Alcohol Harm Reduction	68%	1%	6%
Community Cohesion	56%	1%	4%
Other	-	1%	2%

NB 1,440 responses

The Council Plan has a number of audiences including elected members, officers, partners, the public, the Audit Commission and the Department of Communities and Local Government (DCLG). Efforts have been made to ensure that, as far as possible, the Plan is accessible, and of use, to all these audiences. A document the size of the Council Plan cannot, however, detail all that the Council does. Further information about the Council's detailed strategies and plans is published in other documents available on the Council website. Changes have been made to the structure of the Council Plan to make clearer the relationship between the Council Plan and the North Yorkshire Sustainable Community Strategy, and to provide a more logical flow from vision to delivery.

The vision statement from the North Yorkshire Sustainable Community Strategy has been used as the starting point for the draft Council Plan. This is a shared vision which the Council, as part of the North Yorkshire Strategic Partnership, agreed in May 2008.

Vision in Council Plan 2008/11

A County which provides opportunity, independence and security for all.

Proposed vision for Council Plan 2009/12

North Yorkshire – a place of equal opportunity where all can develop their full potential, participate in a flourishing economy, live and thrive in secure communities, see their high-quality environment and cultural assets maintained and enhanced, and receive effective support when they need it.

The objectives of the Council constitute its contribution to this shared vision and have been reworded slightly to better reflect the vision:

Objectives in Council Plan 2008/11	Proposed objectives for Council Plan 2009/12:
<ul style="list-style-type: none"> • 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 for those that need it • 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 needed. • 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, for all to enjoy. • Keeping in touch – by listening to your views, engaging with you to meet your needs and by letting you know what we are doing. 	<ul style="list-style-type: none"> • Helping people to live and thrive in safe and secure communities • Helping all children and young people to develop to their full potential • Improving health and wellbeing and giving people effective support when they need it • Ensuring good access for all • Promoting a flourishing economy • Maintaining and enhancing our environment and heritage <p>This has been included in the values which the Council upholds in achieving its objectives.</p>

The values which the Council upholds in achieving these objectives have also been refreshed to produce more concise statements, and to follow immediately after the objectives rather than be an appendix to the Plan:

Values in Council Plan 2008/11	Proposed values for Council Plan 2009/12:
<p>In order to deliver our vision - 'A County which provides opportunity, independence and security for all' – and to fulfil this role, we recognise that we must:</p> <ul style="list-style-type: none"> • Be focussed on the needs of customers and communities, facilitating their involvement in policy and service development and listening to, and valuing, what they tell us. • Be committed to equal opportunity for all. Opposing all forms of unfair discrimination which puts a person at a disadvantage, treating people with dignity and respect, and valuing the diversity of people and communities. • Work to promote social inclusion and social cohesion. • Deliver high quality and efficient services that are responsive to users' needs, seek constantly to improve how we do things and ensure value for money in the use of public funds. • Show leadership and promote partnership between the diversity of agencies and interests that work to promote community wellbeing. • Secure effective democratic processes by placing a high value on accountability and accessibility. We will do this through elected members themselves and through the openness of our processes, ensuring that information about the Council's decisions is readily available. • Maintain high standards of integrity and honesty in our dealings with the public and our staff, and in the management of resources. 	<p>In achieving these objectives we will:</p> <ul style="list-style-type: none"> • Respond to local needs and circumstances • Treat everyone fairly and value diversity • Deliver excellent and effective services which are value for money • Work in partnership and provide leadership where required • Strengthen effective local democracy • Be honest and open in all that we do

<ul style="list-style-type: none"> • Support our staff, our most important asset, through effective management enabling them to take ownership of their responsibilities, through openness and honesty, through appropriate training and development and through effective health and wellbeing arrangements. • Ensure that, in meeting the needs of today, we do not compromise the ability of future generations to meet their needs. • Communicate, consult and engage with our local communities - you, the people we serve. 	<ul style="list-style-type: none"> • Value and develop our staff • Meet the needs of today without compromising future generations • Inform, listen and involve
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The Council Plan includes supporting information on each of the objectives, summarising the key issues for North Yorkshire, the services the Council provides, and the Council's priorities for 2009/10. The final section outlines the ways in which we deliver our priorities (people, planning, resources, communication and information, partnership working, and performance management) and pay for local services (Medium Term Financial Strategy, revenue resources, and capital plan).

The Draft Council Plan 2009/12, as at 23 January 2009, is attached at Appendix 1. Whilst the Executive has received a summary of the County Council's performance in 2007/08, set out below, CPA information will not be available until after the Council meeting. The Council Plan will therefore need to be updated prior to publication to reflect this latest information and to reflect decisions made by the Council on the Budget for 2009/10. The Executive recommends that the Chief Executive be authorised to make any necessary amendments to the text of the Plan.

Performance Commentary: The County Council's performance is subject to a range of external assessments by the Audit Commission and service inspectorates. These provide evidence of performance improvement and how the County Council is performing compared to other councils. The County Council also benchmarks its own performance against other County Councils as a member of the PWC Benchmarking Club. The Social Care Inspectorate and Ofsted have announced their judgements on Adult Social Care and Children's Services for 2008. The Audit Commission will not, however, publish its overall CPA star rating for the County Council until after the meeting on 18 February. This will include updated ratings for Environmental Services, Cultural Services and Use of Resources.

There is strong evidence that the County Council's performance continued to improve during 2007/08. This includes:

Corporate

- Audit Commission rating as an excellent 4 (out of 4) star authority
- 78% of selected PIs improved in last year and 42% are in the best quartile making the County Council the 4th most improved out of 388 Councils in England and Wales.
- The PWC Benchmarking Club ranks NYCC 2nd/34 amongst all County Councils.
- The Audit Commission Use of Resources judgement is 3 out of 4 with a very good Value for Money profile.
- Cultural Services are assessed as "good" with a score of 3 out of 4.

Children and Young People Service

- Ofsted's 2008 Annual Performance Assessment judged North Yorkshire's Children's Services to be "good" overall, with "outstanding" service management and capacity to improve. The Service is ranked 2nd highest of all County Councils, and highest among comparable local authorities.
- Performance under the "Enjoy and Achieve" and "Economic Wellbeing" outcomes is "outstanding". Key Stage 3 results are in the top 10%
- Safeguarding, child protection and other children's social care services are judged to be "good", an improvement from the 2006 judgement of "satisfactory"

Adult and Community Services

- The Commission for Social Care Inspection has awarded the Council's provision of Adult Social Care the top 3 star rating with judgement of delivering "good" outcomes for the people of North Yorkshire and a "Capacity to Improve" assessment of "excellent" comprised of "excellent" Leadership and "excellent" Commissioning/Use of Resources.
- Adult Social Care improved its PWC Benchmarking Club ranking from 20th in 2006/7 to a ranking of 4th in 2007/8
- The performance of Direct Payments which is at the centre of the Government's Self-Directed Care agenda as set out in "Putting People First" was ranked as 2nd best nationally.

Business and Environmental Services

- The Audit Commission has assessed the Council's Environmental Services at a score of 4 out of 4.
- The Local Transport Plan has been assessed as "Excellent" and the County Council has been designated as an "LTP Centre of Excellence".
- Household waste recycled and composted has increased to over 39%.

There are, however, a number of major performance challenges faced by each directorate that need to be met over the period of the MTFs. These have been identified using a number of sources of information. Each directorate, using the appropriate comparator group of councils, has considered:

- areas where performance is currently relatively low, or
- opportunities exist for movement to upper quartile performance, or
- areas identified where there are significant and real risks of declining performance.

This has been combined with consideration of:

- Audit Commission comparator family vfm data set
- PWC benchmarking data for all County Councils, and
- Society of County Treasurers vfm data set

The performance challenges identified through this process have all been considered by the Executive in developing the MTFs and the Revenue Budget for 2009/10. They are reflected in each directorate's contextual commentary and as appropriate in the analysis of funding priorities (Supplementary Papers A and B) in the MTFs and Revenue Budget papers. In summary they are:

(a) Children and Young People Service

- Disabled children – improvements to the level of services provided and integration of services in order to get even better.
- Safeguarding – keeping young people safe where outside of the child protection framework plus those in the social care system.
- Attainment – the need for further intense scrutiny where some schools are under performing and some are subject to National Challenge.
- 14 – 19 provision – preparation for the changes that will follow transfer of responsibilities from the LSC in 2010.
- Integrated youth support – seeking to increase provision for those under 13 years old and also those more vulnerable groups including care leavers and those in the Youth Justice System.
- Local preventative services – seeking to do more for young people at an earlier stage in the context of growing demand.

(b) Adult and Community Services

- Demographics – the need to support increasingly more people with care needs in a growing older people population in North Yorkshire.
- Economic Downturn - the recession will lead to an increase in people presenting care needs to Adult Social Care services.
- Safeguarding - keeping people safe from abuse and harm and demonstrating effective arrangements in any future inspection of services.
- Putting People First National Concordat – to deliver a radical transformation of adult social care services and deliver the Government's vision of self-directed care through personalised budgets for all.
- Managing the Adult Social Care Market – to commission good quality care and offer choice when there are upward cost pressures worsened by the economic downturn.
- Libraries - sustaining high levels of people using services in a challenging financial climate.

(c) Business and Environmental Services

- Planning – raising performance through recruitment of staff and refinement of working practices.
- Road condition – maintaining the infrastructure and condition of the highway network.
- Road Safety – continuing to reduce the number of killed and seriously injured on the roads.
- Waste management – maintaining the emphasis on waste prevention and recycling/re-use to support faster progress in reducing landfill.

(d) Chief Executive's Group

- Community engagement – to ensure that the County Council fulfils its new statutory duty to involve and that community engagement is effective.
- Partnership working – to ensure that the County Council is effective in its roles as community leader and support the work of NYSP and delivery of the LAA.
- Sustainability – developing and implementing a climate change strategy.
- Access to services – improving the customer experience through the Customer Services Centre and by ensuring the provision of joint access centres and increasing the use of the website by citizens.
- Responding to the Equalities and Diversity agenda.
- Workforce reform and implementing changes in the HR function.

(e) Finance and Central Services

- Use of resources – the key areas for moving forward and further improvement are:
 - Embedding project management on capital schemes
 - Procurement
 - Data Security
 - Service Continuity Planning
 - Partnership Governance
 - Use of Natural Resources

An agreed action plan has been produced following consideration of each directorate's performance and those actions will be monitored. Through meeting the performance challenges outlined above the County Council will be able to ensure that it continues to improve its services.

The Executive RECOMMENDS:-

That the County Council Plan and Priorities 2009/10 – 2011/12 be approved, but the Chief Executive be authorised to make necessary changes to the text, including reflecting decisions made by the Council on the budget and updated performance data.

2. Medium Term Financial Strategy and Revenue Budget 2009/10: At its meeting on 3 February 2009 the Executive considered a detailed report on the Medium Term Financial Strategy (MTFS) 2008/11 and Revenue Budget for 2009/10, together with a schedule of related appendices and supplementary papers. A copy of that report and the supporting papers is included as Appendix 2 to this report. It sets out the context for 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 supporting people agenda, and the need to improve further the educational attainment and the safeguarding of children, 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 (CSR) covering the three years 2008/11 was announced in the Autumn of 2007; the first of these years is the current year, 2008/09. Whilst the CSR has given some certainty to funding levels from the Government to the County Council for the next two years, there is also the requirement to generate 3% year on year cashable efficiencies. As an already low spending, low taxing but high performing Council, this particular target will be extremely challenging. Plans to deliver this target have been worked up in detail by Management Board and are included in this report. The Government 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 the County Council is required to deliver and to ensure that proposals for any growth in expenditure and service developments are essential.

The Medium Term Financial Strategy 2009/12 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 2009/10 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.

Last year's increase in Council Tax was +4.75%. 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. The Audit Commission Use of Resources judgement for 2007 was 3 stars out of 4 with a very good Value for Money (VFM) profile. There is every possibility that this score will be maintained, and possibly improved, for 2008. In terms of performance, PWC rank the County Council as second out of the 34 County Councils. Audit Commission figures show 78% of performance indicators improved during the year and 42% of indicators are in the best quartile.

The key points relating to the Medium Term Financial Strategy (MTFS) and Revenue Budget are -

- (a) a year ago the Government helpfully provided indicative grant figures for 3 years including 2009/10 and 2010/11 – the MTFS from a year ago has therefore provided the basis on which the 2009/12 version has been based
- (b) the Government set an indicative value for money (VFM) target for local government as a whole at 3% for each of the years in the period 2008/2011. Whilst this is challenging for the County Council as an already high performing but low spending authority, a VFM Plan has been developed that will target a 3 x 3% (9.3% cumulative) reduction in costs over the 2008/11 period - the first year (2008/09) is on course and the targets set a year ago, for 2009/10 and 2010/11, have been reflected in the updated MTFS
- (c) the Government has expressed the view that Council Tax increases should be substantially below 5%
- (d) there has been much media speculation that local authorities will have to implement service reductions and / or increase fees and charges above inflation in order to keep Council Tax increases below 5%. The Budget package in the attached report does not rely on such measures, despite the rate of inflation for the County Council's "basket of goods" exceeding 3%
- (e) a recommended Council Tax increase of 3.94% for 2009/10, with a figure of 4.24% used for financial planning purposes in 2010/11 and 2011/12. This increase in 2009/10 is equivalent to £38.94 pa for a Band D Council Tax payer
- (f) the Budget / MTFS package continues to invest additional funds, over the three years, of £5.4m in Adult Social Care, £3m on the Waste Disposal Strategy and £2.9m in Children's Services. Funds will also be made available to invest in corporate initiatives (eg IT networks, business improvement systems and upgrading of property) that are necessary if the improvements in access to services and value for money are to be achieved by Service Directorates
- (g) in order to balance the Revenue Budget in 2009/10 and 2010/11 it is necessary to draw down £2.5m and £1.2m respectively from the General Working Balance. This position is then recovered in 2011/12, whereby all expenditure is matched by recurring funding
- (h) despite this drawdown, the 2% target figure for the General Working Balance is maintained throughout the 3 years of the updated MTFS
- (i) notwithstanding the ongoing service pressures in Adult Care and Children's Services, the Budget package specifically addresses the longer term cost implications of the Waste Strategy. Because these costs are forecast to continue to escalate in years 2012/13 to 2014/15, the package incorporates a specific funding plan for these later years

The Local Government Act 2003 requires that, in setting the Budget, the following is provided:-

- ➔ an explanation of the statutory requirements particularly in relation to Section 25 that relates to the Budget process – see Appendix K of Appendix 2.
- ➔ a risk assessment methodology for Balances / Reserves which is also required under Section 25 – see Appendix L of Appendix 2.
- ➔ a subsequent review of the County Council's Balances and Reserves – see Appendix M of Appendix 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:

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

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.

The County Council has been assessed as a 3 (out of 4) for its Financial Standing and associated management procedures as part of the 2007 CPA Use of Resources (UoR) assessment, and received a positive Audit and Inspection Annual Letter from the External Auditor in relation to the 2007/08 financial year. There are no grounds to suspect that the UoR assessment for 2008 will deteriorate – if anything, it could improve.

In accordance with the principles laid out in Appendix K of Appendix 2, the Corporate Director – Finance and Central Services has undertaken a full assessment of the County Council's potential financial risks in the period 2009/10 to 2011/12 including:

- ➔ the realism of the Revenue Budget 2009/10 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 VFM Plan target of 3%
 - 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 policy decision 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 impact of current and forecast interest rates on the expected returns from investment of cash balances
- ➔ 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

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

Estimates used in the MTFs for the years 2010/11 and 2011/12 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 ongoing implications of the introduction of the Area Based Grant in 2008/09
- ➔ the provisional grant settlement announced for 2010/11 and a prudent assumption for 2011/12

- ➔ 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 2011/12
- ➔ the impact of the economic recession on both future interest rates, the Council Tax taxbase and District Council Collection Fund surpluses

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 / MTFS 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 at each year end, it is accepted that within these yearly 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.

As explained in Appendix M of Appendix 2, all the current balances and reserves have been examined as to their adequacy and purpose using the methodology/criteria detailed in Appendix L of Appendix 2. Based on this analysis, the Budget proposals reflect:

- (i) the transfer of funds from the recurring PIP (£2m), and the Job Evaluation / Equal Pay Provision (£400k) into the General Working Balance
- (ii) the drawdown from the General Working Balance of £2.5m in 2009/10 and £1.2m in 2010/11 to balance the Budgets of those years respectively
- (iii) whilst maintaining the policy target level of 2% for the General Working Balance

Members will be aware that the MTFS policy in relation to the GWB is to achieve, and then maintain, a level of the GWB equivalent to 2% of the net Revenue Budget by 31 March 2011. This policy is accompanied by a set of "good practice rules" (see Appendix M of Appendix 2 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. This target figure was however achieved at the end of the 2007/08 financial year. 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 (Appendix N of Appendix 2 provides full details of the various +/- impacts on the GWB that arise from the proposals in this report).

Year End Date	MTFS 2008/11		MTFS 2009/12	
	£000	% of Net Revenue Budget	£000	% of Net Revenue Budget
31 March 2008	7,300 *	2.5	7,709 °	2.6
31 March 2009	7,300 *	2.3	11,751 *	3.6
31 March 2010	7,300 *	2.2	9,651 *	2.9
31 March 2011	7,300 *	2.0	8,451 *	2.4
31 March 2012	N / A	N / A	8,451 *	2.3

[Note : * projected ° actual]

On the basis of the GWB at 31 March 2008 (£7.709m) and the projected GWB at 31 March 2009 (£11.8m) it is evident that the County Council has exceeded its policy target level of 2%. However, with the proposed use of £2.5m from the GWB to balance the Budget for 2009/10, and a further £1.2m in 2010/11, and the continuing likelihood of unforeseen events arising as a result of the economic downturn (eg reduced Yorwaste dividend), it is essential that the figure of £8.45m is retained for subsequent years as it satisfies the 2% target by the March 2011 date set last year.

When considering the report on the MTFS 2009/12 and Revenue Budget for 2009/10 attached as Appendix 2 to this report the Executive noted and resolved to draw 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 which stated that:

“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 2009/10 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:

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| (a) | (i) | in accordance with Section 44 of the Local Government Finance Act 1992 that for the year beginning 1 April 2009, a Council Tax precept of £237,046,000 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) | in accordance with Section 43 of the Local Government Finance Act 1992 that a net Revenue Budget requirement for 2009/10 of £336,240,000 be approved |
| | (iii) | that there be a drawdown of £2.5m from the General Working Balance to balance the 2009/10 Revenue Budget |

- (iv) that the allocations to each Directorate, various corporate initiatives, and precepts/levies/contributions be as detailed in Appendix D to Appendix 2 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 6 March 2008, on the allocation of the Schools Block.
- (b) (i) that the revenue elements of the Area Based Grant be allocated and managed in accordance with the procedures detailed in paragraph 9.18 et seq and Appendix E of Appendix 2 of the report
- (ii) that Corporate Directors be authorised to incur expenditure under the terms of any new specific grants (paragraph 9.20 et seq) of the report at Appendix 2
- (iii) that in relation to the Waste Infrastructure Capital Fund and the Stronger Safer Communities Fund (paragraph 9.19 of Appendix 2 of the report), the relevant Corporate Director/ Chief Executive be authorised, in consultation with the appropriate Executive Member, to consult with applicable partners on the most appropriate method of allocating this grant, and having done so, to adhere to the management procedures referred to in paragraph 9.18(b) of that Appendix
- (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 allocation of funds and subsequent cessation of the recurring Pending Issues Provision be as detailed in paragraph 9.27(a) Appendix 2 to the report
- (vi) that the non-recurring Pending Issues Provision, as detailed in paragraph 9.27(b) of the report and after taking into account the adjustments / allocations referred to in paragraph 9.32 of Appendix 2 to the report, be continued.
- (vii) that the unused balance of the Job Evaluation / Equal Pay Fund be transferred to the General Working Balance in 2009/10 (paragraph 11.29 Appendix 2 to the report).
- (c) That the Medium Term Financial Strategy, and its caveats, as laid out in paragraph 9 and Appendix D of Appendix 2 to the report be adopted.

3. Prudential Indicators: The 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

- (i) as part of the Revenue Budget process, and
- (ii) before the start of the financial year

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

The Prudential Indicators for 2008/09, covering the period up to 2010/11, were approved by the County Council on 20 February 2008. The Prudential Code also requires appropriate arrangements to be in place for the monitoring, reporting and revision of Prudential Indicators previously set. A full revision of all Indicators was duly approved by County Council on 8 October 2008. As part of the 2009/10 Budget process, a fresh set of Indicators for the MTFs period up to 2011/12 now needs to be considered and approved. This report should be read in conjunction with the separate report on the agenda regarding Treasury Management.

Appendix 3 to this report sets out the proposed updated Prudential Indicators with the addition of a further year 2011/12. This Appendix sets out every Prudential Indicator in terms of:

- (i) the updated Indicators to 2010/11 approved by County Council on 8 October 2008
- (ii) a revised set of Indicators with the addition of 2011/12
- (iii) appropriate comments on each Indicator including reasons for any significant variations

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

- (i) the latest Capital Plan approved by Executive on 20 November 2008 as adjusted for a number of known and forecast variations
- (ii) updated information in relation to a number of schemes/provisions and their financing
- (iii) updated capital financing costs reflecting (i) – (ii) above

A new local indicator has also been added to the PI set. This reflects a pre-existing requirement in the Borrowing Policy of the Annual Treasury Management Strategy which states that borrowing from the money market (as opposed to the PWLB) shall not exceed 30% of the County Council's total external debt outstanding at any point in time. This item is added to ensure that the PI set fully reflects all the Indicators used by the County Council.

In making its decision on the Revenue Budget, the County Council is asked to note that the Authorised Limit for external debt determined for 2009/10 (£432.8m - see Item 5 of Appendix 3) will be the statutory limit determined under Section 3 (1) of the Local Government Act 2003; this statutory requirement means 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 for 2009/10 to 2011/12, as set out in Appendix 3 to the report, be approved.
- (ii) That an Authorised Limit for External Debt of £432.8m in 2009/10, under Section 3(1) of the Local Government Act 2003, be approved.

4. Annual Treasury Management Strategy: The County Council is required to adopt certain procedures in relation to Treasury Management by complying 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 2002, and the CIPFA Prudential Code for Capital Finance in Local Authorities. The Local Government Act 2003 requires the County Council to have regard to the Prudential Code and to set Prudential Indicators for the next three financial years, to ensure that the County Council's capital investment plans are affordable, prudent and sustainable. A separate report on the Prudential Indicators for the three years 2009/10 to 2011/12 should be read in conjunction with this report, because of the interaction between the Prudential Indicators and the Treasury Management arrangements.

The combined effect of all these Codes and Regulations is that the County Council has to have in place, by the start of the new financial year 2009/10, an up to date Treasury Management Policy Statement and a combined Annual Treasury Management and Investment Strategy and Minimum Revenue Provision Policy. Refinements to the Annual Treasury Management Strategy are also being proposed in relation to 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.

In addition to the Statutory Requirements mentioned above, the County Council also agreed, in February 2008, a new local policy to cap Capital Financing costs as a proportion of the annual Net Revenue Budget; this is now incorporated into the Annual Treasury Management and Investment Strategy 2009/10.

The CIPFA Code of Practice on Treasury Management introduced in 2001 requires the County Council to have approved:

- (a) a Treasury Management Policy Statement (TMPS) stating the County Council's policies and objectives for its treasury management activities, which is attached as Appendix 4A to this report
- (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 12 recommended TMPs were submitted to Members in March 2004. These documents are currently being reviewed to ensure they are fully consistent with the new Codes and Regulations that have been introduced since March 2004. An updated set of TMPs will therefore be submitted to Members at the earliest available opportunity.

One of the key requirements of the 2001 CIPFA Code of Practice on Treasury Management is that an Annual Treasury Management Strategy (ATMS), which incorporates a set of Borrowing Limits and Requirements for the year, is considered and approved before the start of each financial year. It must include reference to external debt levels, the Prudential Indicators as well as the Annual Investment Strategy (AIS) requirements. The proposed Annual Treasury Management Strategy for 2009/10, incorporating the Annual Investment Strategy, is attached as Appendix 4B to this report. The key elements of the Strategy are:-

- (a) an authorised limit for external debt of £432.8m in 2009/10
- (b) an operational boundary for external debt of £412.8m in 2009/10
- (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) borrowing from the money market for capital purposes is to be limited to 30% of external debt outstanding at any one point in time
- (e) 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
- (f) 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
- (g) an 11% cap on Capital Financing costs as a proportion of the annual Net Revenue Budget
- (h) a Minimum Revenue Provision (MRP) policy for debt repayment to be charged to revenue in 2009/10 as set out in paragraph 11 of Appendix 4B
- (i) 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

In paragraph 10 of Appendix 4B, reference is made to the long term debt position of the County Council and the attempts being made to reduce the consequential interest charge impact on the annual Revenue Budget. The long term debt position of the County Council 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 actual	328.2	+ 29.2
	2009 forecast	356.2	+ 28.0
	2010 forecast	379.6	+ 23.4
	2011 forecast	413.5	+ 33.9
	2012 forecast	445.9	+ 32.0

The County Council's external debt has more than doubled over a period of seven years from March 2001 to March 2008. 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 and thereby invest in its asset infrastructure. 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 £33.1m in 2009/10. This consists of interest payments of £18.2m and a revenue provision for debt repayment of £14.9m. Fundamental to this is the fact that the annual capital spending funded by borrowing significantly exceeds the agreed Prudential policy for Minimum Revenue Provision for debt repayment that must be made each year. For example in 2009/10 the revenue provision for debt repayment is £14.9m, whereas capital spending to be funded from borrowing is £38.2m. The difference of £23.3m will increase the outstanding debt position further in 2009/10 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 provision for debt repayment above the agreed Prudential policy (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. However, this growth in debt is not unique to the County Council as the reasons for the growth apply to most county and unitary councils throughout the country. Based on available statistics, 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	Lowest	Average	NYCC	Highest
Actual Levels	£m	£m	£m	£m
31/03/06	157.1	329.3	274.4	882.6
31/03/07	176.1	343.5	299.0	952.4
growth in debt				
actual 5 year growth from 31/03/02 to 31/03/07	22%	81%	101%	439%

Capital financing costs (interest plus a required revenue provision for debt repayment) as a percentage of Net Revenue Budgets based on latest comparative figures.

Year	Lowest	Average	NYCC	Highest
	%	%	%	%
2007/08 estimates	5.1	8.9	10.1	14.2
2008/09 estimates	5.1	8.8	9.5	13.4

It is worth noting in relation to the above two tables that:

- (a) the County Council's absolute external debt level is below the average of other shire counties
- (b) the County Council's historical debt growth over the last 5 years is higher than the average of other shire counties
- (c) the County Council's capital financing costs (interest and principal) as a percentage of the Net Revenue Budget is above the average of other county councils
- (d) the range of debt levels and percentage 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
 - comparative levels of borrowing approvals issued by the Government
 - comparative levels of Prudential Borrowing
 - relative levels of internally financed capital borrowing
 - debt rescheduling 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.
- (e) because of the factors mentioned in (d) above the overall comparison of debt and financing costs between authorities will be increasingly difficult as time progresses.

The age profile of the County Council's external debt, as at 31 March 2008, was

Length of Period	£m
up to 1 year	6.4
1 year to 2 years	12.0
2 years to 5 years	30.7
5 years to 10 years	20.0
10 to 25 years	71.5
25 to 40 years	87.6
Above 40 years	100.0
Total external debt at 31 March 2008	328.2

Some points to highlight in relation to the above table are that:

- (a) there is no model age profile and decisions to borrow have been taken each year in the light of current and forecast future interest rates together with the yield curve
- (b) new borrowing in recent years has focused on longer period fixed term loans due to their historically low interest rates
- (c) a period spread of the age profile is important, to avoid having to refinance loans repaid within relatively short periods
- (d) the 2009/10 Borrowing Strategy set out in paragraph 8 of Appendix 4B will mean that, after some years of borrowing for longer periods, the County Council would be able to undertake cost effective borrowing over markedly shorter periods and so achieve a more even spread in the debt maturity profile.

The criteria for monitoring and assessing organisations to which the County Council may make investments are incorporated into the detailed Treasury Management Practices that support the Treasury Management Policy Statement. 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. A revised set of credit rating criteria, set out below, and the consequential Approved Lending List was approved by the County Council on 20 February 2008 as part of the *Annual Treasury Management and Investment Strategy 2008/09*. The changes took into account more detailed credit criteria information and included 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) and overall financial strengths. The use of more detailed credit criteria, based on the credit matrix of the County Council's Treasury Management Advisor (based on ratings published by the credit rating agency Fitch) enabled the setting of two different levels of credit criteria lending. Lending limits of £15m for periods of up to one year for institutions having a higher credit rating and a lower limit of £8m up to three months for institutions that have a slightly lower credit rating were approved. This approach provided greater safeguards in that funds could only be invested for longer periods of time with those institutions with higher credit ratings. A different rating was applied for lending to organisations for more than one year.

NYCC Investment Criteria		Long Term	Short Term	Max Inv
Specified Investments (up to 1 year)	Maximum Term of 3 months	A+ or A	F1	£8m
	Maximum Term of 364 days	AAA, AA+, AA or AA-	F1+	£15m
Non-Specified Investments (more than 1 year)	Maximum Investment of 2 Years	AA-	F1+	£5m
	Maximum Investment of 5 Years	AAA, AA+, AA	F1+	£5m

The impact of these changes was 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 Council's invested sum. The changes restricted those institutions the County Council could invest in by introducing a new three month investment time limit for a number of institutions. Based on credit rating criteria information received from the County Council's Treasury Management Advisor, the Approved Lending List is monitored on an ongoing daily basis, so that any institutions that fall below the County Council's minimum criteria are immediately removed from the Lending List. In addition to credit rating criteria, other information such as market intelligence, press speculation and rumoured mergers is closely monitored, with the effect that institutions are sometimes removed or temporarily suspended from the Lending List in advance of any likely credit rating downgrade. This ongoing monitoring process has been vital, given the continued uncertainty in the financial markets during 2008/09.

Subsequent to the County Council approving the new credit rating criteria and consequential Approved Lending List in February 2008, two further changes have been approved during the year. Firstly, as part of the 2007/08 Treasury Management Outturn report the County Council approved, on 21 July 2008, new maximum limits that could be invested with any organisation at any one time. These increases were from £8m to £10m for some organisations and from £15m to £20m for others. The reason for the increases was to provide increased flexibility for the County Council's investment activities given both a continuing high level of surplus cash balances and there being fewer organisations meeting the County Council's criteria because of credit rating downgradings, mergers and market intelligence. Secondly, following turmoil and uncertainty in the financial markets and the collapse of some Icelandic banks in early October 2008, a report was submitted to Executive on 14 October 2008 and, in December 2008, the Council approved an increase in the maximum sum that could be invested with certain 'high quality' UK and EU counterparties from £20m to £30m and from £10m to £20m for others. The reason for this was to enable investments to be concentrated with the highest standing institutions, at the expense of some lesser names, and also provide flexibility given mergers taking and rumoured to be taking place.

Given the approach adopted for 2008/09 and the subsequent need for changes as outlined above, it is appropriate to review again the criteria for institutions being included on the County Council's Approved Lending List for 2009/10. Following the unprecedented events in the financial markets over the past year or so, credit ratings have been called into question by many commentators as a result of perceived failures by the rating agencies to respond quickly enough to the changing market conditions and thereby the stability and security of financial institutions. There have been numerous financial institutions with credit ratings downgraded and there have also been a number of mergers of financial institutions, predominantly as a result of the exceptional financial market conditions. This has resulted in a great deal of uncertainty in the market with major concerns over the stability of many banks and building societies.

Many national governments have put in place some form of guarantee for their financial institutions including

- (a) the UK Government giving a guarantee of liquidity for Abbey, Barclays Bank, HBOS, HSBC, Lloyds TSB, Nationwide Building Society, Royal Bank of Scotland and Standard Chartered
- (b) the Irish Government have gone a step further and given an unconditional guarantee for the following institutions for 2 years: Allied Irish Bank, Anglo Irish Bank, Bank of Ireland, Irish Life and Permanent, Irish Nationwide Building Society, EBS Building Society and Postbank. This was followed in January 2009 by the Irish Government saying it will nationalise the Anglo Irish Bank after deciding pumping money into the bank was not enough to secure its future.

These guarantees provide additional comfort to the County Council and the investment limits have already been increased for some of the above highly rated institutions. This is also overlaid by limiting deposits placed for more than one year to £5m per institution who have a minimum rating of short term F1+ and long term AA-. This is seen as a positive approach to managing risk.

Despite the well publicised concerns about credit rating agencies their use is still very much supported as being the best available and most appropriate platform for measuring the strength of financial institutions. It should be borne in mind, however, that risk is associated with any investment and credit ratings only provide an assessment, not a guarantee of credit quality. Credit ratings should therefore form only part albeit a significant part, of assessing which institutions the County Council should invest with. Following discussions with the Treasury Management Advisor and a thorough review of the County Council's current lending criteria and Approved Lending List, the recommended approach for 2009/10 is:

- (a) the long term and short term credit rating criteria, as previously agreed, will still be utilised, but will be supplemented to include:
 - (i) sovereign rating for each country in which the financial institution is domiciled. The sovereign rating also recognises the country's ability to support these institutions should they get into difficulty
 - (ii) individual ratings which are only assigned to banks / building societies and attempt to assess how these organisations would be viewed if they were entirely independent and could not rely on external support (eg from central government or shareholders)
 - (iii) support ratings which show the likelihood of a potential supporter (eg a sovereign state), should a financial institution run into difficulty
 - (iv) financial strength rating (issued by Moody's) which measure how likely the bank is to need assistance from third parties

- (b) in addition the following measures will also actively be taken into consideration
- (i) institutions will be removed or temporarily suspended from the Lending List if there are significant concerns about their financial standing or stability
 - (ii) investment exposure will be concentrated with higher rated institutions wherever possible
 - (iii) keeping investments short, typically to three months or less

This is seen as a practical response to the current money market uncertainty, instability and volatility and will enable the County Council to manage its money market risk exposure, but also to ensure that it can still achieve a return that is consistent with available market rates. The revised criteria are set out in full in paragraph 12.7 of the Annual Treasury Management and Investment Strategy 2009/10 (Appendix 4B) attached.

The Debt Management Office (DMO) Deposit Account is an investment facility introduced several years ago by the Government specifically for public authorities. This facility is AAA rated as it is part of the HM Treasury Operations and can be regarded as lending to the Government. It is, therefore, a 100% safe house lending option and there is no upper limit to the amount of funds that can be deposited with the DMO. This investment option is included in the County Council's current Approved Lending List, with a current maximum investment of £20m. The facility has not been used by the County Council to date, however, because of the vastly inferior interest rates on offer which are currently approximately 1.2% below what could realistically be achieved elsewhere, the range being between 0.5% to 1.6 % depending on the period of investment. Until recently, this facility had also not been used by many other local authorities because of the level of interest being paid. Following the turmoil and uncertainty in the financial markets, however, and the collapse of Icelandic banks in early October 2008, some local authorities are starting to use the facility, even to the extent of all their investments being placed with the DMO. This is particularly the case for authorities who have funds frozen in the collapsed Icelandic banks. Given the steps being taken by the UK and other Governments to stabilise the position in the financial markets, it is not considered necessary for the County Council to adopt the DMO option at this stage. As a precaution, however, the maximum investment limit for this facility is being increased from £20m to £100m.

As a result of events over the past year or so and the revised criteria set out above, it has been necessary to update the Approved List of organisations to which the County Council may make investments. Because these sums / periods vary for Specified and Non Specified investments, details of these are provided in Schedules A and B respectively of Appendix 4B. A full updated current Lending List is attached to this report as Schedule C to the Annual Treasury Management and Investment Strategy 2009/10 (Appendix 4B). This Approved List will however continue to be monitored on an ongoing basis and changes made as appropriate to reflect credit rating downgrades, mergers or market intelligence and rumours.

The criteria for Specified Investments (a maximum of 364 days) are

- institutions which have a credit rating of F1,A being limited to £10m and 3 months
- institutions which are rated F1+, AA- or above, have limits of £20m and 364 days, (£30m and 364 days for individually approved 'high quality' UK counterparties)

- all foreign bank transactions are in sterling and are undertaken with UK based offices

The criteria for **Non Specified Investments** (for periods of more than 364 days) are

- investments over 1 year to a maximum of 5 years with institutions which have a minimum credit rating of F1+, AA
- investments with institutions which have a credit rating of F1+, AA- have a time limit of 2 years
- the maximum amount for all non-specified investments is £5m with any one institution

The tables below detail all the changes proposed to the Lending List in the 2009/10 Strategy compared with the List submitted for 2008/09 in February 2008.

- (a) Organisations included on the 2008/09 Lending List where the maximum amount which could be invested, as a specified investment, has been subsequently increased as follows:-

Organisation	Strategy 08/09 February 2008	Revised July 2008 (para 5.8)	Revised October 2008 (para 5.9)	Strategy 2009/10	Note
Abbey	£15m	£20m	£30m	£30m	1
Alliance & Leicester	£8m	£10m			
Barclays / Woolwich	£15m	£20m	£30m	£30m	
Yorkshire Bank	£15m	£20m	£30m	£30m	
HBOS	£15m	£20m	£30m	£30m	1
Lloyds TSB	£15m	£20m			
Royal Bank of Scotland Nat West Ulster Bank	£15m	£20m	£30m	£30m (Ulster Bank limited to a maximum of £10m only)	2
HSBC	£15m	£20m	£30m	£30m	
Bank of Ireland	£15m	£20m	£30m	-	3
Allied Irish Banks Allied Irish Bank GB	£15m	£20m	£30m	-	3
Anglo Irish Bank	£8m	£10m	£20m	-	3

Notes on above table

- 1 Shared limit following merger of organisations.
- 2 The RBS Group, (The Royal Bank of Scotland, Natwest and Ulster Bank Ltd), fell below the County Council's minimum lending criteria following the downgrading of their individual rating (ie the measurement of intrinsic soundness of an institution, evaluated on a stand alone basis) by Fitch in January 2009. This

followed RBS Group's announcement that it expected to report a record loss and that it had reached agreement to replace the preference shares, already held by the UK Government, with new ordinary shares. Downgrading the individual rating reflected Fitch's opinion that, due to the scale of problems now faced by the Group, it was clearly reliant on external support – and to a greater extent than most other banks.

Following discussions with the Treasury Management Advisor, however, the RBS Group has been retained on the Approved Lending List at present - albeit for short term investments only (up to 3 months). It is recognised that the RBS Group is in a unique position – it is used by many local authorities as their bankers, all other ratings remain high, and, as a UK clearing bank, the likelihood of the UK Government allowing them, or any other UK clearing bank to fail, is remote. The UK Government currently holds a 70% stake in RBS and the Group is included within the UK Government Special Liquidity Scheme. In this instance, therefore, whilst exceptional market conditions exist, the use of the individual rating has been temporarily suspended, recognising the strength of other ratings as the key criteria for assessment of RBS / Natwest.

- 3 Following advice from the County Council's Treasury Management Advisor in January 2009 and recent press articles relating to the Irish Economy, it is considered prudent to remove these Irish banks from the Approved Lending List. It is understood that there is no immediate risk to existing investments as Ireland is currently an AAA sovereign rated country and has guaranteed all deposits. However, the Irish economy appears to be suffering more than many other sovereign states within the EU due to the slump in the once buoyant Irish housing market. The County Council will continue to monitor the credit ratings for both Ireland and the main Irish banks. Consideration will be given to re-introducing specific Irish Banks onto the Approved Lending List in the future, after consultation with the County Council's Treasury Management Advisor, should ratings improve.
- (b) Organisations included on the 2008/09 Lending List which will **NOT** be included in the 2009/10 Lending List.

Organisation	Date Removed	Reason
Bradford & Bingley	May-08	Credit rating no longer meets minimum criteria
Glitner Banki	May-08	
Kauthing Singer & Friedlander Ltd	May-08	
Principality Building Society	Jul-08	
West Bromwich Building Society	Jul-08	
Depfa	Oct-08	
EBS Building Society	Nov-08	
Newcastle Building Society	Dec-08	
Cheshire Building Society	Apr-08	Following advice received from Treasury Management Advisor
Derbyshire Building Society	Apr-08	
Norwich & Peterborough Building Society	Apr-08	
Scarborough Building Society	Apr-08	
Dunfermline Building Society	May-08	
Irish Life & Permanent	Dec-08	
Allied Irish Banks	Jan-09	
Allied Irish Bank GB	Jan-09	
Anglo Irish Bank	Jan-09	Individual rating no longer meets minimum criteria
Bank of Ireland	Jan-09	
Britannia Building Society	Jul-08	
Credit Suisse International	Oct-08	
Fortis	Oct-08	
Bayrische Landesbank	Nov-08	
HSH Nordbank (AG)	Nov-08	
Chelsea Building Society	Dec-08	
Skipton Building Society	Dec-08	Removed due to uncertainty over Icelandic Banks
Yorkshire Building Society	Dec-08	
Dresdner Bank	Jan-09	Support rating no longer meets minimum criteria
Landesbanki Islands	May-08	
Co-operative Bank	Oct-08	

- c) Organisations not included on the 2008/09 Lending List but to be introduced for 364 days and £20m.

Organisation	Sovereign Rating	Long Term	Short Term	Strategy 09/10 (Specified Investments)
Svenska Handelsbanken	Sweden - AAA	AA-	F1+	£20m 364 days

This institution will primarily be used for short term investments (on call) where the interest rate currently offered is higher than those offered by other AA-, F1+ institutions. The Bank's Sovereign Rating is the highest possible, AAA, and Sweden's banking system has been ranked second soundest in the world.

- (d) Local Authorities included on the 2008/09 Lending List for £15m to be increased to £20m. Because of the way they are financed and their governance arrangements local authorities are classed as having the highest credit rating.

Organisation	Strategy 08/09 (Specified Investments)	Strategy 09/10 (Specified Investments)
County Councils English Unitary Councils Metropolitan Councils District Councils Police Authorities Fire Authorities National Parks Authorities	£15m 364 days	£20m 364 days

- (e) Other Deposit takers included on the 2008/09 Lending List for £15 million to be increased to £20 million & £100 million respectively.

Organisation	Strategy 08/09 (Specified Investments)	Strategy 09/10 (Specified Investments)
Money Market Funds (highest credit rating possible)	£15m 364 days	£20m 364 days
UK Government Debt Management Office (paragraph 5.21)	£15m 364 days	£100m 364 days

- (f) A number of organisations included on the 2008/09 Lending List as individual entities have now merged / are expected to merge / have been taken over and, as a result, share the maximum investment limits with other organisations. These are:-

Organisation	Change
Alliance and Leicester	became part of the Santander Group in October 2008
HBOS	became part of the Lloyds Banking Group in January 2009
Cheshire Building Society	merged with the Nationwide Building Society in December 2008
Derbyshire Building Society	merged with the Nationwide Building Society in December 2008

The adoption of the criteria set out above and the impact of credit rating downgradings and other market intelligence has significantly reduced the number of institutions currently on the County Council's Approved Lending List. There is the potential for this shortened list, which could become even shorter if there are further rating downgradings, to result in future operational difficulties in the investment of the County Council's surplus cash balances. If this does occur, options that could be

considered in the future, if the shortage of organisations on the Approved Lending List and/or the limits on the funds that could be lent did result in operational difficulties, are:-

- (a) running down investments through taking no new borrowing (paragraphs 8.9 to 8.14 of Appendix 4B)
- (b) running down investments through repaying existing debt prematurely subject to debt repayment premium constraints (paragraph 10.6 of Appendix 4B)
- (c) considering the addition to the Lending List of further high quality, highly rated foreign banks
- (d) increasing the lending limits again for those high quality UK banks remaining on the Lending List. Limits have already been increased twice during 2008/09 however.
- (e) using the Government's DMO account or other 'Triple A' rated Money Market funds
- (f) actively looking to invest with other local authorities although demand is very spasmodic and interest rates being offered are relatively poor (marginally higher than the DMO account)

A year ago the Audit Committee expressed an interest in reviewing the arrangements the County Council has in place to lend and borrow money in the money markets. The Audit Committee has considered the Treasury Management Policy Statement and the Annual Treasury Management Strategy for 2008/09 and expressed an ongoing interest in looking at the proposed use of any new financial instruments or changes in Policy/Strategy. The Executive has invited that Committee to review the TMPS and the Annual Treasury Management and Investment Strategy for 2009/10 and to submit any proposals to the Executive for consideration at the earliest opportunity.

The Executive RECOMMENDS:

- (i) that the updated Treasury Management Policy Statement attached at Appendix 4A to the report be approved.
- (ii) that the Annual Treasury Management and Investment Strategy for 2009/10 as detailed in Appendix 4B to the report be approved and in particular
 - (a) an authorised limit for external debt of £432.8m in 2009/10
 - (b) an operational boundary for external debt of £412.8m in 2009/10
 - (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) borrowing from the money market for capital purposes is to be limited to 30% of external debt outstanding at any one point in time

- (e) 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
- (f) 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
- (g) an 11% cap on capital financing costs as a proportion of the annual Net Revenue Budget
- (h) a Minimum Revenue Provision (MRP) policy for debt repayment to be charged to Revenue in 2009/10 as set out in paragraph 11 of Appendix 4B.
- (i) 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
- (j) the updated credit rating criteria for investment purposes together with the updated Approved Lending List of organisations (paragraph 12.7 and Schedule C of Appendix 4B)

5. Community Safety Strategy: Every local authority is required to have a Crime and Disorder Reduction Strategy (known locally as a Community Safety Strategy) and to have it approved by full Council. Currently the Council does not have a formal strategy, although development work was undertaken in 2004 and 2007. Section 17 of the Crime & Disorder Act 1998 also places a duty on every local authority to consider the crime and disorder implications when exercising its functions and do all that it reasonably can to prevent crime and disorder in its area. In addition to meeting the legal requirement to have a strategy, the draft document seeks to inform elected members, officers, partners and citizens of the work we undertake with regard to community safety.

Everyone has the right to live without fear for their own or other people's safety. Community safety relates to this sense of ease and personal security, the absence of which can adversely affect people's quality of life and their perception of and regard for their local community. Working for community safety means nurturing, supporting and developing those things that help people feel safe whilst doing all we can to prevent, reduce or contain the social, environmental and intimidatory factors which don't. It encompasses traditional enforcement and prevention activities that contribute to crime reduction as well as actions to help build stronger, more cohesive communities that inspire a sense of confidence and respect.

Community safety is one of the priorities in the North Yorkshire Sustainable Community Strategy 2008/18. In particular, we and our partners aim to:

- Reduce the re-offending rate, particularly by young offenders
- Tackle the issue of domestic abuse
- Reduce the fear of crime
- Support partnership-working between agencies responsible for environmental and transport planning, along with others such as the police, to reduce the number of deaths or serious injuries as a result of road traffic accidents

As a result, the North Yorkshire Local Agreement 2008/11 includes a number of community safety targets (set out in the Appendix to the draft strategy), which partners have agreed to deliver through the NYSP's York and North Yorkshire Safer Communities Forum and the seven North Yorkshire Crime and Disorder Reduction Partnerships.

The draft strategy, attached as Appendix 5 to this report, starts from the County Council vision and objectives using the proposed revised wording in the draft Council Plan 2009/12; describes partnership working on community safety; and sets out the key contributions that the County Council makes to community safety. The strong synergy between County Council services and their impact on community safety is illustrated below:

Work around	initiated by	focussing on	impacts on
Alcohol related crime, health, Anti-social behaviour	Business and Environmental Services	Alcohol, Fireworks, Solvents, Knives, Cold Calling Zones	Anti-social behaviour, Acquisitive Crime, Violent Crime
Affordable Housing	Adult and Community Services	Housing support including resettlement, Extra care and other supported housing	Fear of crime, Domestic abuse, Re-offending, Accident reduction, Crime, including Burglary
Children and Young People	Children and Young Peoples Services	Youth Offending Team, Secure by Design, Premises, Truancy, Safer Walked, Routes, Arson Reduction, Misssdorothy.com etc	Re-offending, Arson and Criminal Damage, Anti-social behaviour, Killed and seriously injured, Personal safety and youth crime, Bullying, Truancy
Community Cohesion	Children and Young Peoples Services and Chief Executives Group	'Prevent', Hate Crime, Reporting Centres, Learning English and Citizenship	Violent extremism, Community tensions, Social exclusion
Economy and Enterprise	Business and Environmental Services	Business Crime	Shoplifting, burglary, criminal damage etc.
Economy and Enterprise	Business and Environmental Services	Graffiti, Street lighting, and CCTV	Criminal Damage, Fear of Crime, Street Crime, Anti-social behaviour
Health and Wellbeing	Adult and Community Services	Safe-guarding adults, Preventative services	Accidents, Harm from Substance misuse, Fear of Crime
Older people	Adult and Community Services and Business and Environmental Services	Safe-guarding adults, living at home.	Domestic Abuse, Fear of Crime, Burglary, Bogus callers, Fire Safety, Crime and the Disabled, Rogue Traders
Road Safety	Business and Environmental Services	Killed and Seriously Injured	Speeding through built-up areas, Accidents

The strategy development process has included officers from all service directorates, together with discussions with the Safe and Sustainable Communities Overview and Scrutiny Committee. The process has been led by Nigel Custance (York & North Yorkshire Delivery Manager in the Community Safety Directorate of Government Office for Yorkshire and the Humber) as part of a temporary secondment one day a week to the Policy and Partnerships Unit.

The County Council starts from an excellent position, having been rated as one of the top performing county councils with regard to community safety in the recent PWC county councils benchmarking exercise. The draft strategy says that we will seek to maintain those levels of service in which we are excellent and work to improve where we see we should do more.

The Executive RECOMMENDS:

That the draft Community Safety Strategy be approved, subject the Chief Executive being authorised to make any necessary amendments to the text of the Strategy.

6. Schools Admission Arrangements for the Academic Year 2010/11: The County Council is required to determine its school admission policy and admission limits by 15 April each year. Since the County Council is the only body that may determine the matter, it falls to the County Council in February 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 County Council'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 Trust and Foundation Schools. For the 2010/11 consultation, after discussion with Diocesan Directors, the County Council has offered to carry out the admission arrangements consultation for 2010/11. A number of schools supplied their admission arrangements so that this could be carried out.

In June 2008 DCSF launched a consultation on proposed revisions to the School Admissions Code. One of the proposals within the consultation related to a change to local consultation process for determining school admission arrangements, which would require admission authorities to consult every three years (unless arrangements have changed from the previous year) and consult with relevant parents and other groups with an interest in the local area. DCSF argue that the reason for this proposal was to reduce the burden on schools and local authorities, and to improve engagement with parents and their communities. Over 70% of respondents to the consultation agreed that the consultation should take place every three years.

On 17 November 2008 all local authorities with a responsibility for school admissions were advised by DCSF that the Government had decided, subject to the successful passage of the Education & Skills Bill, the revised School Admissions Code and the School Admissions (Admission Arrangements) (England) Regulations 2008, to go ahead with proposals to change the local admission arrangements consultation process. On that day we had just issued the second phase of our admission arrangements consultation for 2010/11, the consultation period for which was normally 6 weeks. On the same afternoon DCSF stated that every admission authority would have to consult on admission arrangements for 2010, and for that year, the consultation period would be for a minimum of 8 weeks, and must be completed by 1 March 2009. This meant that we had to reissue our

consultation to schools and other local authorities taking account for the new period of consultation. The new closing date was 19 January 2009. Additionally, in order to comply with the new duty to consult with relevant parents and other groups with an interest in the local area, we were required to publish notices in local free papers to make parents and other interested groups aware of the consultation and advise them of where they could obtain copies of the proposed admission arrangements. The proposed arrangements and a response form were posted on the North Yorkshire County Council website. We also corresponded directly with colleagues in local voluntary organisations, and the Army Welfare Service, to provide details of the consultation. Notices promoting the consultation process have also been posted in all schools, local libraries, GP surgeries, Citizen Advice Bureau, Council Access Points, Children's Centres, Early Years Settings

A revised School Admissions Code was laid before Parliament in December 2008. It comes into force on 10 February 2009 and will apply with immediate effect.

The proposed admission policy for community and voluntary controlled schools and the proposed admission policy for nursery schools, schools with nursery and pre-reception classes is attached (Appendix 6A). The proposed admission policy for nursery classes remains unchanged though it does now also apply to admissions to pre reception classes. By the closing date we had received 27 parental responses to the 2010/11 admission arrangements consultation. A summary of the responses is set out below. Copies of all responses are available in each of the Members Group Rooms.

Parental responses to Admission Arrangements consultation 2010/11		
Area	Comment	No of respondents
Harrogate	Concern over rural priority / bias.	17
Harrogate	Children may not get into a school they can walk to when other children are being transported by bus or car.	7
Harrogate	Request open discussion / consultation on alternative arrangements to those proposed.	10
Harrogate	Admission policy for Harrogate is unfair / discriminatory. Policy must be fair and this should be the starting point for consultation.	16
Harrogate	Would be in favour of a pro-rata system for Harrogate admissions.	11
Harrogate	Recognition of complexity of the issue and offer to discuss issues and attend a 'workshop'.	4
Harrogate	In favour of some form of revised catchment.	4
Harrogate	Scrutiny Committee considering Judicial Review decision was a shambles / disappointing / short-sighted.	4
Harrogate	Siblings must have an automatic right to attend the same school, sensible ecologically as well as helping to maintain the sanity of parents	1
Harrogate	Support Council's decision to seek JR of Adjudicator's decision	1

Skipton	There should be no selection tests. All children should be able to attend their local school. The three schools in Skipton should be replaced by one (mixed) or two (a girls and a boys) schools which take all local children as a priority and do not have selection tests.	1
Skipton	The selection process for admission to Skipton Grammar Schools is unfair, unlawfully discriminatory and dishonest. This parent raises the issues of private tutoring, discrimination against intelligent children, children with special educational needs (usually due to a disability (see comment above) and the method of testing.	1
Skipton	Current admissions system is discriminatory – children with severe learning difficulties/disabilities are being disadvantaged. Lets down vulnerable children. System provides some children and two choices and effectively penalises others.	3

23 of the 27 have arisen as a result of the recent Determination from the School's Adjudicator which required that the County Council should consult on changes to the admission arrangements for community secondary schools in Harrogate from 2010. This decision was the result of an objection made to the Schools Adjudicator by more than 50 parents in respect of the 2009/10 admission arrangements. The parental response to this consultation reiterates points made to the Adjudicator principally about perceived unfairness and the rural priority issue. As part of our careful consideration of the Determination we looked at possible alternatives to the present local admission arrangements which give priority to rural children and the timetable for consulting parents if we had to have changes in place by September 2010. The present arrangements had been in place for nearly 40 years with few complaints from parents until this year. In looking at possible alternatives to the present arrangements officers have spent a considerable amount of time exploring alternatives. We have identified many options. Basically they are all variations on four basic systems, namely catchment areas, pro rata allocations, banding and ballot or lottery. These are in addition to our current system of rural priority. There are fewer responses from parents in rural areas, but there is clearly strong feeling in the rural area. However, it is clear that none of the variations will find favour with all local parents. This is because all admission arrangements ultimately afford priority to one group of children over another, since wherever a school is popular and oversubscribed there will be more applicants than places available. The oversubscription criteria will identify who should be allocated places. As a result some children will not be allocated places at the school.

School Admissions is a complex process. Any consultation with parents is likely to be a two stage process with an initial consultation on general options and a further consultation on the detail.

The Adjudicator issued her Determination on 29 September 2008. By law, the admission arrangements for 2010 have to be decided by the County Council by 15 April 2009, with consultation being completed by 1 March. It is not considered that this gives sufficient time to undertake a detailed consultation. Thus, after taking legal advice, it was decided to take two courses of action. The first was to apply to the Schools Adjudicator for a deferral to 2011, which would provide sufficient time to enable parents to have a full say about alternative options. The second was to apply to the High Court for judicial review of the Adjudicator's determination. The challenge is on the basis that the Adjudicator has exceeded her powers and her decision is unlawful. The current position is that the Council has reached agreement with the Treasury Solicitor on behalf of the Adjudicator. It has been agreed that the Adjudicator arguably acted outside her powers. Also included in the consent order for the Court is agreement for payment of the County Council's legal costs; that the objections be remitted to a different Adjudicator for re-determination; and that the objectors have an opportunity to have objections considered by the Court. It is also agreed that the objections will be remitted to a different Adjudicator for determination and that Adjudicator will not order the change of any of the three schools' admission arrangements for September 2009. The consent order containing the agreed terms has still to be approved by the Court.

In respect of the responses from the Skipton area, all children living within the selective area are automatically entered for the selective tests unless parents choose to withdraw their child from the testing process. Where children are to be tested we write to all Headteachers in the selective area to ensure that the appropriate test arrangements are made for each child. The Authority requests information from schools where it is felt the child requires special arrangements to undertake the selection tests. This may include children on the schools SEN register of School Action or School Action Plus or who have a statement of special educational needs.

Grammar Schools are permitted to select children on the basis of high academic ability, most assess ability by means of a test. It is believed that suitability determined solely by a child's performance in the two sets of verbal reasoning and non verbal reasoning tests is a fair system. These tests are designed to assess academic potential and they are believed to be a reliable indicator of such potential. The test scores are standardised to take account of each child's age at the testing date and ensure that no child is unfairly helped or hindered because of his or her age. As a Local Authority we do not encourage coaching but we cannot prevent it. We believe that children should be allowed to take the tests in conditions which are as normal as possible and not face the pressure of coaching or home tutoring. All children have the opportunity to take one set of familiarisation tests in advance of the actual tests. The Council cannot make a decision to close selective grammar schools. Any decision to abolish selective grammar schools must be made on the basis of a parental ballot in the local area.

In addition to the individual responses from parents regarding the School Adjudicator's Determination, we have received two separate petitions from parents in the Harrogate area. Each gives a different point of view. The petitions are:

1.	<p>We, the undersigned, believe that the above adjudicator's determination</p> <ol style="list-style-type: none"> 1. was made without due consultation with people living in the villages 2. if upheld, could have a detrimental effect on social cohesion within the villages 3. if upheld, could have a negative environmental impact on the villages and further afield. <p>We, the undersigned, believe that the current system for allocation of places to Harrogate secondary schools must be considered, without prejudice, as a viable alternative in the subsequent consultation process.</p> <p>We, the undersigned, believe that a judicial review is the only democratic way forward.</p>
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This petition has 122 signatures.

The second petition reads

2.	<p>We the undersigned object to the decision by NYCC to spend taxpayers money taking the Schools Adjudicator to Court to attempt to quash her determination that they should change the policy for admission to secondary schools in the Harrogate area to stop rural children having an unqualified priority</p>
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This petition has 233 signatures.

Copies of each petition are in each of the Group Rooms.

Of the 375 schools consulted, 6 schools made comments regarding the proposed Admissions policies for Community or Voluntary Controlled schools policy. Three schools made comments regarding the proposed policies for Community and Voluntary Controlled Nursery schools, Nursery classes and pre-reception classes. These comments and officers' responses are detailed in Appendix 6H below. No changes are proposed to the draft wording previously circulated.

The proposed admission limits for 2010/11 are attached as Appendices 6D and 6E. The County Council can only comment on those for the Voluntary Aided Schools, who are their own admissions authorities, but it does set those of Community and Voluntary Controlled schools. Negotiated agreements have been reached with the majority of Community and Voluntary Controlled Schools. The Governing Bodies of 15 schools have requested a MAL which is lower than the Indicated Admission Limit (IAL) number of the school. Their comments are set out in Appendix 6I, together with the officers' responses and comments from schools which have disagreed with proposed maximum admission limits.

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'. 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.

Following careful consideration of the individual schools' circumstances and the potential impact on other schools and parental preference, Officers seek approval to publish Notices in respect of the position at schools as described in Appendix 6I.

Of the 375 schools consulted, one school commented regarding the proposed co-ordinated admission arrangements.

'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 which was set out earlier in this report.

Amotherby Parish Council state 'we are in agreement with a co-ordinated approach, but we DO NOT agree that parental choice from applicants outside the catchment area should have preference over giving places to children who live within the catchment'. In response, officers have stated that children from outside the catchment area do not generally have preference over children who live within the catchment area, unless they meet the criteria of one of the higher over subscription priority groups. All parents have a legal right to express a preference for any school regardless of where they live. No admission authority can refuse applications solely on the basis that a child lives outside the catchment area of a particular school. To do so would be unlawful.

Consultees were given the opportunity to submit any general comments regarding the proposed admission arrangements for 2010/11.

Amotherby Parish Council state 'Our school is (rightly) very popular. This results in parents from outside the area wanting their children to attend, and the appeal procedure allows this. Classes are too large, and the traffic and parking problems caused by so many children from out of area being driven to school (and parents attending school events) are horrendous. These two points have been highlighted in our recent Parish Plan consultation (results not yet published). Responses to these points are set out above and in Appendix 6I.

The Governing Body of Saltersgate Junior School state 'We understand that it has been stated in recent NYCC meetings that no objections have been received from this area and that this has been taken to indicate satisfaction with the current arrangements. Our local knowledge indicates that this is not a correct assumption to make. It is more likely to be the case that families have adjusted their expectations and accept that if they live on the Jennyfield Estate the choice of secondary schools is limited, influenced particularly by knowledge of the lack of success amongst families who appeal, and the stress which this involves for all concerned'.

The Executive RECOMMENDS:-

That the proposed Admissions Policy for Community and Voluntary Controlled Schools and the Nursery Schools and Classes, together with the Co-ordinated admissions arrangements for the academic year 2010/11 as shown in Appendices 6A, 6B and 6C to the report be approved.

That the proposed Maximum Admission Limits for Community and Voluntary Controlled schools as shown in Appendix 6D and 6E to the report be approved and the limits for Voluntary Aided Schools as also shown within Appendix 6D to the report be noted.

7. Annual Review of Finance/Contract/Property Procedure Rules: The Audit Committee, on 11 December 2008, considered various proposals to amend the County Council's Finance/Contract/Property Procedure Rules and the Executive Members' Delegation Scheme. The Committee was advised that the proposed changes set out in the report had arisen from:-

- The consequential need to update the Financial Procedure Rules due to the approval of FPR8 (relating to the submission for, and acceptance of, grants). This had originally been considered on an "ad hoc" basis by the Audit Committee on 13 December 2007 and had subsequently been approved by the County Council on 20 February 2008. As a result, it was necessary to record a range of consequential cross-referencing changes within the Financial Procedure Rules. There were also consequential amendments to the Executive Members' Delegation Scheme as a result of FPR8.
- In the Contract Procedure Rules, particular amendments were proposed in relation to consultancy contracts; Framework Agreements; and to provide clarification of the procedure for notification of future procurements.
- In relation to the Property Procurement Rules, all the proposals related to tidying-up or clarification issues.
- A minor typographical error required amendment in the Executive Members' Delegation Scheme.

The Committee was also advised that a review of contractor procurement arrangements in relation to property related works had been undertaken. The review had resulted in proposals designed to reduce the number of contractors used by the County Council; improve the management, by Jacobs UK, of the performance of those contractors; and to use the Framework Agreement approach to improve the planning of works and develop better and more consistent working practices by the contractors. As such contractors were also used by schools, discussions were taking place with the Children and Young People's Services Directorate to ensure that the new approach would meet their requirements. Audit Committee Members expressed their wish for contractors to be able to be included within the County Council's list of contractors once the new arrangements were in place.

The Executive RECOMMENDS:-

That the following changes be made to the Constitution:-

- (a) the amendments to the Financial Procedure Rules, as set out in Appendix 7A to the report,
- (b) the amendments to the Contract Procedure Rules, as set out in Appendix 7B to the report;
- (c) the amendments of the Property Procedure Rules, as set out in Appendix 7C to the report;

- (d) the amendments to the Executive Members' Delegation Scheme, as set out in Appendix 6D to the report;
- (e) the amendments to the Executive Members' Delegation Scheme and Financial Procedure Rules, as set out in Appendix 6E to the report.

8. Appointments to Committees and outside bodies: The list of outside bodies to which appointments are made, as set out in Schedule 5 of the County Council's Constitution, has been checked for accuracy. The checking process has identified the following situations:-

- Outside bodies to which appointments are being made which are not listed in Schedule 5.
- Outside bodies which have ceased to exist or to which the County Council no longer makes appointments.

To update Schedule 5, the following amendments are recommended:-

Category 1 – Partner Bodies

Outside Body	Recommended Amendment	Reason for Amendment
York College Board of Governors	Delete this outside body	North Yorkshire County Council no longer has a seat on this outside body
Veritau Ltd (<i>shared Internal Audit Service</i>) Board of Directors – 1 rep (Executive Member for Corporate Services)	Insert this outside body	The Executive, on 20 January 2009, appointed the Executive Member for Corporate Services to this new outside body

Category 2 – Local Bodies (appointments by Area Committees)

Outside Body	Recommended Amendment	Reason for Amendment
Fairburn Ings Nature Reserve Management Committee	Delete this outside body	North Yorkshire County Council no longer has a seat on this outside body.
Craven Transport Forum	Insert this outside body	Craven Area Committee, on 13 November 2008, appointed County Councillor Polly English as a representative on this newly established outside body.
Scarborough and Ryedale Carers' Resource	Delete this outside body	No Area Committee appoints to this organisation's Management Committee.

Category 3 – Local Bodies (appointments expected to be of local Member or their nominee)

Outside Body	Recommended Amendment	Reason for Amendment
Graves Arthington Education Foundation (Hovingham)	Delete this outside body	This outside body no longer exists.

The Executive has been informed of nominations from the Labour Group for appointment of substitute members for that Group and of the need to consider re-allocation of Committee seats arising from a change in Group membership. The usual recommendation to approve proposals for allocation of seats or changes to memberships or substitute memberships of Committees or other bodies to which the Council makes appointments and put forward by the relevant Political Group, at or before the meeting of the Council, is set out below.

The Executive RECOMMENDS:

- (a) That the amendments to Schedule 5 of the Constitution, as set out in the report, be approved.
- (b) That County Councillor David Billing be appointed as substitute member to the Standards Committee for the Labour Group, and that County Councillor Eric Broadbent be appointed as second named substitute on the Economic Development and Regeneration Overview and Scrutiny Committee and third named substitute on the Chief Officers Appointments Committee for that Group and that any proposals for allocation of seats or changes to memberships or substitute memberships of Committees or other bodies to which the 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.

10 February 2009

COUNCIL PLAN

2009 - 12

A responsive County Council providing excellent and efficient local services

DRAFT

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

যদি আপনি এই ডকুমেন্ট অন্য ভাষায় বা ফরমেটে চান, তাহলে দয়া করে আমাদেরকে বলুন।

如欲索取以另一語文印製或另一格式製作的資料，請與我們聯絡。

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(01609) 532013



communications@northyorks.gov.uk

Statement on contracts

We hereby state and certify that all contracts awarded during the past year which involved a transfer of staff, comply with the requirements in the code of practice on workforce matters in local authority service contracts.

Foreword

This plan sets out the County Council's vision, values and objectives up to 2012. It also seeks to identify the main priorities for the County Council as a whole over the period and describe how we intend to deliver these priorities.

The County Council is a key partner in the North Yorkshire Strategic Partnership (NYSP) which has set out its long-term vision for North Yorkshire. This Plan mirrors much of that vision and demonstrates the commitment of the County Council to working with partners in the public, private and voluntary and community sectors.

The County Council delivers local services to people in their local communities whether via libraries, children's centres, home or extra care facilities, highway repairs or public transport. It is therefore important that the wider public are given the opportunity to voice their priorities and concerns and that is why the County Council has carried out a consultation exercise with the public and partner organisations which has helped to inform production of this Plan. This approach will be built upon in the coming years as the public are increasingly given the opportunity to have their say on local matters which will help to ensure that the County Council is aware of local priorities and can then plan and respond appropriately.

The County Council has continued to perform to a high level in 2008/09. The Audit Commission assesses councils on behalf of the government and continues to rate us as a 4 star authority in overall terms **[to be updated with Direction of Travel judgement following CPA results publication on 5 March]** which is demonstrated by an extensive range of achievements:

- Adult Social Care Services has been given the highest rating possible (3 stars) by the Commission for Social Care Inspection.
- Use of Resources is rated as good by the government. **[to be updated following CPA results publication on 5 March]**
- Environmental Services and the County Council's Local Transport Plan (LTP2) are rated as excellent by the government.
- Cultural Services are rated as good by the government **[to be updated following CPA results publication on 5 March]** and the County's libraries continue to buck the national trend of declining users.
- Children & Young People's Service performs highly with all areas being assessed as good or outstanding by OFSTED.
- The County Council continues to score as the second highest performing County Council in the country in a benchmarking exercise by Price Waterhouse Cooper.
- Adult & Community Services have delivered 134 Extra Care places and are implementing an even more ambitious modernisation programme to support choice and independent living.
- Children & Young People's Service have delivered over 30 Children's Centres to support local and joined up services for children and families.
- The County Council with partners in Health has produced a comprehensive assessment (the Joint Strategic Needs Assessment) of health and wellbeing across the County which will be used to inform and plan future services.

- Two new major highways and transportation schemes have been delivered – the Reighton Bypass and the Integrated Transport Scheme in Scarborough (including park & ride facilities).
- The NYSP has developed into an even stronger body as witnessed by the good progress that has been made in meeting the targets included within the North Yorkshire Local Area Agreement.
- An ambitious Value for Money Plan is in place which will seek to deliver £60M of savings to support the County Council's finances.

The County Council is proud of all of these achievements but recognises that continuous improvement is necessary if the County Council is to remain as a high performing authority that meets the needs and expectations of its population. We also recognise that there are many challenges that the County Council will face, particularly as we enter an economic downturn and the likelihood that there will be an increasing number of vulnerable people who depend upon the support and services that the County Council, and its partners, provide. The County Council will do all it can to seek to support those individuals, communities and business so that the County continues to be the best place to live, work and visit.

This Plan sets out how we intend to rise to some of the challenges whilst continuing to provide the high level of services that the public expect and deserve. This is therefore an important document for the people of North Yorkshire. A Plan of this nature, inevitably, can not provide a definitive account of all County Council activity given the wide range of services provided. We would, however, encourage you to make contact if you have any questions or comments having read this Plan. We hope that you find the Council Plan both useful and interesting.

John Weighell
Leader of the Council

John Marsden
Chief Executive

About North Yorkshire

North Yorkshire covers 3,102 square miles, stretching from Scarborough on the North Sea coast to Bentham in the West, and from the edge of Teesside to south of the M62. It is England's largest and most attractive county.

This is a predominantly rural area and the county offers a high quality of life to many but is still a low wage economy, with pockets of serious urban disadvantage and extensive but scattered rural deprivation.

Links to north and south by road and rail are good, but travelling to the east and west is very much slower as commercial, local, agricultural and tourist traffic compete for space on predominantly two lane roads. The county's low population density makes public transport difficult to provide and those without private transport can be significantly disadvantaged.

Our communities

With a population of 595,500, the County is sparsely populated. Figures from 2005 show 95% of people were white British, although there are well established ethnic minority communities. There has been considerable recent in-migration from Eastern Europe making a positive contribution to the workforce in the County, but actual numbers of migrants vary considerably both seasonally and with the economic cycle.

In general the population is increasing and getting older. By 2019 the number of people who are 65 and over will increase from about 115,800 to about 155,800. This represents just over 23% of the total population. By contrast, young people under 18 account for only 21% of the population.

Whilst 21% of people live in the two major urban centres (Harrogate and Scarborough), 32% of people live in areas defined as 'sparse' (between 4.0 and 0.5 people per hectare) and 24% live in 'super sparse' areas (fewer than 0.5 people per hectare). This often makes delivering services more difficult and costly, particularly for elderly or disabled people living in rural areas. There are also fewer facilities for young people in our rural areas than for their urban counterparts.

The county is also home to a number of MoD establishments including Army and RAF bases. Catterick Garrison is the largest British garrison in North West Europe and is currently in the midst of a multi million pound investment programme.

Our economy

The economy is very varied. In recent years unemployment rates across most of the county have been low and labour market participation rates high, but the position is worsening as a direct result of the economic downturn. Small businesses dominate with 85% of businesses employing between 1 and 10 people. There are high levels of self employment. In the private sector, tourism (around 12% of the workforce) and agriculture (around 3%) are very significant

- particularly in the rural uplands where they account for as much as 50% of the workforce.

North Yorkshire attracts tourism year-round and efforts are being made to sustain a longer tourist season outside of the peak period from Easter to October. Competition for housing from second home owners and the tourism sector contribute towards making affordable housing a significant challenge in North Yorkshire. Further diversification and tourism development remains a priority, especially for the North Yorkshire coast which suffers additionally from remoteness from the principal north-south communications routes.

The power stations at Drax and Eggborough generate 9% of English electricity.

The County includes:-

- two of England's nine national parks;
- a stunning heritage coast;
- two designated areas of outstanding natural beauty and part of a third;
- 244 sites of special scientific interest;
- over 12,000 listed buildings and many thousands more monuments and archaeological sites, including Fountains Abbey, a world heritage site;
- a wealth of contemporary cultural assets such as important festivals, museums, galleries and sports facilities, such as the Dalby Forest Centre of Excellence for Outdoor Adventure;
- thriving market towns and isolated rural uplands;
- a burgeoning creative industries sector which has seen growth of 16% in the last 5 years; and
- large upland water catchments and extensive flood plains which make the county particularly vulnerable to flooding.

North Yorkshire County Council in your community

We serve almost 600,000 residents in North Yorkshire 24 hours a day, 7 days a week, 365 days a year. Tourist numbers boost this figure considerably during the summer. We ensure the provision of important local services such as schools, social care, youth services, libraries, roads, public rights of way, heritage and countryside management, public transport, street lighting, trading standards, consumer advice, registration of births, deaths and marriages, and disposal and recycling of waste.

Our role is to promote the wellbeing of the people of North Yorkshire. For example, we are responsible for protecting children from harm and abuse, protecting our citizens from falling victim to rogue traders, dealing with emergency situations, and protecting North Yorkshire's environment.

As a democratically elected body and community leader, we act as a champion and spokesperson for North Yorkshire and its people. We seek to listen to our communities and take action on their behalf to make North Yorkshire an even better place to live for everyone. The 72 County Councillors elected by the people of North Yorkshire are active in their local communities responding to the needs of their electors and addressing important local issues.

We believe the people of North Yorkshire deserve high quality public services. Wherever possible and affordable we will aim to improve the quality and effectiveness of the services we provide and commission.

North Yorkshire in partnership

The North Yorkshire Strategic Partnership (NYSP) is a partnership of public sector, private sector and voluntary sector organisations which have come together to plan how they can work better together to meet the needs of North Yorkshire's communities.

Drawing on the district level Local Strategic Partnerships' community strategies, and after extensive consultation with local people the NYSP has developed a Sustainable Community Strategy (SCS) which sets out what the partners will seek to deliver for local communities. The SCS is therefore important in determining the County Council's corporate plan and how it will deploy its own resources.

The SCS identifies ten key themes which can be most effectively addressed by working in partnership:

- Access to services and public transport
- Affordable housing
- Alcohol - reducing the impact on crime, health and anti-social behaviour
- Children and young people
- Community cohesion – making sure that all sections of the community live and work together well
- Community safety
- Economy and enterprise
- Environment
- Health and wellbeing
- Older people

These are shared priorities, but the County Council has a critical role to play in each.

Our vision

We want North Yorkshire to be an even better place for everyone to live, work or visit

The SCS is the top-level strategy for North Yorkshire and everything that the County Council does should contribute to its vision.

We have therefore adopted the same high level vision statement:

North Yorkshire – a place of equal opportunity where all can develop their full potential, participate in a flourishing economy, live and thrive in secure communities, see their high-quality environment and cultural assets maintained and enhanced, and receive effective support when they need it.

To achieve this vision we need to work with partner agencies and also to play our part as an individual organisation. We therefore aim to provide excellent and efficient local services that support our vision, enabling everyone to fulfil their potential. Our objectives make clearer the kinds of things we need to focus on:

Our Objectives:

- Ensuring good access for all
- Helping people to live and thrive in safe and secure communities
- Helping all children and young people to develop to their full potential
- Promoting a flourishing economy
- Maintaining and enhancing our environment and heritage
- Improving health and wellbeing and giving people effective support when they need it

Values

In achieving these objectives we will:

- Treat everyone fairly and value diversity
- Deliver excellent and effective services which are value for money
- Be honest and open in all that we do
- Strengthen effective local democracy
- Inform, listen and involve
- Respond to local needs and circumstances
- Work in partnership and provide leadership where required
- Value and develop our staff
- Meet the needs of today without compromising future generations

Our Priorities for 2009-10

Ensuring good access for all

The dispersed population and predominantly rural nature of the County presents significant challenges to effective service provision. Whilst, for example, car ownership is relatively high in North Yorkshire, not every household in North Yorkshire does have access to a car or easy access to key services.

There are approximately 153 km of trunk road in the County including the A1, which provides a major north-south route through North Yorkshire, The County Council is the Highway and Transport Authority for all non trunk roads in the County and currently has responsibility for approximately 9,000km of roads, 2,000 highway bridges and over 10,000 km of public rights of way network. There are approximately 17.6 million km of commercial bus services and 4.4 million km of contracted bus services annually. There are nine main bus stations and in excess of 5,000 bus stops in the County, and around 20,000 pupils are transported every school day.

Additionally, there are major rail routes including the East Coast Main Line and Trans-Pennine route, and three regional airports serving the County.

The County Council's objectives for transport are contained in the current statutory Local Transport Plan (LTP2) which was rated as excellent by Government, as was our delivery of the previous plan. As well as highways, our work includes policy development for bus and rail services, community transport, taxis and public transport information. We are a Centre of Excellence for local transport delivery.

Making sure that people can easily get access to services is also a priority for us and we are working with the seven Borough and District Councils within North Yorkshire to make it easier for you to get in touch with us. We don't think it should matter if you contact the "wrong" Council first. Every door you open should be the right door. It is up to us to make the connections for you. We are therefore building up a network of sites where you can speak to people face to face, and working to improve website and telephone contact services along these same principles.

Other key areas where we are aiming to increase access and availability of services include improved disabled access to our buildings, and the delivery of high speed broadband across the County.

Priorities for 2009/10:

- **Road safety** We will improve performance on road safety, incorporating reviews of speed management.
- **Major road schemes** We will seek to secure government approvals for major schemes including the Bedale, Aiskew and Leeming Bar Bypass in order to improve the highway network in the County.

- **Highways and public transport improvements** We will deliver highways and public transport improvements such as traffic congestion measures and park and ride facilities, to meet the targets of the LTP 2. This will also help inform work in preparing LTP 3.
- **High speed broadband** We will create high quality, high speed broadband throughout North Yorkshire to support public organisations and business.

Helping people to live and thrive in secure communities

Being secure extends beyond the traditional boundaries of crime and disorder – it is about issues that affect people’s quality of life, including incidence of anti-social behaviour and the physical appearance of the environment such as levels of rubbish, graffiti, noise and street lighting at night. It is also about having somewhere to turn when things go wrong.

Many of our services contribute to this objective, including our Emergency Planning unit which provides an emergency response, in partnership with others, to co-ordinate effective actions. Trading Standards and Regulatory Services promote a fair and safe trading environment on behalf of the consumers and traders of North Yorkshire, and aim to support businesses, tackle rogue traders, empower communities and help consumers. They also support the agricultural community by ensuring they receive up to date advice on regulatory matters affecting their businesses, ensuring that the County is in the best possible position to respond to any outbreak of infectious animal disease. Working together with other agencies to protect adults who may be at risk of abuse and neglect is also a priority for the Council.

We were rated as the top performing County Council for community safety by Price Waterhouse Cooper in their recent benchmarking exercise, and our District-based Crime and Disorder Reduction Partnerships perform exceptionally well. Craven, Hambleton and Harrogate are in the top 10% of partnerships for performance in at least two crime categories; Richmondshire and Ryedale in four of the key crime categories.

There are fewer support mechanisms for people living on low incomes in North Yorkshire than in some more urban parts of the country and to help tackle this, the York Credit Union common bond is being extended to include North Yorkshire. The effective implementation of this initiative will help benefit those on low incomes and those living in more deprived areas to gain access to financial support.

Priorities for 2009/10:

- **Business advice** We will support North Yorkshire businesses by offering timely and quality advice on regulatory issues affecting those businesses.

- **Consumer advice** We will help consumers and communities by providing advice and support and empowering communities to help themselves.
- **Credit Union** We will support the roll out of a credit union to the whole of North Yorkshire to improve access to financial support for those people who are on low incomes and living in more deprived areas.
- **Protection for vulnerable adults** We will ensure that all vulnerable adults and older people are kept safe and out of harm's way through the work of the North Yorkshire Safeguarding Board.

Helping all children and young people to develop to their full potential

Childhood and adolescence are periods of astonishing growth and development which combine great hope with great risk. The County Council recognises the importance of supporting all young people during these dynamic and vulnerable life stages. North Yorkshire is one of the best places in the country for children, young people and their families. Most children and young people in the county do well in all sorts of ways; not all of them, however, and not in every way.

The Children and Young People's Service provides a range of services including 388 schools, more than 30 children's centres, children's social care, child protection and safeguarding, early years and youth provision, and preventative services to support children and families in difficulty. We also provide specialist support for vulnerable children and young people with complex needs, such as those who experience learning or behavioural difficulties, physical and mental disabilities, and neglect or abuse.

The Children and Young People's Plan (CYPP) demonstrates how the County Council works with other organisations to improve the lives of North Yorkshire's 137,000 children and young people. Organised around the Every Child Matters outcomes, the CYPP seeks to ensure that all children and young people can be healthy, stay safe, enjoy and achieve both in and out of school, make positive contributions to their community, and achieve economic security through the transition to adulthood.

The contributions our services make to positive outcomes for children and young people are judged by Ofsted to be either good or outstanding. Child health compares well with similar areas. Social care, child protection and safeguarding arrangements are good. Educational attainment is very good and consistently above comparator and national averages. The percentage of young people in education, training or employment is amongst the highest nationwide. Specialist services for vulnerable groups are good and improving.

Although our support for children and families is good, we seek continuous improvement so that our services remain fit for purpose. If childhood and adolescence are dynamic, the services which support them must be too.

Priorities for 2009/10:

- **Children with disabilities** We will improve services for disabled children and their families, including implementing the Learning Difficulties and Disabilities Strategy.
- **Keeping children and young people safe** We will consolidate improvements in social care, strengthening child protection services and enhancing broader safeguarding arrangements to ensure that all children and young people are safe from harm.
- **Educational attainment** We will maintain high standards of educational attainment at all key stages and provide more intensive support for those pupils and schools which perform less well.
- **14 to 19 curriculum** We will implement changes to the 14 to 19 curriculum, including introducing the new diplomas, and take forward the education and training of 16 to 19 year olds.
- **Integrated services** We will further develop locality-based integrated and preventative services for children and families, including children's centres, extended schools, and parenting support.

Promoting a flourishing economy

Economic sustainability and job security is absolutely vital to our vision of North Yorkshire as an even better place for everyone to live, work or visit. Our economy is varied with small businesses dominating. 85% of all businesses in North Yorkshire employ between 1 and 10 people. There are also high levels of self employment.

As the current economic downturn and climate becomes more challenging we must, together with our regional and local partners, continue to ensure that appropriate support is provided for North Yorkshire business in order to protect the local economy as much as is practically possible.

It is especially important to maintain and improve the competitiveness of our rural businesses and traditional sectors. Tourism and agriculture contribute very significantly to the workforce, particularly in the rural uplands. We will strive to actively support rural development in innovative ways.

Support for our towns, including our traditional market towns, through regeneration initiatives must also be maintained. Work to develop and promote the County's cultural and tourism sectors will further diversify and stabilise our economy.

Priorities for 2009/10

- **Provision of economic development funding support** We will support the diversity of urban, rural and coastal communities through European, national, regional and sub-regional funding initiatives such as the three

North Yorkshire based European Union LEADER rural development programmes until 2013.

- **Specific Sector support** We will deliver initiatives to develop key sectors of the economy (tourism, culture, and food) and the opportunities of the 2012 Olympics as a result of the implementation of the Economic Development Strategy from 2009.
- **Integrated Regional Strategy** We will set out the broad development strategy for North Yorkshire and ensure that this is fairly reflected in the new Integrated Regional Strategy. This will ensure that the housing, economic development, transport, environment and regeneration needs of North Yorkshire will be assessed and considered.
- **Business Support Initiatives** We will support, with a strong voice, the development and financial sustainability of North Yorkshire businesses in all sectors by working closely with and for regional business support agencies and intermediaries.

Maintaining and enhancing our environment and heritage

North Yorkshire is the country's most beautiful and varied county with stunning countryside and coast and a rich historic and cultural heritage. We care about this unique environment and how it is managed.

Improving the management of waste continues to be a priority for the Council. The County Council are working closely in partnership with District and Borough Council colleagues to reduce waste and increase the amount recycled and composted. There is a joint Strategy called 'Let's talk less rubbish' which sets out what we plan to achieve. The partnership has already delivered the target to recycle 40% of household waste by 2010, and is on track to deliver the 2013 target of 45%. The amount of waste produced is also reducing but continues to be amongst the most for Shire counties in England. This will remain a priority in coming years.

Changes in our climate also bring challenges. We are working on a climate change strategy which will detail actions to reduce greenhouse gas emissions and respond to the impacts and opportunities resulting from the changes in climate already being experienced. The focus will be on both Council activity and how we propose to work in partnership to support the wider community of North Yorkshire respond to the issues.

Priorities for 2009/10

- **Planning applications** We will improve the rate at which planning applications relating to Waste and Minerals are processed.
- **Minerals and Waste** We will ensure progress on the Minerals and Waste Local Development Framework so that we can plan for minerals and waste development in a way that minimises adverse impacts and maximises potential positive impacts.

- **Countryside Strategy** We will implement the Countryside Strategy which sets out a new approach for working with our partners and local communities to look after the huge range of attractive landscapes that make North Yorkshire such a special place. In the early stages we will be focusing on the Vale of Pickering and the Vale of Mowbray where special partnerships will be formed to put the new strategy into action.
- **Climate change** We will develop and implement a climate change strategy to include actions to reduce our corporate carbon footprint. We will also encourage residents, businesses and visitors to North Yorkshire to make greener choices.
- **Waste reduction** We will reduce waste by working with community and voluntary groups to promote waste minimisation activities such as composting, re-use etc.
- **Recycling** We will increase recycling by co-ordinating activities across the Waste Partnership, including District Councils as collection authorities.
- **Reduce landfill** We will reduce the amount of waste sent to landfill through the procurement of a long term service contract through Public Finance Initiative to deliver new waste treatment infrastructure.

Improving health and wellbeing and giving people effective support when they need it

The Council plays a key role in supporting and encouraging vulnerable people to live as independent and healthy lives for as long as possible. This responsibility extends to the health and wellbeing of the whole community within North Yorkshire and not just those people who traditionally have been dependent on adult social care support. This means helping people with transport, to stay physically active and provide facilities for life long learning through libraries and adult education. Where the Council provides services directly, it recognises the right of people to choose when and how they access services and where appropriate, show them where to get help quickly in their local communities. The Council also has a duty to ensure that effective safeguarding arrangements are in place for the people in North Yorkshire so that they are kept safe and live their lives free from the fear of abuse and neglect.

We help about 15,000 people who need adult social care services help to stay in their own homes every year. We also help people recover quickly after a period of illness in their own homes and do as much as we can to prevent people going unnecessarily into hospital or a care home.

We have 42 libraries (and 11 mobile libraries) which attract over 3.2 million visitors a year who access the range of services available.

Priorities for 2009/10

- **Adults Safeguarding** We will ensure that we have services and quality assurance systems in place that keep vulnerable adults safe in North Yorkshire. We will do this through our new North Yorkshire Safeguarding Board and invest further in quality assurance. This will allow us to check if the care in the community provided independently from the Council is safe and of the highest quality.
- **Putting People First in North Yorkshire, Making it Happen** We will provide a positive local response to the Government's Putting People First national concordat and move away from traditional adult social care services. This means that we will provide services that fit around people's lives and not the other way round, through for example personalised budgets and Direct Payments to individuals.
- **Independence** We will help and encourage more people to live independently in their own homes by making changes so that more services are provided that give more people a little extra help with daily tasks like gardening, cleaning, and general repairs. We will continue and accelerate the use of assistive technology (aids and adaptations and particularly telecare) and expand our programme of Extra Care Developments.
- **Modernising libraries** We will continue to modernise our library services so that libraries are at the hub of our communities and that people are the centre of both developing and shaping services. For example, we will continue to develop an interactive community information resource which will allow community groups to share information about community events and organisations which can be accessible around the clock. We will also use our model library development in Harrogate to shape the future of library services and community engagement.
- **The Joint Strategic Needs Assessment (JSNA)** We will build on the good work already completed through our engagement with local communities. With over 1,000 voices in the JSNA of what the people in local communities say are the key priorities for them, we will work with our partners aim to address these priorities. We will also check back year after year to see if we have been successful.
- **Supporting people in the economic downturn** We understand that in these difficult economic times, people in North Yorkshire are concerned about their livelihoods and making ends meet. We will through our Welfare Benefits Service provide help for people with debt advice and ensure that they claim the money that they are entitled to from the Government. Last year, we helped people claim more than £5 million and we expect this figure to increase in the current economic climate. We are also helping people with practical items such as keeping warm in the winter through insulation schemes and warm clothing.

Delivering our priorities

People

The people we employ and the Councillors who make up the County Council are vital to the delivery of our services. We have strategies and training programmes in place to help employees to perform and fulfil their potential, and a Member Development Programme which is designed to make sure that members are kept abreast of developments in local government and can develop their skills within the County Council and representing their communities.

We maintain high standards of health and safety and welfare to keep our staff safe and fit for work.

Through our Equalities Strategy we aim to make sure we treat everyone - both customers and staff - fairly, whoever they are.

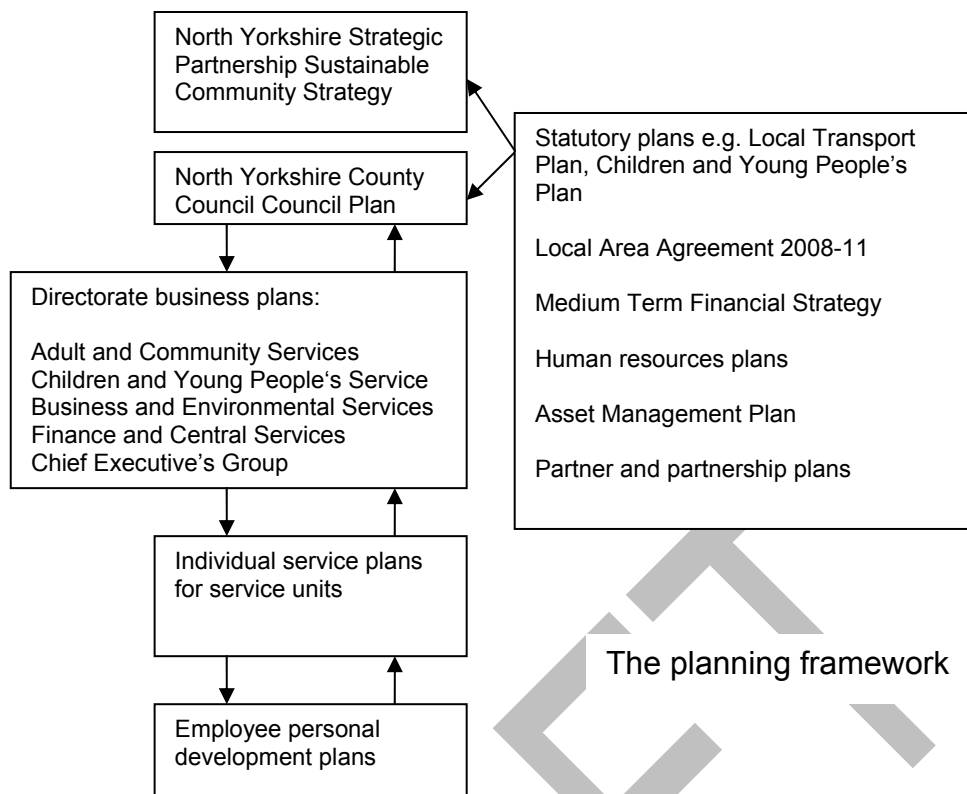
Governance and standards

We have rigorous corporate governance and high ethical standards to maintain sound decision making.

Planning

Our success in delivering our priorities depends on a number of corporate strategies and plans, such as the Local Transport Plan, Children and Young People's Plan, and the Strategic Commissioning for Independence, Wellbeing and Choice Strategy which provide an overarching framework to help the development of specific action plans. Some of these plans are developed in partnership with other organisations.

Service Performance Plans translate our vision and objectives into day to day service delivery requirements. They detail how, where and when services will be provided and include service targets. In turn they feed into the personal development plans of employees.



We ensure that our performance plans take into account the risks that threaten service delivery. We use a systematic approach to risk assessment to improve service planning and keep down insurance and claims costs. This approach has won a national award and has been highly commended for a European risk management award. Our planning process is an ongoing one and we ensure that all our plans and strategies evolve to meet the current situation.

We also plan and train for emergency situations and provide a 24/7 point of contact. When an emergency response is needed we work in partnership with others to coordinate effective actions.

Some of these emergency situations will be natural events, such as flooding. The County Council is committed to playing its part in supporting North Yorkshire to develop an effective response to climate change. This will involve working with partners to reduce greenhouse gas emissions that contribute to climate change and adapting to the current changes in climate resulting from historic greenhouse gas emissions.

Resources

We operate a comprehensive financial management system. For more details of our budget for 2009/10 please refer to the Paying for Local Services section of this plan.

Our approach to procurement recognises the need to use our resources efficiently to provide value for money and in a sustainable way which reduces our impact on the environment.

Our Asset Management Planning Framework ensures that we are making best use of County Council property to meet the needs of North Yorkshire's communities and identifies underused and other property that could be better used or released. We are particularly reviewing our office accommodation to make sure it meets our needs in delivering services. Without the right accommodation in the right locations our new ways of working and delivering services will only be partially successful. We are actively taking opportunities for co-location with other agencies/authorities.

By making innovative and effective use of ICT, and continuing to explore new technologies, we are enhancing the productivity of our front-line professionals.

The County Council also established a company (NYnet) that is rolling out a new generation broadband network that will be available to all public sector agencies in North Yorkshire, as well as the commercial sector.

Information and communication

To deliver services effectively we must ensure that we have robust communication and engagement mechanisms so that you can tell us what is needed.

The Joint Access Centres that we have developed jointly with partners to deliver information and services locally are located in buildings around the County, such as libraries and District Council offices, and can be used by the public to make contact with a variety of services, not just those of the County Council. We are also making greater use of the website and the telephone customer services centre to improve access to, and quality of, our services.

Our Area Committees provide an important link between the County Council and communities at district level, and we are working with other organisations to develop shared engagement mechanisms. From April 2009 we, and many of our partner organisations, have a new duty to involve people more in the provision of our services whether that be through information and consultation or more actively through collaboration and sharing service delivery. We are working to ensure we meet this duty and, with partner organisations, are developing systems which reduce duplication and 'consultation fatigue'.

We are using what you tell us to improve service delivery and to plan for the future. Data systems are being enhanced and improved to ensure that we have up to date and relevant information from a number of sources to assist this process.

We also operate a corporate information governance service designed to ensure compliance with legislation and relevant best practice, which includes the maintenance of systems to respond to Data Protection Act and Freedom of Information Act requests.

Partnership working

No one organisation can achieve the vision for North Yorkshire alone. The County Council works externally with a wide range of partners both within the

County and beyond. The North Yorkshire Strategic Partnership (NYSP) and the district Local Strategic Partnerships are where many of the public, private and voluntary sector organisations who provide services in North Yorkshire come together, and the County Council is a key part of these partnerships.

Many discussions and debates take place at a regional and even national level, and North Yorkshire County Council works hard to ensure that the views and needs of the County are represented. Important developments such as the City Regions of Leeds and Teesside are also important for North Yorkshire as many of our communities are strongly influenced by these large conurbations.

Performance management

We are determined to get best value for money and to continue to improve the quality of services provided to the people of North Yorkshire. This means we are committed to being as efficient as possible. In order to improve services and raise standards we must continue to monitor performance and understand how to achieve better results.

The County Council wide performance management and improvement framework is well established. It enables members and managers to track County Council performance against key indicators, with a mix of national and local targets. These have been updated in the light of the new National Indicator Set. Performance is monitored continually by service managers and on a quarterly basis jointly by our Executive and Scrutiny Board. It is benchmarked with other similar councils through our membership of the County Council Benchmarking Club. Performance and cost information are looked at together in our service and financial planning process.

The first Local Area Agreement between the County Council and its partners and the Government was signed in March 2007. It runs for three years and includes targets for improved outcomes to be delivered through more effective partnership working. A performance reward grant of up to £16m will be payable for success in meeting particular targets. A new LAA, including all these targets, runs for the three years from April 2008. A performance management framework agreed with partners is in place to ensure delivery of the agreement.

We have also developed a programme of reviews which are undertaken by our overview and scrutiny committees, made up of councillors, looking at both individual services and areas of joint working.

Paying for local services

Medium Term Financial Strategy

To deliver the Council Plan over the three years 2009-12, the Council will need to spend over £2.8 billion on revenue items (i.e. staff, materials, transport, etc) and £357 million on capital investment. The County Council's annual net Revenue Budget - after allowing for specific grants, fees and other local income - is forecast to grow from £339 million in 2009/10 to £368 million by 2011/12. Approximately 70% of this is funded by council tax, the remaining 30% coming via Government grant and balances.

The purpose of the Medium Term Financial Strategy (MTFS) is to make sure that sufficient resources are in place to support the delivery of this Council Plan and to enable priorities and service objectives to be achieved in line with available resources.

In addition to supporting the service objectives detailed in this Plan, the objectives of the MTFS are:

- to ensure the effective use of all resources and assets (staff, buildings, etc);
- to maintain revenue balances equivalent to 2% of the net revenue budget; and
- to contain any rise in the council tax to a reasonable level.

The MTFS embraces not only the Revenue Budget and the Capital Plan but also the Treasury Management and Value for Money (VFM) Plans for the County Council. In addition, it has well defined links to the IT, Workforce, Procurement, Risk Management and Corporate Governance strategies.

Whilst having a clear broad strategy for resources is essential, we also need to be able to take account of policy changes beyond the County Council's control. For example, whilst the Government introduced grant settlements on a three year basis for the period 2008/09 to 2010/11, it has not confirmed the position for 2011/12, the third year of the latest MTFS. An assessment has had to be made, therefore, of the funding level that will be available in that year in order to set indicative Council Tax levels for the second and third years ahead, alongside the Council Tax for 2009/10.

The Government has indicated that it expects Council Tax increases to be 'substantially below 5%' for 2009/10, and has made it clear that it will use these capping power as necessary to prevent what it sees as excessive increases. For the purposes of the MTFS, the County Council has assumed this Government policy will continue into the foreseeable future.

Last year, the Government introduced the Area Based Grant (ABG). This is, in effect, a single Block Grant that represents an amalgamation of over 20 previous and new, specific grants that the County Council can now allocate, as it sees fit, to deliver its priorities, including those included in the Local Area Agreement (LAA). For 2009/10, the ABG totals £29 million. The County

Council has decided, at this stage, to retain the allocation of funding in line with previous programmes put in place before the amalgamation.

Revenue resources

Delivering the Council Plan requires some additional budget provision to deal with areas of growing demand such as in the case of older people, and the disposal of waste to keep pace with Government expectations; and to continue to raise standards of delivery in previously under-funded service areas in line with our corporate priorities. It will also require a programme of capital investment, the financial costs of which have to be supported through revenue, both to deliver on these expectations and to modernise mainstream services in line with the County Council policies. The costs, and a brief summary of the services provided from the Net Revenue Budget in 2009/10 is shown in Diagram 1. Full details are given in the published Budget Book, available on the Budget and Council Tax section of the County Council's website www.northyorks.gov.uk/budgetandcounciltax.

In preparing the three year MTFs, the County Council has to take account of price increases as well as the service pressures referred to above. Because the level of Government grant is now determined until 2010/11, and is unlikely to increase significantly in 2011/12, the impact of these plans for the level of Council Tax depends crucially on the success of the County Council's Value for Money (VFM) Plan, aimed at delivering efficiency savings (equivalent to 3% per annum) to reinvest in services.

In summary, the MTFs is based on the following assumptions about the amount we will need to include in our Plans for the items listed.

	Item	2009/10 £000	2010/11 £000	2011/12 £000
	Grant Changes	170	50	0
	Inflation / Landfill Tax etc	14,221	12,585	13,954
	Additional Service needs	11,870	14,005	- 184
less	Value for Money target	- 10,191	- 10,740	0
equals	Net year on year increase	16,070	15,900	13,770
less	Increase in Government grant	- 4,663	- 5,032	- 2,600
equals	Additional income required from Council Tax	8,907	12,168	12,370
	which is equivalent to an increase in Council Tax of	3.94%	4.24%	4.24%

This table contains three key assumptions:

- (a) a continuation of the VFM Plan agreed in 2008/09 which will lead to savings equivalent to 3% will be made in each of the three years to 2010/11. This equates to approx £10 million per annum so that over the three years efficiency savings of over £60 million will have to be achieved to “balance the books”. Because of the uncertainty on the level of Government funding that will be made available in 2011/12, no target has been set for further VFM savings in that year, but the assumption is that any service growth required will need to be self financing.

Although the County Council is proud of its record as one of the lowest taxing authorities of its type and the level of service performance achieved from our spending, every effort must continue to be made to deliver efficiency savings that can either offset Council Tax increases and/or be invested in services.

The VFM Plan reflects a wide range of proposals, including workforce remodelling, improvements in public access to services, the ongoing review of our property requirements, extending the use of flexible working and other ICT facilities, pursuing further procurement efficiencies, as well as examining key business processes to identify opportunities for streamlining and improvement.

- (b) that the level of Council Tax increase, set at 3.94% for 2009/10, has been provisionally set, for planning purposes, at 4.24% for the further two years of the plan. Members have, however, reserved the right to review this as part of next years Budget cycle in the light of any changes to the assumptions used to calculate the figures shown in the Table above.
- (c) the single biggest service related risk embedded in the MTFS relates to the potential costs arising from the Waste Strategy. Taking into account the impact of the annual increase in Landfill Tax (£1.5 million) and potential landfill penalties, together with the increasing costs of recycling and residual waste disposal, it is anticipated that the costs of this service will increase over the next six years from £17 million in 2008/09 to £39 million by 2014/15. The MTFS has been prepared on the basis that the County Council must be in a position to fund these additional costs, £14 million of which fall after 2011/12.

Capital Plan

The Capital Plan is a detailed three year programme that sets out our proposed capital investment during that period, and sits in a front of a longer term capital forecast, which was developed as part of the County Council's MTFS.

Within this framework, the two main Government funded programmes, namely for education and the Local Transport Plan, are assumed to continue and will be the principal source of capital for schools and highways, respectively. Given the shortage of capital resources for other services relative to their significant investment needs, locally generated capital resources will mostly be invested in

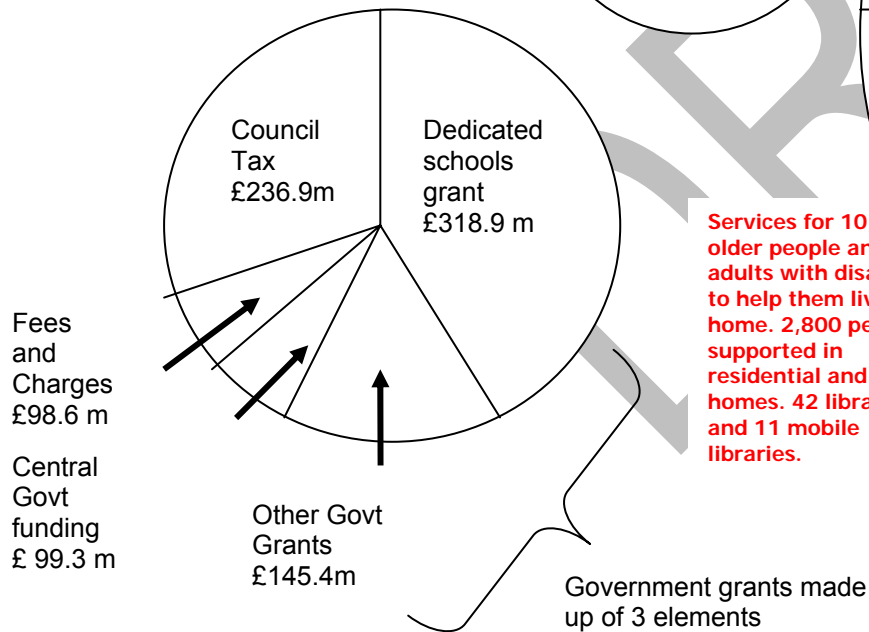
these other service areas. An indication of these priorities can be seen in the summary Capital Plan on page XX. Scheme by scheme details are available in the Capital Plan section of the Budget Book.

Taken together, these commitments amount to a capital investment programme of £357 million over the next three years. After taking account of grants and the income from sales of surplus assets, delivering this Plan requires borrowing of £146 million.

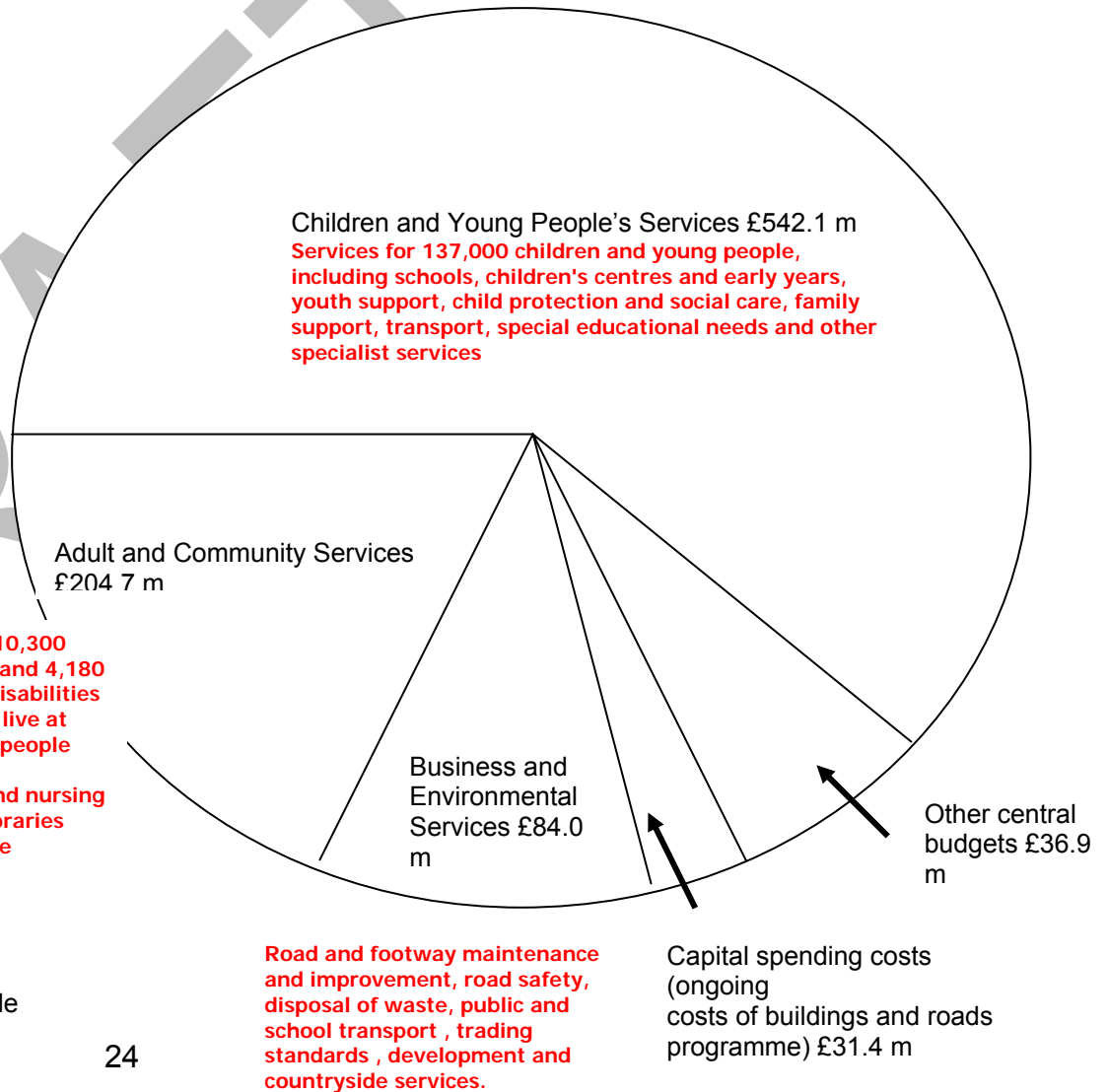
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How North Yorkshire County Council is funded and where the money is spent

Income



Expenditure



Back cover:

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NORTH YORKSHIRE COUNTY COUNCIL**EXECUTIVE****3 February 2009****MEDIUM TERM FINANCIAL STRATEGY 2009/12 AND
REVENUE BUDGET FOR 2009/10****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 2009/12 and Revenue Budget 2009/10.

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 supporting people agenda, the need to further improve the educational attainment and the safeguarding of children, 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 (CSR) covering the three years 2008/11 was announced in the Autumn of 2007; the first of these years is, of course, the current year 2008/09. Whilst the CSR has given some certainty to funding levels from the Government to the County Council for the next two years there is also the requirement to generate 3% year on year cashable efficiencies. As an already low spending, low taxing but high performing Council, this particular target will be extremely challenging. Plans to deliver this target have been worked up in detail by Management Board and are included in this report.

- 2.4 Finally, the Government 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 the County Council is required to deliver and to ensure that proposals for any growth in expenditure and service developments are essential.

3.0 **BACKGROUND**

Introduction

- 3.1 This Medium Term Financial Strategy 2009/12 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 2009/10 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.
- 3.2 The Audit Commission Use of Resources judgement for 2007 was 3 stars out of 4 with a very good Value for Money (VFM) profile: there is every possibility that this score will be maintained, and possibly improved, for 2008.
- 3.3 Last year's increase in Council Tax was +4.75%. 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 78% of performance indicators improved during the year and 42% of indicators are in the best quartile.

Medium Term Financial Strategy (MTFS)

- 3.4 An MTFS is required by the County Council because it:
- ➔ identifies the resources needed to achieve corporate objectives over the medium / longer term
 - ➔ links the Revenue budget, Capital Plan, VFM Plan and Treasury Management Strategy to each other
- and therefore
- ➔ enables forward planning to take place with reference to levels of sustainable funding.
- 3.5 The objectives of the MTFS, as reaffirmed by the County Council in the 2008/09 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 2009/10

- 3.6 Budget workshops were held for all Members on the 16th July and 8th December 2008.
- 3.7 At the Executive meetings held on 23 September 2008 and 2 December 2008, Members received details of:
- ➔ consultation arrangements
 - ➔ an update regarding the expenditure assumptions in the MTFS
 - ➔ the situation regarding capping
 - ➔ the key points arising from the Provisional Local Government Finance Settlement for 2009/10 and 2010/11; no Government figures are available for the third year of this new MTFS
- 3.8 Because the County Council was able to link the current MTFS (ie for the period 2008/09 to 2010/11 to the three year CSR Settlement (see **paragraph 2.3** above)), the planning assumptions for 2009/10 and 2010/11 have been carried through and used as the starting point for updating the MTFS as part of this Budget cycle. A third year (ie 2011/12) has been added but due to the lack of grant figures from the Government (until the next CSR is published in 2010) certain assumptions have been made (see **paragraph 8.12** for further details).
- 3.9 The Executive has reassessed the package of proposals in the current MTFS and taken into account any change factors (eg current levels of inflation) as well as the current economic situation in preparing the proposals now contained in this report.
- 3.10 This report therefore explains the details of that package and reflects the responses from the consultation process, so that a formal Council Tax Precept and associated Budget package can be recommended to the County Council.
- 3.11 **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 18 February 2009 and will therefore be available to all Members before the Budget Workshop III on 12 February 2009.**

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**)
- update the Value for Money Plan and explain how it is 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 21 January 2009 (**paragraph 8**)
- set out the proposed Revenue Budget package for 2009/10 (**paragraph 9**)
- roll forward the MTFS for the period to March 2012 (**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 2009/10 (**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 not change Years 2 (ie 2009/10) and 3 (ie 2010/11) of the 3-year Grant Settlements announced last year, accompanied by the clear message that authorities should expect the threat of capping of Council Tax increases to continue
- (b) given the known levels of future Government grant for 2009/10 and 2010/11, the financial projections for the County Council indicate that the funds available for service development will be limited and therefore the self-help principle needs to be maintained wherever possible (eg efficiencies, review of service levels)
- (c) the Government will continue with the concept of efficiency targets. In 2008/09 the Government introduced a voluntary 3% pa Value for Money target, and linked this to the Use of Resources module of the Comprehensive Performance Assessment (CPA). This approach is expected to continue for the foreseeable future under the Comprehensive Area Assessment (CAA)
- (d) for the reasons explained in the 2 December 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) in 2008/09 the Government established the Area Based Grant (ABG) that effectively subsumed a range of specific grants with a new flexibility at local level to allocate resources towards locally determined priorities. For 2008/09 the County Council decided to retain the existing relationship between ongoing service commitments currently funded by specific grants and the new ABG regime. This approach has been retained as part of the latest Budget process.
- (f) a recognition from work done in updating last year's MTFs, that there are three service areas that are likely to require significant levels of additional funding in the period to be covered by the latest MTFs (ie to March 2012). These areas are:
 - ➔ managing the increased demand and pressures in Adult Care services and working more closely with the independent and voluntary sector
 - ➔ development of the integrated Children's Service, improving safeguarding of children and raising attainment
 - ➔ 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 2009/10 on its own – the emphasis has therefore been to continue to look at a 3 year period (now rolled on to 2011/12) and, in the case of the Waste Strategy, beyond 2012.

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 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 separate benchmarking figures for County Councils developed by both PricewaterhouseCoopers and the Society of County Treasurers, 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) Because the 3rd year of the new MTFS (in 2011/12) falls outside the period covered by the CSR 2007 (see **paragraph 2.3** above), an assumption has been made that grant to the County Council will increase by 2.5% - the implications of this assumption are explained later in this report (see **paragraph 8.13**).
- (f) 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 2009/10 together with the indicative figure now confirmed by the Government for 2010/11. If the figure for 2010/11 is subsequently amended by the Government in a years' time, that will be addressed in next year's Budget cycle.
- (b) the current MTFS was prepared on the basis of Council Tax increases of +4.75% being applied in each of the three years. The Executive recommended this approach a year ago so that the maximum funds available to the County Council (within the capping limits) could be provided against the predicted spending needs; this is particularly important given the anticipated heavy cost impact of the Waste Strategy in 2012/13 and beyond. **In the current economic circumstances the Council Tax increases have been amended to a three year sequence of +3.94%, followed by 2 years at 4.24%.** The impact of this reduced income on the funds available to the County Council is examined later in the report (see **paragraph 8.13** et seq).
- (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 where the funds generated by Government grant and the Council Tax increases referred to above 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 2012/13 et seq.

6.0 CONSULTATION

6.1 Consultation has been carried out on the Council Plan and the Budget. Both are important components in improving performance and achieving value for money. The approach taken was laid out and approved by the Executive on 23 September 2008. The following were invited to offer their views on the Council Plan and the Budget -

- Citizens Panel
- General public (via article in NY times, a weblink and Area Committees)
- Staff (via key messages and the intranet)
- Parish and Town Councils (all were written to individually)
- Hard to reach groups and the Third Sector (principally via Adult & Community Services and the Children and Young People's Services)
- Key partner agencies
- Area Committees (meeting open to the public)

6.2 In-depth presentations were made by the Leader, Chief Executive and the Corporate Director – Finance and Central Services at each of the **Area Committees** during January / February 2009. The meetings were then opened up to questions from the public and 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. Copies of the slides used are attached to the Executive Summary and are also on the Budget page of the NYCC website.

6.3 The **Citizens Panel** were asked for their views and a relatively high response rate therefore provided a good basis for assessing the views of the public. The feedback from Parish and Town Councils and other partners broadly supported the findings of the Citizens Panel.

6.4 The results of the consultation on the Council Plan are reported elsewhere (see **paragraph 2.2.2 of the separate Council Plan report on this Agenda**). This section therefore only seeks to deal with the financial aspects of the consultation exercise.

- 6.5 At the time the consultation was taken, a Council Tax increase of 4.75% was referenced because this was consistent with the current MTFs (ie as approved last year). The public and partners were, however, invited to offer their views on the level of Council Tax, particularly in the light of the economic downturn.
- 6.6 The feedback from the Citizens Panel resulted in 60% of respondents concluding that the 4.75% level of Council Tax increase was too much whilst 29% thought it about right. In addition, 24% of Citizens Panel respondents thought there were areas that the County Council should spend less on whilst 33% thought there were not.
- 6.7 The feedback from **Area Committee meetings, the public and Parish and Town Councils** has been mixed. The economic downturn has clearly worried many people, and concern has been expressed about the ability of some residents to pay increases in Council Tax with the background of an increasing rate of unemployment and reducing income for savers, many of whom are pensioners.
- 6.8 Other specific issues that were also raised included:-
- ➔ the spiralling costs of dealing with waste and the collapse of recycle prices
 - ➔ the projected increased demand for core services during the economic downturn
 - ➔ transport and roads in rural areas
 - ➔ the impact of falling interest rates
- 6.9 As already reported to the Executive, there have been extensive and on-going discussions with **businesses** on the support that the County Council can provide during the economic downturn. This was clearly a key issue in consultation with the Leeds, York and North Yorkshire Chamber of Commerce who showed an appreciation of the County Council's priorities and proposals for supporting people and businesses over the short and medium term.
- 6.10 The third **Members' Budget Workshop**, scheduled for 12 February 2009, will provide an opportunity for all Members to probe the proposals in this report 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.
- 6.11 Proposals for the use of Dedicated Schools Grant to fund the **Schools Block** has 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 roadshow meetings held in January 2009.
- 6.12 Meetings have also been held with the **Third Sector** (the voluntary, community and independent sectors) as part of the on-going commissioning and information sharing process. This provides an opportunity to explain challenges and to explain and consult on proposed arrangements. These meetings are central in developing two way dialogue which becomes all the more important in difficult economic times.

7.0 VALUE FOR MONEY

3% Targets

7.1 As part of its Comprehensive Spending Review (CSR) framework announced in 2007, the Government introduced Value for Money (VFM) targets for local government set at 3% of each of the three financial years starting 2008/09. These targets 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 As expressed in the current MTFs, it is the intention of the County Council 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. This policy is carried through into the new MTFs with Years 2/3 of the current VFM Plan effectively underwriting Years 1 and 2 of the new MTFs. For Year 3 of the new MTFs the working assumption is that no additional VFM savings will be targeted at this stage. Due to the uncertainties regarding the next CSR (see **paragraph 3.8** above) it has been assumed that any additional resources required from Service development in Year 3 will therefore have to be self-financed. This assumption will, of course, be revisited in each of the next two Budget cycles.

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 been based on the annual net Budget requirement for each of the three years of the current MTFs. This produced the following figures for each of the Budget / MTFs years.

	£m	
2008/09	9.68	} (figures include inflation)
2009/10	10.19	
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

- 7.6 The figures shown above for 2009/10 and 2010/11 have not been changed and are, therefore, incorporated at Directorate level in the latest MTFS. As explained above, no VFM targets have been set at this stage for 2011/12.

Benefits if targets achieved

- 7.7 These 3% cashable VFM figures have been built into the Budget / MTFS 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

- 7.8 Based on the information provided to the Executive in the Quarterly Performance Monitoring reports, the County Council is on target to achieve its efficiency target (ie £9.68m) for 2008/09.
- 7.9 The principal risk now is that if the level of VFM savings referred to above for 2009/10 and 2010/11 is not achieved or slips to any major degree within either of these two years, then the service developments factored into the Budget package will have to be re-assessed in subsequent Budget cycles.
- 7.9 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 / CAA process is concerned.

VFM Plan

- 7.10 When the 3 year targets were set as part of the 2008/09 Budget process in February 2008, detailed plans were not developed at Directorate level. The Executive subsequently agreed the initial detailed three year VFM Plan in June 2008. Since then it has monitored progress on meeting the Plan at its Quarterly Performance meetings. The next review of performance against the Plan in 2008/09 will be considered at the meeting on 17 February 2009.
- 7.11 As part of the preparation of the 2009/10 Budget and MTFS, Corporate Directors have reviewed those items already included in the Plan, in the light of progress towards implementation, and have also considered additional opportunities to meet the overall targets set for 2009/10 and 2010/11.

- 7.12 The position following this review is summarised in **Appendix B**.
- 7.13 For **Adult and Community Services**, existing proposals in the Plan have been reviewed, and in some cases additional amounts identified against those proposals. In addition, two new initiatives have been identified to meet the 2009/10 target, as well as achieving a cumulative position in 2009/10 that balances with the Directorate targets for the first two years of the Plan. These are to reduce the reliance on residential care by actively managing the number of residential placements and more effective use of training resources, leading to an overall more active training provision. At this stage, there is still a shortfall of £997k against the VFM Plan CMW target for 2010/11.
- 7.14 For **Business and Environmental Services**, further consideration has been given to the level of efficiency savings achievable within the Waste Service. This has allowed the Plan to be balanced across the three years, 2008/09 to 2010/11.
- 7.15 For the **Children & Young People's Service**, the existing Plan exceeded the required savings in 2008/09 but had shortfalls against targets in both 2009/10 and 2010/11. A review of savings achieved to-date and the reassessment of planned future savings has increased overall the savings available to the extent that targets will be achieved for the 2 year period to March 2010. At this stage there is still a shortfall of £543k against the specific VFM target for 2010/11 although the impact into 2011/12 stands at £467k. The achievement of the Plan remains challenging given relatively very low levels of support service spending and efficiencies achieved during the period before 2008/09. The recent pressures on Social Care (the largest component of the LEA's spending) have made the achievement of efficiency savings much more challenging. The pressures arise from the required improvement in safeguarding and especially the requirement for every stage of the process to be recorded and evidenced using a nationally determined template.
- 7.16 For the **Chief Executive's Group**, current forecasts against items already within the Plan are set to achieve the cumulative three year target. The ongoing review of services within the Group will continue, however, with a view to identifying further efficiencies.
- 7.17 For **Finance and Central Services**, the existing Plan exceeds the savings required in the period up to 2009/10, although a number of items still require further detailed work to deliver the planned saving. To achieve a balance by the end of the 3 year period, an additional target is included for 2010/11 relating to expenditure on corporate property matters.
- 7.18 For **Corporate Miscellaneous**, the proposed savings arise from improved performance on treasury management compared to the budgeted assumptions reflected in the 2009/10 Revenue Budget and MTFs. There are three areas where these savings will be sought
- by the proactive investment of the County Council's surplus cash balances in order to exceed the budgeted target (%) return; this will only be done however within the constraints of the approved Treasury Management Strategy for 2009/10 with the overriding consideration being given to the security of the sum invested

- to arrange the County Council's annual borrowing requirements at lower than forecast (budgeted) interest rates
- the rescheduling of existing long term capital debt with the aim of achieving ongoing and sustainable savings in interest payments.

NI 179 and Council Tax Leaflets

- 7.19 Although the Government did not set individual VFM targets for local authorities as part of its CSR 2007, within its overall 3% target for local government, it has now decided that there is a need for transparency to Council Tax payers in respect of the level of efficiency savings being achieved by individual local authorities. For this reason, there is a new requirement for information on efficiency to be included on the Council Tax bill, and in the Council Tax leaflet.
- 7.20 Information is now required on the level of savings that the County Council will achieve, together with comparative information for the other County authorities which are not affected by the 2009 "unitary" reorganisation.
- 7.21 The basis of the information to be published is the National Indicator 179. As noted above (see **paragraph 7.4**), the definition of items eligible for this Indicator differs from that used by the County Council in setting its VFM Plan target. In particular, it is possible to include efficiencies relating to capital expenditure, but there are a number of items that must be excluded from this Indicator. Examples of items that are included in the NYCC VFM Plan, but are not reflected in the NI179 indicator, include additional income and savings arising from Treasury Management. Similarly, the base expenditure against which the NI179 indicator is measured includes both revenue and capital spend for all non schools services.
- 7.22 For the 2009/10 Council Tax information, the County Council is required to report on the information as submitted to the CLG in the Autumn of 2008 of the estimate of efficiency to be achieved by NYCC during 2008/09. On the basis described above, NYCC will achieve an efficiency saving of £8,495k equivalent to 2.4% of base spend. This represents £37 per equivalent Band D dwelling. The average for the comparator group, which will also be shown in the Council Tax leaflet, is £53.
- 7.23 It should be noted that the definition of the NI179 Indicator allows authorities who achieved cashable Gershon savings, in excess of their overall Gershon targets in the three years to 2007/08, to carry forward that excess figure into their NI179 efficiency calculation. So, whilst NYCC's performance is below average, the relative position has been affected by this definitional issue. Analysis of the estimates of **new** savings to be achieved during 2008/09 by the comparator group suggests that NYCC performance in the current year is more in line with the average position.

8.0 LOCAL GOVERNMENT FINANCE SETTLEMENT AND ITS IMPACT ON AVAILABLE SPENDING

Final Settlement

- 8.1 Full details of the Provisional Settlement announced by DCLG on 26 November 2008 were reported to Executive on 2 December 2008. Following a period of consultation that ended on 7 January 2009, final allocations were announced on 21 January 2009 and, as expected, are unchanged from those notified in November.
- 8.2 These grant allocations for the County Council, which have previously been reported to Members and are reflected in the updated Medium Term Financial Strategy, are as follows -

Item	2009 / 10 £000	2010 / 11 £000
Grant from previous year	94,660	99,323
Funding transfers	-235	-89
= adjusted grant per DCLG	94,425	99,234
Increase	4,898 (+5.2%)	5,121 (+5.2%)
Total grant	99,323	104,355

Because these grant allocations are unchanged there is no +/- impact on the MTFS.

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

Grant Element	2009/10 £000	2010/11 £000
Relative Needs	105,623	109,674
Relative Resources	- 70,835	- 72,783
Central Allocation	73,273	76,676
Floor Damping	- 8,738	- 9,212
= Total Formula Grant	99,323	104,355

Damping

- 8.4 A significant feature of the above table is that the County Council's grant allocation has been damped by £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 in 2009/10 would have been £108.1m (ie £8.7m higher than the notified figure of £99.3m).

- 8.5 Damping arrangements operate so that every authority gets at least the specified grant floor percentage increase for its class of authority. These top up increases to “below the floor” authorities are paid for by scaling back the Grant Increase for the “above the floor” authorities in that class. As in recent years, there is no grant ceiling for any class of authority.
- 8.6 The significant level of damping in 2009/10 is a continuation from previous years and results from the introduction of the new grant formula and updated data (particularly use of the 2001 census data) in 2006/07. The new formula/data caused significant turbulence in the initial Relative Needs element of the formula grant calculation so it was then damped to ensure that all authorities received the prescribed minimum increase as indicated in **paragraph 8.5** above. Thus the actual grant formula is in effect overridden by the application of significant damping levels.
- 8.7 In 2009/10 for the 149 authorities with Education and Social Services responsibilities the raw grant figures for 51 fell below the floor and were brought up to the floor at a cost of £631m. Therefore, the 98 authorities above the floor (including NYCC) had 72.9% of their grant increase clawed back to finance the floor (total of £631m with the clawback from NYCC being £8.7m).

Capping

- 8.8 In announcing the 2009/10 Settlement on 21 January 2009 the Minister reiterated his threat of Council Tax capping as follows -

“Given this substantial rise in investment in local government over more than a decade, there can be no excuse for excessive council tax increases. I have made clear – and I repeat today – **that the Government expects the average council tax increase in 2009/10 to be substantially below 5%.** We had to take capping action in 2008/09. If necessary, we will do so again in 2009/10 to protect council tax payers if they are faced with excessive increases. No authority should be in any doubt about the Government’s resolve in this matter, particularly during this period of economic downturn, including requiring authorities to re-bill if necessary.”

CSR 2007

- 8.9 The grant allocations now notified for 2009/10 and 2010/11 are the latter two years of the first full three year Local Government Finance Settlement announced in January 2008, following CSR 2007 in October 2007. The allocations remain unchanged from those announced last year.
- 8.10 Whilst the figures for 2009/10 have not changed, a separate consultation exercise for 2010/11 will, however, take place next year in line with the usual Settlement timetable to comply with legislative requirements. The Government have indicated, however, that grant allocations for 2010/11 will not change other than in exceptional circumstances.

CSR 2010

- 8.11 Grant allocations for 2011/12 will not be announced until after the next CSR in 2010, as part of the three year settlement covering the years 2011/12 to 2013/14.
- 8.12 For the purposes of the updated MTFs, a +2.5% year on year increase of grant has been assumed. This takes into account the fact that the County Council is expected to receive an increase above the national average due to factors such as relative population growth.

Impact on available spending

- 8.13 Taking these Final Settlement figures together with
- the tax base and Collection Fund surpluses notified by the District Councils for 2009/10, and
 - Council Tax increases of 3.94% in 2009/10, followed by 4.24% in each of 2010/11 and 2011/12

the increased spending capacity available to the County Council is set out in **Appendix C**, with a summary as below -

Item	2009/10 £000	2010/11 £000	2011/12 £000
Additional DCLG formula grant			
Funding transfers	- 235	- 89	
Annual increase	4,898 (+ 5.2%)	5,121 (+ 5.2%)	2,600 (+2.5%)
Sub-total (a)	4,663	5,032	2,600
Additional Council Tax raised at			
Yield from increase	8,932 (+3.94%)	10,051 (+4.24%)	10,551 (+4.24%)
Yield from increased tax base	1,406	1,738	1,819
Collection Fund surpluses	- 1,431	379	0
Sub-total (b)	8,907	12,168	12,370
= total increase in spending available (a + b)	13,570	17,200	14,970

- 8.14 In terms of the additional DCLG formula grant reflected in the above table, the figures for 2009/10 and 2010/11 are unchanged from last year as previously explained. Pending the next three year Local Government Finance Settlement for 2011/12 to 2013/14 (**paragraph 8.11**) to be announced in the latter part of 2010 an initial 2.5% increase for 2011/12 has been included at this stage (see **paragraph 8.12**). This increase, however, will be monitored closely in the light of future national announcements.

- 8.15 In terms of additional Council Tax raised, the figures for 2009/10 are firm, but those for 2010/11 and 2011/12 are estimates at this stage. Ultimate final figures will be dependent on the tax base and Collection Fund surpluses / deficits notified by the District Councils for those years and subsequently agreed Council Tax increases – 4.24% has been used for financial planning purposes in this MTFS.
- 8.16 A point to highlight is that the District Council tax base figures and Collection Fund surpluses that have been notified for 2009/10 are much lower than previously assumed, with the year on growth being much lower than historical trends. As a result of these lower than expected figures for 2009/10, those being used for 2010/11 and 2011/12 have also been reduced as a cautionary measure.
- 8.17 The impact of these new figures in terms of reduced funding on the MTFS is as follows –

MTFS Period	2009/10 £000	2010/11 £000
2008/2011 MTFS (year on year)		
Tax base increase	1,907	2,017
Collection Fund	- 302	0
(a)	1605	2,107
2009/2012 MTFS (year on year)		
Tax base increase	1,406	1,738
Collection Fund	- 1,431	379
(b)	- 25	2,117
Difference (b – a)	- 1,630	+ 10

- 8.18 Thus in 2009/10 there is a shortfall of £1.63m in District Council Tax Collection Fund surpluses and tax base growth compared with that assumed in last year's MTFS. This has had a material impact on the funding of this updated MTFS.
- 8.19 Information from the District Councils indicates that their previous forecast tax base increases have proved to be overstated, which impacts on both their Collection Fund surplus / deficits and tax base going forward into future years. This is principally a result of the economic position and reflects -
- (a) additional Council Tax discounts, exemptions and reliefs being granted
 - (b) fewer new properties and extensions
 - (c) increased losses on collection (write-offs for non-payment, etc)
 - (d) property revaluation appeals (downwards) which are backdated following some press reports on this issue

9.0 **MTFS / REVENUE BUDGET 2009/10 – 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** → Local Authority and Social Care
- 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 (**Paper A**)
- identifies and explains the allocation of additional funds. (**Paper B**)

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 DCSF
- (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 introduced the Area Based Grant in 2008/09 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	2009/10 £000s	2010/11 £000s	2011/12 £000s
Grant / funding changes	170	50	0
+ Inflation / increments / Landfill Tax	14221	12585	13954
= Standstill Requirement	14391	12635	13954
+ Additional Resources			
➔ Services	1918	6701	1389
➔ Corporate	4761	1415	1427
➔ Pending Issues Provision	5191	5889	- 3000
= Sub Total	26261	26640	13770
- VFM targets (3%)	- 10191	- 10740	0
= Net Year on Year Spending Increases £	16070	15900	13770

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**. For the reasons explained in **paragraph 7.3** there are no additional funds allocated to Services in 2011/12 other than to BES for the Waste Strategy (see **paragraph 9.6** et seq for further details). The additional funds allocated to Services (relative to the current MTFs) in 2009/10 have also had to be reduced in order to help balance the Budget in that year. However, the allocation for 2010/11 remains as per the current MTFs. The use of this additional resource is explained in the respective **Paper B** of each Directorate, as provided in the **Supplementary Papers** referred to in **paragraph 9.2** above
- (d) the **additional resources for corporate purposes** essentially involve two strands:
 - (i) to meet the cost of servicing the increasing size of debt created by the Capital Plan – this is particularly noticeable in 2009/10

- (ii) to offset the loss of interest earned on cash balances due to the significant fall in interest rates in the latter part of 2008 that is ongoing into 2009
- (e) there is a 3% VFM target figure for 2009/10 and 2010/11: no figure is included at this stage for 2011/12 – see **paragraph 7** for full details
- (f) the **Net Spending 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 increases in Council Tax (see **Appendix C**) as adjusted by the contributions from the General Working Balance (see **paragraph 9.40** for further details)

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 the Landfill Allowances Trading Scheme (LATS), the increasing costs over time of recycling, waste treatment (as delivered by the PFI scheme currently in a tender process) and residual waste disposal, 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	
2008/09		16783			
MTFS period	2009/10	+ 2575	19358	+ 15.3	+ 15.3
	2010/11	+ 2920	22278	+ 15.1	+ 32.7
	2011/12	+ 3035	25313	+ 13.6	+ 50.8
	Sub Total	+ 8530	X	X	X
2012/13	+ 3658	28971	+ 14.5	+ 72.6	
2013/14	+ 996	29967	+ 3.4	+ 78.5	
2014/15	+ 9150	39117	+ 30.5	+ 133.1	
Total Increase	2008/09 – 2014/15	+ 22334	X	X	X

9.7 What the above table shows is that by the end of the 3 year period covered by the updated MTFS, the estimated increase is £8.53m (+ 50.8%) whilst over the extended 6 year period to 2014/15 it is £22.334m (+ 133.1%). These figures will clearly place significant 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 due to be completed later this year.
- 9.9 The significance of the figures shown in **paragraph 9.6** clearly extend beyond the period of the MTFs. Thus the difference (£13.804m) between the total projected additional cost (£22.334m) and that falling in the MTFs period (£8.530m) is effectively the forecast cost of a known liability, the size of which will place severe pressure on the annual Budget of the County Council for the period from 2012/13 to 2014/15 when the PFI Scheme is scheduled to be fully operational. Indeed, without some preparatory financial planning, 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.
- 9.10 The preparatory financial planning referred to relates to the Non-Recurring Pending Issues Provision (PIP). As explained in **paragraph 9.25** below, the County Council established this accumulating Provision as part of the 2008/09 Budget cycle. The Provision will accumulate to £14.394m by the end of 2010/11. Because of the financial pressures in this MTFs period, it is necessary to allocate £3m of the Provision to offset the additional costs of the Waste Strategy in 2010/11. This leaves £11.394m “in the kitty”, but unfortunately the estimated gap is now £13.804m (per **paragraph 9.9 above**) a shortfall of £2.410m. Fortunately, the cost estimates for the Waste Strategy, particularly for the PFI Scheme, and in later years are very prudent, and the County Council has five Budget cycles in which to refine the figures and address the problem.

Area Based Grant

- 9.11 The Area Based Grant (ABG) is defined as a general grant providing additional (to RSG) revenue funding to areas according to specific policy criteria. It is a non ringfenced general grant which means that in principle there are no conditions about how the grant can be used. In theory it is very similar to RSG in terms of the freedom a local authority has over its utilisation, it is just allocated in a different manner. There are no additional Government reporting requirements attached to the ABG.
- 9.12 For the current CSR period up to 2010/11 the ABG is effectively made up of what would formerly have been specific and special grants from individual Government Departments, that are now channelled through the ABG to give greater flexibility / freedoms over the utilisation of this funding.
- 9.13 The County Council has to formally allocate the ABG to Directorates, and in some cases partners. The approach taken in the 2009/11 MTFs was to allocate the ABG to reflect the previous patterns of utilisation of the grants that were now channelled into the ABG. Pragmatically, this reflected ongoing commitments to meet identified priorities in the areas supported by the ABG’s constituent grants. There is, of course, still the option to have a more flexible approach to the utilisation of ABG which could be taken in future years, for example if priorities and/or needs change.

9.14 **Appendix E** sets out the current position in relation to Area Based Grant allocations for the County Council with a summary being as follows:-

Item	2008/09 £000	2009/10 £000	2010/11 £000
Total allocations notified March 2008			
➔ Supporting People (from 2009/10)	0	14,735	14,077
➔ all other ABG	27,408	28,797	27,595
= allocations notified March 2008	27,408	43,532	41,672
Supporting People now into ABG in 2010/11 (paragraph 9.15)	0	-14,735	0
mid year revisions (notified November 2008)	230	215	219
Latest ABG allocation	27,638	29,012	41,891

9.15 The Government were initially planning to incorporate the Supporting People Grant into the ABG from 2009/10 onwards. However, as part of the Local Government Finance Settlement for 2009/10, it was announced that this is now planned to take place from 2010/11. In 2009/10 the funding continue as a “named grant”, although it will be un-ringfenced.

9.16 The recently notified increases (mid year revisions) for 2008/09, 2009/10 and 2010/11 reflect the Government’s commitment to provide authorities with increases to their existing allocations or additions of new grants if requested by contributory Government Departments. A detailed breakdown of the increases into constituent grant is shown in **Appendix E**. For 2008/09 these figures have been confirmed. For 2009/10 these figures will be finalised when the Government issues its grant determination letter (usually in March), and for 2010/11 the figures are indicative.

9.17 As mentioned in **paragraph 9.13** the County Council needs to formally approve the allocation of ABG to Directorates and partners. For 2008/09, and in relation to the initial (March 2008) allocations for 2009/10 and 2010/11, this formal approval was given as part of last year’s Budget process. In relation to the adjusted figures for 2009/10 and 2010/11 it is proposed that, in line with the approach adopted last year, the allocations to Directorates and partners be based on the updated figures (ie as at November 2008) that are detailed in **Appendix E**.

9.18 The following management arrangements were agreed for 2008/09, with respect to the Area Based Grant. It is proposed that these arrangements continue in 2009/10

- (a) that the current performance KPIs and targets for these individual grants, as now allocated, be incorporated into the pre-existing Performance Monitoring regime of the County Council
- (b) because the County Council is the Accountable Body for all of the ABG, those grants allocated to partners (eg Aggregates Levey Sustainability Fund) should be the subject to funding agreements that will specify targets, reporting arrangements, etc

9.19 In addition to the revenue based grants referred to above, it is expected that 'Single Capital Pot' grants will be allocated to the County Council on a similar basis including the Waste Infrastructure Capital Fund and the Stronger Safer Communities Fund. A summary of the indicative figures over the current CSR period is provided in the table below. These figures were announced last year and have not yet been updated. It is therefore proposed, as last year, that the relevant Corporate Director / Chief Executive be authorised, in consultation with the appropriate Executive Member, to consult with Partners on the most appropriate method of allocation of the grant figures finally notified. The funding agreement methodology referred to in **paragraph 9.18(b)** will then need to be applied to any grant allocation to a partner.

Grant	2008/09 £000	2009/10 £000	2010/11 £000
Waste Infrastructure Capital Fund	1051	1063	389
Stronger Safer Communities Fund	175	175	175

Other Specific Grants

9.20 In addition to the ABG referred to in **paragraph 9.11** above, the Government has also now confirmed most other Specific Grant allocations for 2009/10 and 2010/11.

9.21 These Specific Grants total £393m in 2009/10 and £395m in 2010/11 and principally consist of the following -

Grant	2009/10 £m	2010/11 £
Dedicated Schools Grant (DSG)	318.8	329.3
Schools Standard Grant	19.2	19.6
School Development Grant	19.1	19.3
Sure Start, Early Years and Childcare	11.8	13.7
Supporting People	14.7	(into ABG)
All other specific grants	9.1	13.1
Total Specific Grants	392.7	395.0

9.21 Comments on the more significant grants are as follows:

- **Dedicated Schools Grant (DSG)** is the ring fenced grant to support spending on the Schools Block of the Children and Young People's Service. This Block consists of delegated School budgets and some non delegated Central Services including Special Needs, Behaviour Support, Specialist Teaching, Admissions and Early Years. Grant allocations are made as an amount per pupil and are fixed for a three year period, being £3,854 in 2008/09 (+4.8%), £3,993 in 2009/10 (+3.6%) and £4,160 in 2010/11(+4.2%). Final allocations are notified in June of each year when updated pupil number information is known. Based on latest pupil number forecasts total grant is estimated to be £318.8m in 2009/10 and £329.8m in 2010/11.

The DSG is effectively ringfenced from the rest of the County Council's Budget. However as the Local Authority, the County Council is still the key player in the allocation of the funds provided by the DSG.

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

- **School Standards Grants and School Development Grants** are provided by the DCSF exclusively for schools and as for DSG have been fixed for the three years 2008/09 to 2010/11. However since the allocation formula includes pupil numbers, as for DSG, the total grant allocations will change each year based on actual pupil numbers.
- **Sure Start, Early Years and Childcare Grants** were announced previously for the period 2008/09 to 2010/11. The Grant supports a wide range of initiatives and new statutory requirements to develop all aspects of early years, extended schools and children's centres. The Grant allocation for 2009/10 was previously anticipated to be £11.342m but has increased by £0.5m to £11.843m. The increase arises from extra resources to facilitate the delivery and access to a new early language programme focussed on speaking and listening for children under 5 and to facilitate faster progress towards the employment of graduate leaders in Private Voluntary Independent settings.
- **Supporting People** – the 2009/10 allocation to the County Council remains as previously notified at £14,735k (indicative £14.077m in 2010/11) and will be paid as a non ringfenced but separately identified grant. The grant then becomes part of ABG in 2010/11 whereas it had been previously announced that it would become part of ABG in 2009/10.

Relative to 2008/09, there is a significant reduction in the North Yorkshire allocation (7.27%) by 2010/11, reducing the overall grant to just over £14m. There has been a similar scale of reduction in the separate administration grant which funds the staffing resource, of £77k to £289k in 2010/11.

In order to ensure that the expenditure relating to Supporting People matches the available resources a financial Recovery Plan has been agreed by the Supporting People Partnership.

The key principles behind the Recovery Plan are:

- to reach a position in 2011/12 when income matches forecast expenditure leaving some surplus as contingency for such issues as level of grant
- recognise that across all cluster groups efficiency savings need to be gained
- take into account the Five Year Strategy and emerging commissioning

A summary of the elements of the financial Recovery Plan are as listed below

- an uplift on contracted services of 1% year on year across the board for 2009/10 – 2011/12
- targeting services that are above regional benchmark costs to bring costs in line with at least the regional benchmark
- reducing capacity in older persons community support services
- discontinuation of community alarm only contracts
- efficiency savings through procurement
- disinvestment in Learning Disability Services and reviewing commissioning arrangements and service models

This is a 3 year Recovery Plan to ensure expenditure is brought in line with resource availability in 2011/12. It is worth noting that the in year impact on service delivery has been dampened as a result of applying resources carried forward from previous financial years.

In financial terms the impact on Adult & Community Services, which can be quantified at this stage, is estimated at £100k in 2009/10, £268k in 2010/11 and more significantly £1,465k in 2011/12. However there may be further financial implications flowing from the Recovery Plan which cannot be foreseen at this stage (ie as a result of restricting the inflationary uplift on existing contracts).

9.23 More detailed explanations of these Specific Grants are provided in the Supplementary Papers for each Directorate.

9.24 The allocations notified are generally the same or very similar to those previously notified and there is, therefore, no significant impact on the 2009/10 Revenue Budget and MTFS relative to a year ago. In terms of year on year variations some of the grants have been subject to change after allowing for the effect of inflation. In the main, the assumption in both last year's Budget / MTFS and this year's update is that any grant reduction in real terms will be matched by a corresponding reduction in related spend. Similarly any grant increase will be spent on the programme linked to the grant purpose.

Pending Issues Provision

9.25 To develop a financial strategy as part of the current MTFS 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 (see **paragraph 9.6** et seq), an element of the additional funds available each year (from grant and the Council Tax increase) were put aside in a Pending Issues Provision (PIP).

9.26 The PIP was itself 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.

9.27 The two strands established a year ago were as follows –

(a) **Recurring (£2m)**

this would meet the costs, subject to specific approval by the Executive, of the following if they materialised

- 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 undertaken by the School Catering Board, it is not possible to operate the Service to the quality required without a trading deficit

Based on the latest trading position, a base budget allocation of £500k is proposed to this service for 2009/10.

- any cost overrun on Job Evaluation.

This process is now complete and all funds allocated from the provision. No further funding is 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 Adult & Community Services to develop Extra Care Housing (ECH) facilities with partner organisations.

This matter was addressed, and resolved, in a report to the Executive dated 4 November 2008. No further funding is therefore required to enable this Policy to proceed.

- any shortfall in achieving the VFM Plan, particularly in 2008/09.

*Based on information provided in the Quarterly Performance Monitoring reports (see **paragraph 7.10** above) this provision is not considered necessary.*

Given the above, only £500k needs to be allocated from this PIP. The remaining £1,500k has therefore been released back into the Base Budget to alleviate recurring funding pressures in 2009/10. The £2m in 2008/09 is however effectively, unused and so is transferred into the General Working Balance (GWB) to help the GWB underwrite the Budget in 2009/10 (see **paragraph 12.10** below)

(b) **Non- recurring**

this is the funding stream that will accumulate to eventually fund the longer term Waste Strategy costs referred to in **paragraph 9.25 above**. Until that date the funds can be spent, but only on non-recurring items.

The Provision accumulates in base Budget terms as follows -

Year	2008/09 £000	2009/10 £000	2010/11 £000	Total £000
2008/09	3,314	3,314	3,314	9942
2009/10		5,191	5,191	10382
2010/11			5,889	5889
Total available each year	3,314	8,505	14,394	26,213

To date the Executive has allocated a total of £20.726m from this Provision - for full details see **Appendix F**.

- 9.28 Both of these Provisions come into play in the updated MTFS. As explained in **paragraph 9.27** above, the **Recurring Provision** is deployed in both 2008/09 (into the General Working Balance) and 2009/10 (into the Base Budget). The **Non-Recurring Provision** has been heavily allocated to one-off projects in the period 2008/09 to 2011/12, but remains unallocated (as a recurring resource) from 2011/12 onwards. However (as explained in **paragraph 9.10** above) there is a need to allocate £3m into the 2011/12 Base Budget to offset the additional Waste Strategy costs anticipated in that year. This is, of course, exactly the rationale behind setting up the Provision in last years' Budget / MTFS.
- 9.29 This transfer of resources provided by the Provision from non-recurring to recurring does, however, need to be managed carefully in terms of cash availability.
- 9.30 Unfortunately, there is a further potential issue that needs to be provided for in 2009/10. The BES Budget includes anticipated income from the **dividend declared by the Yorwaste company** of approximately £1.6m. Due to a combination of circumstances, including the effect of the economic downturn on the price of recycled materials, it is probable that Yorwaste will not be able to declare this level of dividend in 2009/10. Although discussions are ongoing with the Board of Directors, prudence dictates that this potential loss of dividend income must be covered in the 2009/10 Budget.
- 9.31 It is therefore proposed to earmark £1.6m of the unallocated PIP to offset this loss of dividend in 2009/10. As the table below shows, this will technically make the Provision overdrawn in 2009/10, but a rephasing of the allocation for capital works in Schools (effectively slipping by one year) enables the Provision to remain solvent in cash terms.
- 9.32 An analysis of the cash flow for the Non-Recurring Pending Issues Provision is therefore now as follows -

Item	2008/09 £000	2009/10 £000	2010/11 £000	2011/12 £000	Total £000
Balance unallocated (per Appendix F)	1021	781	6916	-3000	5718
Provision for reduced Yorwaste Dividend		-1600			-1600
Sub-total	1021	-819	6916	-3000	4118
Schools capital works		+2000	-2000		0
Slip 1 year			+4000	-4000	
Sub-total	1021	1181	8916	-7000	4118
	↙	1021	-7000	↘	
Effective net cash available in year	0	2202	1916	0	4118

9.33 All of the above, including the allocation made to date (£20.726m) are funded in cash terms from the funds (£26.213m) identified in **paragraph 9.27(b)** above. But by the time the financial year 2011/12 arrives, the £14.394m recurring figure is in the Base Budget – hence its availability to fund the £3m referred to in **paragraph 9.28** above. Effectively, therefore, there will be £11.394 available to both

- (a) spend on a non-recurring basis in 2011/12
- (b) allocate against further additional costs of the Waste Strategy in 2012/13 et seq (but note the potential “shortfall” referred to in **paragraph 9.10** above)

Council Tax

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

- ➔ a year on year increase for 2009/10 of 3.94% - this is the formal recommendation to the County Council
- ➔ indicative year on year increases for 2010/11 and 2011/12 of 4.24% - this takes into account the level of grant increase that is likely to be made available for those years. 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.

9.34 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	2009/10 £m
@ 2.5%	10.3
@ 3.5%	12.6
@ 3.94%	13.6
@ 4.5%	14.8
@ 4.75%	15.4

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 £2.28m in 2009/10.

Balancing the Budget / MTFS

9.36 The table in **paragraph 9.4** presents a summary analysis of the year on year increase in the net Revenue Budget requirement for each of the three years of the new MTFS.

9.37 The table in **paragraph 8.13** presents a similar analysis of the total funding available, on a year on year basis, from the two principal sources viz DCLG formula grant and Council Tax.

9.38 If the two tables are brought together (see below) it is clear that there is a funding shortfall. This is primarily due to four factors -

- (a) the reduced yield from Council Tax due to the loss of tax base and Collection Fund deficits being declared (**paragraph 8.17**)
- (b) the reduction in the level of Council Tax increase from 4.75% (as per current MTFS) to 3.94% plus two years at 4.24% as proposed in the revised MTFS
- (c) the impact of inflation is greater than anticipated in the current MTFS
- (d) the loss of interest earned on balances due to the “collapse” of interest rates in the latter part of 2008

9.39 The shortfall, and how it is addressed, is as follows -

Year on year Increase	2009/10 £000	2010/11 £000	2011/12 £000	
Additional Expenditure	16,070	15,900	13,770	from paragraph 9.4
Additional Funding	-13,570	-17,200	-14,970	from paragraph 8.13
Shortfall (+) / Surplus (-)	2,500	-1,300	-1,200	
Contribution from General Working Balance				
→ 2009/10	-2,500	+2,500 *		* see paragraph 9.41 below
→ 2010/11		-1,200	+1,200 *	
Balance	0	0	0	

9.40 As the table above shows, there is a need to drawdown funds on a one-off basis from the General Working Balance (GWB) to balance the Budget in 2009/10 and 2010/11. The amounts involved are £2.5m and £1.2m respectively.

9.41 Using the GWB to balance a Budget is not a sustainable option because the funds can only be used in the year they are drawn down. The following year, unless costs are reduced (and / or funding increased) by an equivalent amount, the shortfall will recur. Therefore, the * items in the table show the need to correct the contributions to recurring funding in the subsequent years. Hence, the surplus (-) shown in the table for 2010/11 and 2011/12 as between the year on year additional funding and the additional expenditure.

9.42 The use of the £1.5m (Recurring PIP) referred to in **paragraph 9.27(a)** and the £3m for the Waste Strategy referred to in **paragraph 9.28** are both used to reduce the additional expenditure figure in the table above.

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 and the impact on child placement costs following the Baby P case, 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 2009/10 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 two of the three years. On the grounds of prudence the MTFs has used a lower assumption for Year 3 **L**
 - ➔ the County Council has determined a level of **Council Tax** increase for three years – this may be subject to change in Years 2 and 3, with a 1% increase or decrease adding or subtracting £2.3m of spending capacity in a single year **L/M**
 - ➔ **income from fees and charges** is potentially more volatile – see **paragraph 10.6 et seq** for details of a review undertaken as part of the Budget process **L/M**
 - ➔ **Income from specific grants** needs to be monitored carefully, particularly if the grant has a fixed life – see **paragraph 10.14 et seq** for details of a review undertaken as part of the Budget process
 - ➔ the level of the **General Working Balance (GWB)** has been reviewed and the 2% target minimum is deemed to be adequate (see **paragraph 12.11 et seq** for more details) – however, given the contributions from the GWB that are required to balance the Budget in both 2009/10 and 2010/11, the level of the GWB will need to be monitored regularly, particularly if unforeseen events subsequently occur that create a further drain on the GWB **L/M**

- 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 the potential for adverse volatility that it contains. Reference has already been made to the robustness of the estimates (see **paragraph 10.3** above) and **Appendix M** 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, a major problem if left unaddressed, is the impact of the Waste Strategy in 2012/13 et seq. This Budget report addresses this issue; if it did not, the MTFs would carry a HIGH risk assessment **(H)**
- Another long-term issue is the impact of demographic pressures on the demand for Adult Care Services. A recent commissioning strategy estimated that the costs of increased demand could exceed the current budget by £43m. These pressures will therefore need to be monitored and managed - if not, this will represent a high risk to the County Council's overall financial position in future years. **(H)**

Income from fees and charges

- 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 (£75m) of the County Council budget, excluding Schools, 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 2009/10 Budget year are set out in **Appendix G**. 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 Directorates in developing their latest VFM Plans. Decisions reflected in the VFM Plans have been incorporated in the analysis shown in **Appendix G** in respect of any above inflation element to charges being proposed at this stage
- 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 G** 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 2009/10 information is shown in **Appendix G**.
- 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 are the subject of particular attention in the ongoing budgetary control regime.

Income from Grants

- 10.14 The Revenue Budget reflects funding of £421.7m from government specific grants (including DSG), and many services also receive other grant aid from a range of grant awarding bodies for individual service initiatives.
- 10.15 In respect of specific grants, the three year financial settlement as part of CSR07 set the levels of grant for the period to 2010/11, including the move of a number of individual grants into the Area Based Grant (see **paragraph 9.11**). Changes in the levels of these grants have been taken into account in determining the current MTFS, and have been reviewed as part of the Budget process this year.
- 10.16 Where grants are provided for specific service proposals, the expectation is that the cost of providing that service is met from within the total grant available. This approach applies, whether or not the grant is formally ringfenced by the Government or other grant awarding body. This would include, for example, issues arising from the effects of inflation on service costs, and whether these are adequately reflected in increased grant totals.
- 10.17 In some cases, significant changes have been made to grant totals or distribution methodologies that has meant that the alignment of the current or reviewed service level against the grant leads to a Budget shortfall. Where it has been necessary to seek additional funding to meet that shortfall, Directorates have reflected this in the MTFS. Fortunately, there are no new changes of this sort arising from the 2009/10 Financial Settlement, so no changes have been made to the MTFS as part of the grant review.

- 10.18 Particular issues arise in the Supporting People Grant, which from 2009/10 has been distributed as an “un-ringfenced named grant”. The level of the reduction in this Grant requires specific management action to keep expenditure within grant, and this is described in **paragraph 9.22** of this report.
- 10.19 An analysis has been made of the risk of any other grant related issues likely to impact on the net Budget position of any Directorate. Any significant issues arising from this review have been reflected by the Corporate Directors in their Contextual Commentary, included as **Paper A** in the pack of Supplementary Papers.

Corporate Risk Register

- 10.20 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 H**.

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 I**.

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 2009/10, 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 J – paragraph 12** 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 3.94% 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 2012) will be submitted to the Executive on 17 February 2009 as part of the Quarter 3 Performance Monitoring report for 2008/09. 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 18 November 2008 but updated to incorporate
- ➔ additions or variations to schemes that are self-funded (ie through grants, contributions and revenue contributions and earmarked capital receipts)
 - ➔ 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 Directorate's finite control total
 - ➔ additional schemes approved by Executive for inclusion in the Capital Plan, including the Capital element of allocations approved from the non-recurring Pending Issues Provision (PIP)
 - ➔ 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 2009/10 Revenue Budget package within Corporate Miscellaneous - see **Supplementary Paper VII**. Financing costs for the subsequent two years 2010/11 and 2011/12 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 reflects the principle, agreed a year ago, to cap the level of capital financing costs as a proportion of the annual Net Revenue Budget. The level proposed (@ 11%) will continue to 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 separate 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 was 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 businesses rates pot.

11.13 Funding received by the County Council from the initial three year scheme ,and its approved utilisation, has been as follows –

Year of Receipt	£000	Comment
2005/06	631	Transferred into the General Working Balance Paid into Equal Pay/Job Evaluation Fund
2006/07	1,413	
2007/08	425	
2008/09 (relates to 2005/06 to 2007/08)	1,029	
Total	3,498	

11.14 Although the initial three year scheme has ended, the Government has held back £100m out of the total 3-year pot of £1billion as a contingency for potential legal challenges and errors identified. Depending on the outcome of these issues, the County Council could receive further funding if the residual sum is eventually distributed to local authorities.

11.15 It is worth noting that in two tier areas approximately two thirds of the distributable growth has been paid to Districts, and one third to County Council. Therefore, based on the County Council having received £3.5m to date, the 7 District Councils will have received about £6.7m.

- 11.16 The formula used to calculate business rates growth, and the resulting cash for distribution to individual local authorities under this initial scheme was complex, not transparent, and received much criticism. Legal challenges, usually successful, have been made by individual authorities in relation to the calculation of the distributions, and some are still outstanding. The complex formula used resulted in the Government having to recalculate allocations for all authorities several times following objections on initial calculations. Allocations were not ringfenced, but were only notified to authorities near the end of the financial year, and thus were unhelpful for budget planning.
- 11.17 Going forward the CSR 2007 proposed that a new scheme would be phased in from 2009/10. In August 2008 the Government duly published its *Reforming the Local Authority Business Growth Incentive Scheme Consultation Paper*, with consultation responses on the proposed new scheme requested by 20 November 2008.
- 11.18 The new scheme aims to continue the principle of rewarding economic growth, but is re-designed based on the experience and lessons learned from the old scheme. This re-design reviews the basis of calculations and individual allocations to authorities, and aims to achieve simplicity and transparency with the timing of allocations tying in with local authority budget setting processes.
- 11.19 Features of the new scheme include –
- there will be no scheme in 2008/09
 - intended to be a permanent scheme
 - grant being announced in time for inclusion in annual budget setting processes
 - relative growth will be measured over a rolling three years
 - growth will be measured using business yield rather than rateable values
 - Police and Fire do not get any cash (which is the same as the old scheme)
 - £150m pot available for 2009/10 and 2010/11 (compared with £1bn over 3 years for the old scheme)
 - proposed split in 2 tier areas is $\frac{2}{3}$ to Counties and $\frac{1}{3}$ to Districts (which is a reverse of the old scheme)
 - no minimum or maximum payments (floor and ceiling) proposed
 - allocations to be based on sub-regional groupings rather than individual authority boundaries (ie averaging approach across agreed regions)
- 11.20 Based on the new scheme proposed, the Government provided exemplifications as to what the allocations to individual local authorities might be, based on historical growth levels of business rates. For the County Council these exemplifications indicated £0.25m in 2009/10 and £0.5m in 2010/11. Given that the final details of the replacement scheme have not yet been confirmed, and that the illustrative figures provided to date used historical growth levels, they are considered optimistic given the current economic climate. Therefore, no sums have been reflected in the current Revenue Budget / MTFs process.

Local Area Agreement Performance Reward Grant

LAA 1

- 11.21 As part of the original Local Area Agreement (LAA 1) a total of 19 stretch targets were agreed as between the Government, various partners, and the County Council, to be delivered over the period 2007/08 to 2009/10. Up to £16m Performance Reward Grant (PRG) could be “earned” for the area of North Yorkshire if these stretch targets were achieved in full.
- 11.22 When considering the financial implications of the potential PRG relating to LAA 1, the following points need to be taken into consideration -
- (a) no final decisions have been made as yet regarding the allocation / utilisation of any PRG earned as between the LAA partners (including the County Council)
 - (b) there are a number of stretch targets where it will be difficult to predict the likely level of PRG “earned” until the end of the LAA period
 - (c) there are a number of stretch targets where the current predictions of performance indicate that the 100% target level will not be achieved. In particular, the stretch target in relation to Affordable Housing is not likely to yield any PRG
 - (d) interim PRG, based on the performance achieved against a number of specific stretch targets, may be drawn down at the end of 2008/09 if performance to 31 March 2009 achieves, or exceeds, interim targets. However, this interim grant may have to be subsequently netted against the final PRG payment if performance against the specific targets subsequently falls back. The remainder of the PRG would be paid in two instalments in 2010/11 and 2011/12
- 11.23 Although the PRG is potentially a significant one-off funding stream, which could have an impact from 2009/10 onwards (if interim PRG was drawn down at the end of 2008/09), no account has been taken of the potential PRG in the latest MTFS. This reflects the current ongoing discussions with partners regarding potential allocations and utilisation of PRG, as well as the uncertainty over the amount of PRG that will eventually be “earned”.

LAA 2

- 11.24 Members will be aware that a second LAA has been agreed, which commenced on 1 April 2008 (LAA 2). LAA 2 includes 32 targets against National Indicators (as well as a number of targets against local indicators) that have been agreed with Government, various partners and the County Council. The Government has announced a new tranche of PRG in relation to LAA 2 targets, although the arrangements for this round of PRG are not yet finalised. The sum earmarked nationally is £340m, and planning figures indicate that individual LAAs could expect a target figure of PRG “earnable” in the range of £2–£3m. This PRG would be payable after the end of 2010/11. Again, at this early stage, no account has been taken of potential PRG from LAA 2 in the MTFS.

Job Evaluation / Equal Pay

- 11.25 Members will recall that an Equal Pay / Job Evaluation Fund was set up to cover the additional net costs arising from Equal Pay and Job Evaluation costs up to and including 2008/09.
- 11.26 The ongoing implications of job evaluation after 2008/09 is an estimated recurring cost of £3.1m (£3.0m in 2009/10 and £3.1m in 2010/11 and subsequent years), and these sums were incorporated into last year's MTFS as part of the Corporate Miscellaneous Budget. This funding has now been allocated to Directorates and reflected as such in the updated MTFS
- 11.27 In addition, there is a consequential impact on the employer contribution rate payable to the North Yorkshire Pension Fund, and a sum of £0.4m was incorporated into last year's MTFS as part of the Corporate Miscellaneous Budget. This funding has also now been allocated to Directorates to pay for the additional employer contribution rates that will be charged.
- 11.28 In terms of the JE / Equal Pay Fund mentioned in **paragraph 11.25**, the Fund will have a residual balance of £0.4m at 31 March 2009.
- 11.29 It is proposed that this balance of £0.4m be transferred into the General Working Balance in 2009/10.
- 11.30 There are no further financial implications of Equal Pay and Job Evaluation (including Stage 2 reviews) that will impact on the 2009/10 Revenue Budget and MTFS.

North Yorkshire Pension Fund

- 11.31 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.
- 11.32 At present the employer contribution rate is 19.2% equivalent to £31.5m per annum. Of this £12.7m relates to staff employed by schools and traded services so the figure of £18.8m (ie £31.5m - £12.7m) represents the impact on the Net Revenue Budget for the purposes of the Budget process.
- 11.33 The County Council is the administering authority for the North Yorkshire Pension Fund on behalf of 60 employers (including itself). Every three years a formal 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.
- 11.34 The latest Triennial Valuation, based on employee data at 31 March 2007, was signed off by the Pension Fund Committee at its meeting on 14 February 2008, and the revised employer contribution rates came into effect for the three years beginning 2008/09.

11.35 The employer contribution rates reflected in each year of the updated MTFS are as follows -

2009 / 10	19.2%	} see paragraph 11.32 above
2010 / 11	19.2%	
2011 / 12	20.2%	a 1% increase as recently advised to employers by the Pension Fund Committee

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 K**.
- ➔ a risk assessment methodology for Balances / Reserves which is also required under Section 25 – see **Appendix L**.
- ➔ a subsequent review of the County Council’s Balances and Reserves – see **Appendix M**.

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 been assessed as a 3 (out of 4) for its Financial Standing and associated management procedures as part of the 2007 CPA Use of Resources assessment, and received a positive Audit and Inspection Annual Letter from the External Auditor in relation to the 2007/08 financial year. There are no grounds to suspect that the UoR assessment for 2008 will deteriorate – if anything, it could improve.

Robustness of the estimates

12.5 In accordance with the principles laid out in **Appendix K**, the Corporate Director – Finance and Central Services has undertaken a full assessment of the County Council's potential financial risks in the period 2009/10 to 2011/12 including:

- ➔ the realism of the Revenue Budget 2009/10 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 VFM Plan target of 3%
 - 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 policy decision 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 impact of current and forecast interest rates on the expected returns from investment of cash balances
- ➔ 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 2010/11 and 2011/12 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 ongoing implications of the introduction of the Area Based Grant in 2008/09
 - ➔ the provisional grant settlement announced for 2010/11 and a prudent assumption for 2011/12
 - ➔ 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 2011/12
 - ➔ the impact of the economic recession on both future interest rates, the Council Tax taxbase and District Council Collection Fund surpluses

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 / MTFs 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 at each year end, it is accepted that within these yearly 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 M** all the current balances and reserves had been examined as to their adequacy and purpose using the methodology/criteria detailed in **Appendix L**.

12.10 Based on this analysis, the Budget proposals reflect:

- (i) the transfer of funds from the recurring PIP (£2m), and the Job Evaluation / Equal Pay Provision (£400k) into the General Working Balance
- (ii) the drawdown from the General Working Balance of £2.5m in 2009/10 and £1.2m in 2010/11 to balance the Budgets of those years respectively

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

General Working Balance (GWB)

- 12.11 Members will be aware that the MTFs policy in relation to the GWB is to achieve, and then maintain, 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 M** 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 2007/08 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 (**Appendix N** provides full details of the various +/- impacts on the GWB that arise from the proposals in this report).

Year End Date	MTFS 2008/11		MTFS 2009/12	
	£000	% of Net Revenue Budget	£000	% of Net Revenue Budget
31 March 2008	7,300 *	2.5	7,709 °	2.6
31 March 2009	7,300 *	2.3	11,751 *	3.6
31 March 2010	7,300 *	2.2	9,651 *	2.9
31 March 2011	7,300 *	2.0	8,451 *	2.4
31 March 2012	N / A	N / A	8,451 *	2.3

[Note : * projected ° actual]

- 12.15 On the basis of the GWB at 31 March 2008 (£7.709m) and the projected GWB at 31 March 2009 (£11.8m) it is evident that the County Council has exceeded its policy target level of 2%. However, with the proposed use of £2.5m from the GWB to balance the Budget for 2009/10, and a further £1.2m in 2010/11, and the continuing likelihood of unforeseen events arising as a result of the economic downturn (eg reduced Yorwaste dividend), it is essential that the figure of £8.45m is retained for subsequent years as it satisfies the 2% target by the March 2011 date set last year.

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

- 12.16 **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 2009/10 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 introduction of 3 year grant settlements, and 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 2009/10 underpins the Revenue Budget proposals, which involve a net Budget increase of 4.2% and an increase in Council Tax of 3.94%.
- 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 2010/11 and beyond. The Value for Money Plan started last year will make an essential and ongoing 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) in accordance with Section 44 of the Local Finance Act 1992 that for the year beginning 1 April 2009, a Council Tax precept of £237,046,000 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) in accordance with Section 43 of the Local Finance Act 1992 that a net Revenue Budget requirement for 2009/10 of £336,240,000 be approved
- (iii) a drawdown of £2.5m from the General Working Balance to balance the 2009/10 Revenue Budget
- (iv) 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 6 March 2008, on the allocation of the Schools Block

14.2 That the Executive recommends to the County Council:

- (i) that the revenue elements of the Area Based Grant be allocated and managed in accordance with the procedures detailed in **paragraph 9.18 et seq** and **Appendix E**
- (ii) that Corporate Directors be authorised to incur expenditure under the terms of any new specific grants (**paragraph 9.20 et seq**)
- (iii) that in relation to the Waste Infrastructure Capital Fund and the Stronger Safer Communities Fund (**paragraph 9.19**), the relevant Corporate Director/ Chief Executive be authorised, in consultation with the appropriate Executive Member, to consult with applicable partners on the most appropriate method of allocating this grant, and having done so, to adhere to the management procedures referred to in **paragraph 9.18(b)**
- (iv) that the policy target for the level of the General Working Balance be retained at 2% of the net Revenue Budget
- (v) the allocation of funds and subsequent cessation of the recurring Pending Issues Provision as detailed in **paragraph 9.27(a)**
- (vi) the continuation of the non-recurring Pending Issues Provision as detailed in **paragraph 9.27(b)** and after taking into account the adjustments / allocations referred to in **paragraph 9.32**
- (vii) that the unused balance of the Job Evaluation / Equal Pay Fund be transferred to the General Working Balance in 2009/10 (**paragraph 11.29**)

- 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 12.16**).
- 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

29 January 2009

Background Documents

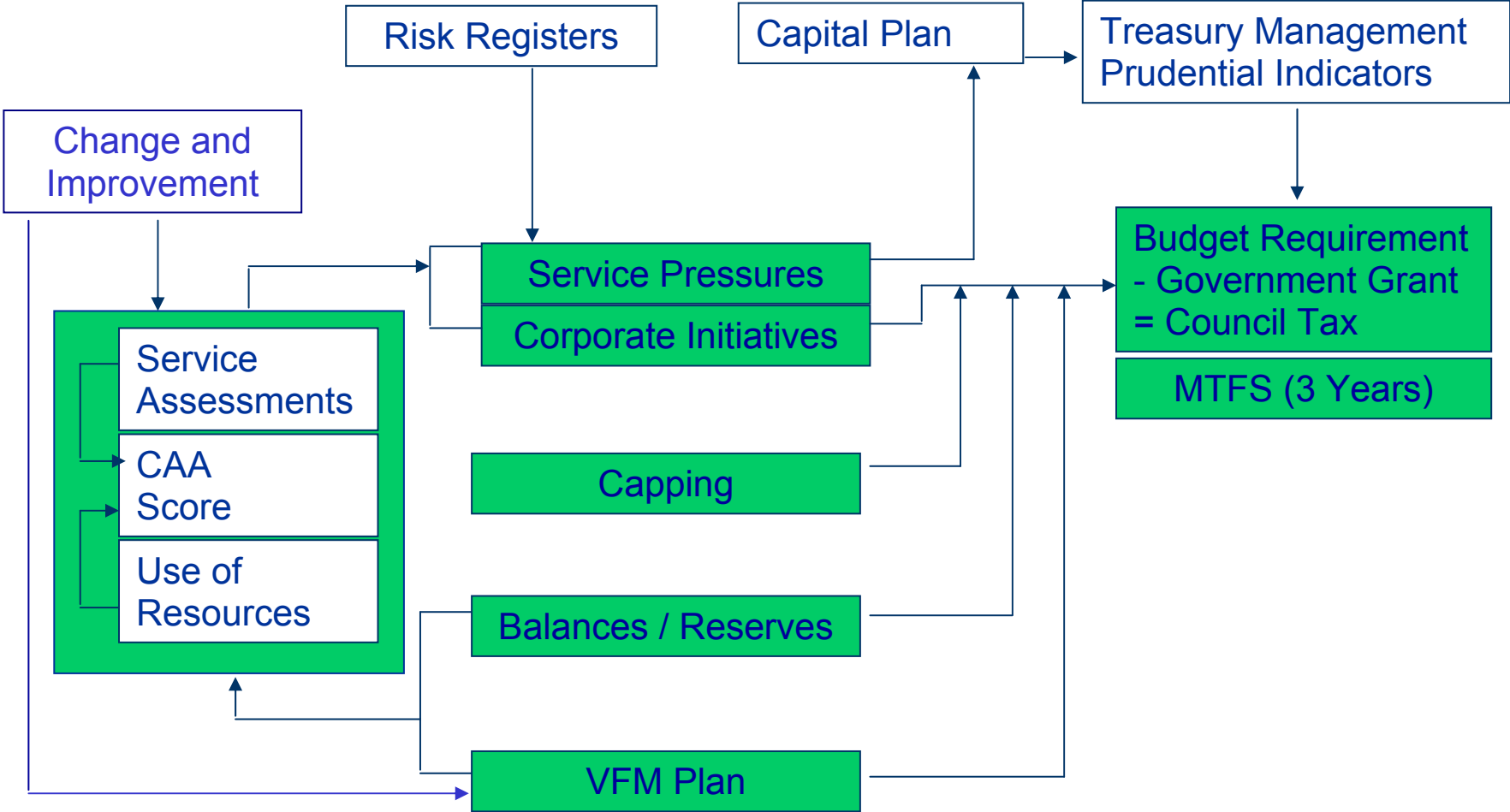
- **Provisional Local Government Finance Settlement 2009/10 :** Contact Steve Knight
Reported to Executive (2 December 2008) ext 2101
- **Grant Settlement Working Papers** Contact Peter Yates
ext 2119
- **Budget / MTFS Working Papers** Contact John Moore
ext 2531

3 FEBRUARY 2009

SCHEDULE OF APPENDICES TO
MEDIUM TERM FINANCIAL STRATEGY AND REVENUE BUDGET 2009 / 10

Appendix	Title	Cross Reference in main report
A	What's in the mix ?	paragraph 5.3
B	VFM Plan	paragraph 7.12
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) 2009 / 10 Sheet A (ii) 2010 / 11 Sheet B (iii) 2011 / 12 Sheet C	paragraph 9.3
E	Area Based Grant	paragraph 9.11
F	Allocations to date from Non Recurring Pending Issues Provision	paragraph 9.27
G	Risk Analysis of Income	paragraph 10.9
H	Corporate Risk Register – analysis of impact of MTFS / Budget proposals	paragraph 10.20
I	Calculation of Council Tax Precept 2009/10	paragraph 11.2
J	Briefing note re Capping procedure	paragraph 11.4
K	Statutory Requirements of the Local Government Act 2003 in relation to Budget setting	paragraph 12.2
L	Balances / Reserves – risks assessment methodology	paragraph 12.9
M	Review of Balances / Reserves	paragraph 12.9
N	Projection of General Working Balance	paragraph 12.14

What's in the mix?



APPENDIX A

VFM PLAN SUMMARY

APPENDIX B

Directorate		2008/09				2009/10		2010/11		2010/11 ONGOING POSITION		CUMULATIVE TOTAL	
		Initial £000	As at Qtr 1 £000	As at Qtr 2 £000	Revised Qtr 3 £000	Initial £000	Revised £000	Initial £000	Revised £000	Initial £000	Revised £000	Initial £000	Revised £000
Adult and Community Services	Plan	3,985	3,985	3,620	3,620	4,291	5,235	2,986	3,786	11,262	12,641	23,522	25,115
	Target	4,294	4,294	4,294	4,306	4,524	4,549	4,758	4,783	13,576	13,638	26,688	26,799
	Variance	-309	-309	-674	-686	-233	686	-1,772	-997	-2,314	-997	-3,166	-1,684
Business and Environmental Services	Plan	2,041	2,012	2,087	2,037	2,218	2,033	1,361	2,621	5,620	6,691	11,920	12,798
	Target	2,030	2,030	2,030	2,030	2,169	2,169	2,370	2,370	6,569	6,569	12,798	12,798
	Variance	11	-18	57	7	49	-136	-1,009	251	-949	122	-878	0
Children and Young People's Services	Plan	3,028	3,028	3,234	3,167	1,875	2,015	2,275	2,175	7,178	7,357	15,109	15,706
	Target	2,497	2,497	2,497	2,497	2,609	2,609	2,718	2,718	7,824	7,824	15,427	15,427
	Variance	531	531	737	670	-734	-594	-443	-543	-646	-467	-318	279
Chief Executive's Group	Plan	383	383	375	351	222	232	176	176	781	759	1,769	1,693
	Target	383	265	265	265	390	269	393	270	1,166	804	2,322	1,603
	Variance	0	118	110	86	-217	-37	-217	-94	-385	-45	-553	90
Finance and Central Services	Plan	519	328	286	269	545	384	284	371	1,348	1,024	2,930	1,946
	Target	477	286	286	274	499	374	501	376	1,477	1,024	2,930	1,946
	Variance	42	42	0	-5	46	10	-217	-5	-129	0	0	0
Corporate Miscellaneous	Plan	0	309	309	309	0	221	0	223	0	753	0	1,592
	Target	0	309	309	309	0	221	0	223	0	753	0	1,592
	Variance	0	0	0	0	0	0	0	0	0	0	0	0
Total	Plan	9,956	10,045	9,911	9,753	9,151	10,120	7,082	9,352	26,189	29,225	55,250	58,850
	Target	9,681	9,681	9,681	9,681	10,191	10,191	10,740	10,740	30,612	30,612	60,165	60,165
	Variance	275	364	230	72	-1,040	-71	-3,658	-1,388	-4,423	-1,387	-4,915	-1,315
CUMULATIVE POSITION ON VARIANCE FROM TARGET					72	1	-1,387	-1,387	-1,315				
Change from Initial Proposals		89	-45	-203	969	2,270	3,036	3,600					

Note: The Quarter 3 figures are draft at this stage, and may be subject to further refinement as part of the Quarter 3 monitoring work that will be reported to the Executive at it's meeting on 17th February 2009

APPENDIX C

GRANT, SPEND & COUNCIL TAX EXEMPLIFICATION 2009/10 TO 2011/12

(based on a Council Tax increases of 3.94%, 4.24% and 4.24%)

	2008/09 Actual £000s	2009/10 Provisional £000s	2010/11 MTFS £000s	2011/12 MTFS £000s
BUDGET REQUIREMENT (BR)				
Start with previous years BR	295796	322670	336240	353440
Increased spend at CT increases of 3.94%, 4.24% & 4.24%				
Base transfers into grant (see (i) below)	8891	-235	-89	0
Spend grant increase as per (ii) below	5581	4898	5121	2600
Increase Council Tax by 3.94%, 4.24% & 4.24%	10175	8932	10051	10551
Tax base increase	2334	1406	1738	1820
Collection Fund surplus variations	-107	-1431	379	0
	26874	13570	17200	14970
= Budget Requirement (BR)	322670	336240	353440	368410
= BR %age increase - cash	9.1%	4.2%	5.1%	4.2%
- after base transfers	5.9%	4.3%	5.1%	4.2%
GRANT				
Previous year	-80188	-94660	-99323	-104355
other net transfers to / from formula grant (i)	-8891	235	89	0
=adjusted formula grant per DCLG increase (ii)	-89079	-94425	-99234	-104355
	-5581	-4898	-5121	-2600
= total grant	-94660	-99323	-104355	-106955
Increase on adjusted base per DCLG	6.3%	5.2%	5.2%	2.5%
Memo item - grant analysis into 4 block model				
Relative needs (formula - data at service block level)	-101448	-105623	-109674	-106955
Relative Resources (strength of local tax base)	68834	70835	72783	
Central Allocation (balance of Nat Pot on pop basis)	-69765	-73273	-76676	
Damping (to achieve min & max % increases)	7719	8738	9212	
	-94660	-99323	-104355	-106955
COLLECTION FUND SURPLUSES	-1302	129	-250	-250
BALANCE FROM COUNCIL TAX	226708	237046	248835	261205
TAX BASE				
Gross estimate per DCLG	230027	231637	233258	234890
- costs / losses etc to arrive at Districts forecast	-3619	-3589	-3608	-3630
= Districts net forecast	226408	228048	229650	231260
+ additional second homes	2970	2699	2720	2740
= total net tax base for Council Tax setting	229378	230747	232370	234000
%age increase in tax base	1.03%	0.59%	0.70%	0.70%
COUNCIL TAX				
Band D calculation	£988.36	£1,027.30	£1,070.86	£1,116.26
Increase (2007/08 actual £943.54)				
£	£44.82	£38.94	£43.56	£45.40
%	4.75%	3.94%	4.24%	4.24%
Variations on Council Tax				
1.0%	2267	2281	2387	2506
£1m	0.44%	0.44%	0.42%	0.40%
VARIABLES IN FUNDING LEVELS				
RSG				
2009/10 & 2010/11 indicative figures already notified		5.20%	5.20%	
2011/12 announced Dec 2010 following CSR 2010				2.50%
Collection Fund surpluses after 2008/09		129	-250	-250
Tax base growth after 2008/09		0.59%	0.70%	0.70%
Council tax increase after 2008/09		3.94%	4.24%	4.24%

MEDIUM TERM FINANCIAL STRATEGY

Exemplification of Directorate Spending

2009/10	Sheet A
2010/11	Sheet B
2011/12	Sheet C

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

29-Jan-09

2009/10 Revenue Budget	2008/09 Opening Base Budget	Subsequent Base Budget Adjustments	2008/09 Revised Base Budget	Funding Reallocations Excluding Non- Recurring PIP	Directorate VFM Targets	Grant Funding Changes	2009/10 Adjusted Base	Inflation & Cost Pressures			Total Inflation & Cost Pressures	Additional Resources	Net Directorate Budget Requirement	PIP Non- Recurring	Net Directorate Budget Requirement Including Non-Recurring PIP	
								Increments	Inflation	Landfill Tax						
																(a)
Directorate	£000s	£000s	£000s	£000s	£000s	£000s	£000s	£000s	£000s	£000s	£000s	£000s	£000s	£000s	£000s	£000s
Adult & Community Services	132,312	-3,659	128,653	-34	-4,524		124,095	844	4,733		5,577	1,510	131,182	374	131,556	
Business & Environmental Services	62,571	-1,627	60,944	0	-2,169		58,775	165	3,094	1,645	4,904	434	64,113	4,078	68,191	
Children & Young People's Service - CSA	77,060	-1,901	75,159	505	-2,609	170	73,225	329	2,350		2,679	980	76,884		76,884	
Chief Executive's Group	11,694	685	12,379	-1	-269	0	12,109	130	381	0	511	-106	12,514	572	13,086	
Finance & Central Services	13,283	413	13,696	320	-399	0	13,617	46	504	0	550	-900	13,267	700	13,967	
Directorate Sub Total -ex- Schools DSG	296,920	-6,089	290,831	790	-9,970	170	281,821	1,514	11,062	1,645	14,221	1,918	297,960	5,724	303,684	
Capital Financing	30,518	-28	30,490				30,490				0	713	31,203		31,203	
Interest Earned on Balances	-4,145	-259	-4,404				-4,404				0	2,224	-2,180		-2,180	
Central Contingency	500		500				500				0	200	700		700	
Job Evaluation Allocations	-1,881	-1,066	-2,947	-100			-3,047				0	3,011	-36		-36	
Other	3,699	-813	2,887	-190	-221		2,476				0	113	2,589		2,589	
Sub-total - Corporate Miscellaneous (excluding PIP)	28,691	-2,165	26,525	-290	-221	0	26,014	0	0	0	0	6,261	32,275	0	32,275	
Pending Issues Provision - non recurring	3,314		3,314				3,314				0	5,191	8,505	-5,724	2,781	
Pending Issues Provision - recurring	2,000		2,000	-500			1,500				0	-1,500	0		0	
Corporate Miscellaneous - Sub Total	34,004	-2,165	31,839	-790	-221	0	30,828	0	0	0	0	9,952	40,780	-5,724	35,056	
VFM - to be allocated	-8,254	8,254	0													
Overall Total-ex-Schools DSG	322,670	0	322,670	0	-10,191	170	312,649	1,514	11,062	1,645	14,221	11,870	338,740	0	338,740	
Increased Spend at C/Tax Increase of 3.94%													Available to spend 2009/10		-336,240	
Base Transfer into Grant	-235												- Contribution from GWB		-2,500	
Spend Grant Increase	4898												Balance		0	
Increase Council Tax by 3.94%	8,932															
Tax Base Increase	1,406															
Collection Fund Surplus Variations	-1,431															
	13,570															
2008/09 Base Budget + additional 2009/10 spend	336,240															

Key to Columns:
 (a) 2008/09 Budget Approved 20 February 2008
 (b) Subsequent Base Budget Adjustments
 (c) = (a) + (b)
 (g) = (c) + (d) + (e) + (f)
 (k) = (h) + (i) + (j)
 (m) = (g) + (k) + (l)
 (o) = (m) + (n)

SHEET A

2010/11 Revenue Budget													
Directorate	2009/10 Base Budget	Funding Reallocations Excluding Non- Recurring PIP	Directorate VFM Targets	Grant Funding Changes	2010/11 Adjusted Base	Inflation & Cost Pressures			Total Inflation & Cost Pressures	Additional Resources	Net Directorate Budget Requirement	PIP Non- Recurring	Net Directorate Budget Requirement Including Non-Recurring PIP
						Increments	Inflation	Landfill Tax					
	(a) £000s	(b) £000s	(c) £000s	(d) £000s	(e) £000s	(f) £000s	(g) £000s	(h) £000s	(i) 4733	(j) £000s	(k) £000s	(l) £000s	(m) £000s
Adult & Community Services	131,556	-10	-4,758		126,788	577	4,362		4,939	3,865	135,592	-328	135,264
Business & Environmental Services	68,191	7	-2,370		65,828	117	2,293	1,591	4,001	951	70,780	-2,305	68,475
Children & Young People's Service - CSA	76,884	22	-2,718	50	74,238	235	2,555		2,790	1,885	78,913	2,000	80,913
Chief Executive's Group	13,086	2	-270		12,818	76	322		398		13,216	-513	12,703
Finance & Central Services	13,967	43	-401		13,609	32	425		457		14,066	900	14,966
Directorate Sub Total -ex- Schools DSG	303,684	64	-10,517	50	293,281	1,037	9,957	1,591	12,585	6,701	312,568	-246	312,322
Capital Financing	31,203				31,203				0	1,395	32,597		32,597
Interest Earned on Balances	-2,180				-2,180				0	-160	-2,340		-2,340
Central Contingency	700				700				0		700		700
Job Evaluation Allocations	-36	-64			-100				0	100	0		0
Other	2,589		-223		2,366				0	80	2,446		2,446
Sub-total - Corporate Miscellaneous (excluding PIP)	32,275	-64	-223	0	31,988	0	0	0	0	1,415	33,403	0	33,403
Pending Issues Provision - non recurring	2,781				2,781				0	5,889	8,670	246	8,916
Pending Issues Provision - recurring	0				0				0		0		0
Corporate Miscellaneous - Sub Total	35,056	-64	-223	0	34,769	0	0	0	0	7,304	42,072	246	42,318
Contribution from Working Balances	-2,500				-2,500				0	2,500	0		0
Overall Total-ex-Schools DSG	336,240	0	-10,740	50	325,550	1,037	9,957	1,591	12,585	16,505	354,640	0	354,640
Increased Spend at C/Tax Increase of 4.24%											Available to spend 2010/11		-353,440
Base Transfer into Grant	-89										- Contribution from GWB		-1,200
Spend Grant Increase	5121										Balance		0
Increase Council Tax by 4.24%	10,051												
Tax Base Increase	1,738												
Collection Fund Surplus Variations	379												
	17,200												
2009/10 Base Budget + additional 2010/11 spend	353,440												

Key to Columns:
 (a) 2009/10 Base Budget
 (e) = (a) + (b) + (c) + (d)
 (i) = (f) + (g) + (h)
 (k) = (e) + (i) + (j)
 (m) = (k) + (l)

2011/12 Revenue Budget													
Directorate	2010/11 Base Budget	Funding Reallocations Excluding Non- Recurring PIP	Directorate VFM Targets	Grant Funding Changes	2011/12 Adjusted Base	Inflation & Cost Pressures			Total Inflation & Cost Pressures	Additional Resources	Net Directorate Budget Requirement	PIP Non- Recurring	Net Directorate Budget Requirement Including Non-Recurring PIP
						Increments	Inflation	Landfill Tax					
	(a) £000s	(b) £000s	(c) £000s	(d) £000s	(e) £000s	(f) £000s	(g) £000s	(h) £000s	(i) 4733	(j) £000s	(k) £000s	(l) £000s	(m) £000s
Adult & Community Services	135,264				135,264		5,224		5,224		140,488	-46	140,442
Business & Environmental Services	68,475				68,475		3,202	1,543	4,745	1,389	74,610	1,227	75,837
Children & Young People's Service - CSA	80,913				80,913		2,975		2,975		83,888	2,000	85,888
Chief Executive's Group	12,703				12,703		431		431		13,134	-59	13,075
Finance & Central Services	14,966				14,966		579		579		15,545	-1,600	13,945
Directorate Sub Total -ex- Schools DSG	312,322	0	0	0	312,322	0	12,411	1,543	13,954	1,389	327,665	1,522	329,187
Capital Financing	32,597				32,597				0	2,109	34,707		34,707
Interest Earned on Balances	-2,340				-2,340				0	-755	-3,095		-3,095
Central Contingency	700				700				0		700		700
Job Evaluation Allocations	0				0				0		0		0
Other	2,446				2,446				0	73	2,519		2,519
Sub-total - Corporate Miscellaneous (excluding PIP)	33,403	0	0	0	33,403	0	0	0	0	1,427	34,830	0	34,830
Pending Issues Provision - non recurring	8,916				8,916				0	-3,000	5,916	-1,522	4,394
Pending Issues Provision - recurring	0				0				0		0		0
Corporate Miscellaneous - Sub Total	42,318	0	0	0	42,318	0	0	0	0	-1,573	40,746	-1,522	39,224
Contribution from Working Balances	-1,200				-1,200				0	1,200	0		0
Overall Total-ex-Schools DSG	353,440	0	0	0	353,440	0	12,411	1,543	13,954	1,016	368,410	0	368,410
Increased Spend at C/Tax Increase of 4.24%													
Base Transfer into Grant	0												
Spend Grant Increase	2600												
Increase Council Tax by 4.24%	10,550												
Tax Base Increase	1,820												
Collection Fund Surplus Variations	0												
	14,970												
2010/11 Base Budget + additional 2011/12 spend	368,410												
											Available to spend 2011/12		-368,410
											Balance		0

Key to Columns:
 (a) 2010/11 Base Budget
 (e) = (a) + (b) + (c) + (d)
 (f) = (f) + (g) + (h)
 (i) = (j) + (k)
 (k) = (e) + (f) + (j)
 (m) = (k) + (l)

Constituent Grant	Appropriate Directorate/Partners	Govt Dept	2008/09			2009/10			2010/11		
			Original Allocation	Updated Nov 2008	Variance	Original Allocation	Updated Nov 2008	Variance	Original Allocation	Updated Nov 2008	Variance
			£s	£s	£s	£s	£s	£s	£s	£s	£s
Supporting People Administration	NYCC - ACS	CLG	366,141	366,141	0	337,235	337,235	0	289,059	289,059	0
Supporting people (from 09/10 onwards)	NYCC - ACS	CLG	0	0	0	14,734,962	0	-14,734,962	14,076,822	14,076,822	0
Adult Social Care Workforce (formerly HRDS & NTS)	NYCC - ACS	DH	1,344,575	1,344,575	0	1,394,682	1,394,682	0	1,446,234	1,446,234	0
Learning & Disability Development Fund	NYCC - ACS	DH	382,413	382,413	0	382,701	382,701	0	382,651	382,651	0
Mental Capacity Act & Independent Mental Capacity Advocate Service	NYCC - ACS	DH	235,700	235,700	0	299,428	299,428	0	289,586	289,586	0
Mental Health	NYCC - ACS	DH	1,219,690	1,219,690	0	1,284,538	1,284,538	0	1,348,444	1,348,444	0
Preserved Rights	NYCC - ACS	DH	3,822,867	3,822,867	0	3,587,063	3,587,063	0	3,391,999	3,391,999	0
Detrunking	NYCC - BES	DfT	918,842	1,025,618	106,776	941,813	1,051,260	109,447	965,359	1,077,542	112,183
Road Safety Grant	NYCC - BES	DfT	1,986,075	1,986,075	0	1,956,589	1,956,589	0	1,926,071	1,926,071	0
Rural Bus Subsidy	NYCC - BES	DfT	2,371,124	2,371,124	0	2,433,522	2,433,522	0	2,495,920	2,495,920	0
Young People Substance Misuse Partnership Grant	NYCC - CYPS	HO	89,833	89,833	0	89,833	89,833	0	89,833	89,833	0
Child Trust Fund	NYCC - CYPS	DCSF		5,549	5,549		7,726	7,726		9,355	9,355
Preventing Violent Extremism Toolkit	NYCC - CYPS	DCSF		10,000	10,000						
14-19 Flexible Funding Pot	NYCC - CYPS	DCSF	176,189	176,189	0	175,374	175,374	0	174,455	174,455	0
Care Matters White Paper	NYCC - CYPS	DCSF	229,643	229,643	0	308,997	308,997	0	353,952	353,952	0
Child Death Review Process	NYCC - CYPS	DCSF	43,986	43,986	0	45,027	45,027	0	46,669	46,669	0
Children's Social Care Workforce (formerly HRDS & NTS)	NYCC - CYPS	DCSF	111,099	111,099	0	110,650	110,650	0	110,206	110,206	0
Children's Fund	NYCC - CYPS	DCSF	1,133,447	1,133,447	0	1,133,447	1,133,447	0	1,133,447	1,133,447	0
Choice Advisers	NYCC - CYPS	DCSF	33,008	33,008	0	33,008	33,008	0	33,008	33,008	0
Connexions	NYCC - CYPS	DCSF	4,474,612	4,474,612	0	4,247,696	4,247,696	0	4,216,686	4,216,686	0
Education Health Partnerships	NYCC - CYPS	DCSF	148,360	158,813	10,453	148,360	148,360	0	148,360	148,360	0
Extended Rights to Free Transport	NYCC - CYPS	DCSF	211,828	211,828	0	309,080	309,080	0	406,331	406,331	0
Extended Schools Start Up Costs	NYCC - CYPS	DCSF	1,332,010	1,332,010	0	2,525,182	2,525,182	0	1,038,462	1,038,462	0
Positive Activities for Young People	NYCC - CYPS	DCSF	112,041	112,041	0	192,481	192,481	0	249,938	249,938	0
Secondary National Strategy - Behaviour & Attendance	NYCC - CYPS	DCSF	125,800	125,800	0	125,800	125,800	0	125,800	125,800	0
Secondary National Strategy - Central Coordination	NYCC - CYPS	DCSF	282,452	282,452	0	283,477	283,477	0	283,934	283,934	0
Primary National Strategy - Central Coordination	NYCC - CYPS	DCSF	321,691	321,691	0	322,432	322,432	0	322,490	322,490	0
School Development Grant (Local Authority element)	NYCC - CYPS	DCSF	1,095,300	1,095,300	0	1,095,300	1,095,300	0	1,095,300	1,095,300	0
School Improvement Partners	NYCC - CYPS	DCSF	392,370	392,370	0	392,370	392,370	0	392,370	392,370	0
School Intervention Grant	NYCC - CYPS	DCSF	259,100	259,100	0	259,100	259,100	0	259,100	259,100	0
Sustainable Travel General Duty	NYCC - CYPS	DCSF	56,217	56,217	0	56,217	56,217	0	56,217	56,217	0
Teenage Pregnancy	NYCC - CYPS	DCSF	158,000	158,000	0	158,000	158,000	0	158,000	158,000	0
Child & Adolescent Mental Health Services	NYCC - CYPS	DH	566,927	566,927	0	594,783	594,783	0	622,086	622,086	0
Young Persons Substance Misuse Grant	NYCC - CYPS	DCSF	0	97,052	97,052	0	97,052	97,052	0	97,052	97,052
School Travel Advisers	NYCC - CYPS pass to BES	DCSF	112,000	112,000	0	112,000	112,000	0	112,000	112,000	0
Carers	NYCC (SPLIT CYPS/ACS)	DH	2,129,563	2,129,563	0	2,295,609	2,295,609	0	2,464,753	2,464,753	0
Local Involvement Networks	NYCC Ch Exec's	DH	221,619	221,619	0	222,466	222,466	0	223,396	223,396	0
Aggregates Levy Sustainability Fund	Yorks. Dales Millennium Trust	Defra	308,000	308,000	0	308,000	308,000	0	308,000	308,000	0
Stronger Safer Communities Fund (revenue)	District Councils & PCT	HO	635,160	635,160	0	635,160	635,160	0	635,160	635,160	0
			27,407,684	27,637,514	229,830	43,532,381	29,011,645	-14,520,736	41,672,101	41,890,688	218,587

*The Government originally planned to transfer the Supporting People Grant into the Area Based Grant from 2009/10 - it will now be treated as a separate "named", but un-ringfenced grant in 2009/10.

APPENDIX F

ALLOCATION TO DATE FROM NON RECURRING PENDING ISSUES PROVISION (updated 21/1/09)

NON-RECURRING PIP

ANALYSIS OF APPROVED BIDS TO DATE

Directorate Item	2008/09 £k	2009/10 £k	2010/11 £k	2011/12 £k	Total £k	
A&CS						
Radio Frequency Identification	418				418	
Library in a Box	75	75			150	
Electronic Home Care Monitoring / Rostering System		200			200	
Swift Development Project	46	99	46		191	
Library Stock	42				42	
Total	581	374	46		1001	a
BES						
Bedale Bypass – Fees I	198				198	
– Fees II	174	1778	273		2225	
Street Lighting columns		1500	1500	3000	6000	
Footways	200	800			1000	
Total	572	4078	1773	3000	9423	b
CYPS						
Schools – capital works		2000	4000		6000	
Total		2000	4000		6000	c
CEG						
Customer Service Centre	190	10	10		210	
HR - systems	270	562	49		881	
Total	460	572	59		1091	d
F&CS						
ICT – Staff re GPMO	100	200	150		450	
Data Encryption	365				365	
Gypsy Sites	206				206	
Total	671	200	150		1021	e
Corporate						
BOS – Northallerton	240		1450		1690	
BOS – Skipton		500*			500	
Total	240	500	1450		2190	f
Total approvals to date	2524	7724	7478	3000	20726	g = (a → f)
- Provision	3545	8505	14394	0	26444	h
= Balance remaining	1021	781	6916	-3000	5718	i = (h – g)

* £1100k lease payment funded as prepayment on Balance Sheet and charged to Revenue over 15 years

RISK ANALYSIS OF MAIN INCOME STREAMS

Paper G1	Adult and Community Services
Paper G2	Business and Environmental Services
Paper G3	Children and Young People's Services
Paper G4	Chief Executive's Group
Paper G5	Finance and Central Services

**ADULT AND COMMUNITY SERVICES DIRECTORATE
FEES AND CHARGES ANALYSIS 2009/10**

Service (a)	Fees & Charges						Last Reviewed wef (h)	Next Review wef (i)	Risk Analysis (H/M/L of not achieving 09/10 target) (j)	Comment (k)
	2008/09 Base Budget £000 (b)	09/10 Inflation proposed % (c)	09/10 Inflation proposed £000 (d)	Volume Change £000 (e)	09/10 Other Change £000 (f)	09/10 Target £000 sum cols b to f (g)				
EXTERNAL INCOME										
Social Care										
Residential & Nursing Care	22,306.7	2.5%	557.7			22,864.4	Apr-08	Apr-09	M	Social care charges are determined by individual assessment & national frameworks Above inflation increase in chargeable rates but actual income achieved determined by individual assessment
Home Care	4,848.6	2.5%	121.2		138.0	5,107.8	Apr-08	Apr-09	H	
Day Care	340.5	2.5%	8.5			349.0	Apr-08	Apr-09	M	
Contribution to meals	548.3	2.5%	13.7			562.0	Apr-08	Apr-09	M	
Transport	217.3	2.5%	5.4		55.0	277.7	Apr-08	Apr-09	H	
Library and Community Services										All income budgets are being subjected to further scrutiny to explore their scope to contribute to the target efficiency savings
Registration Fees	968.4	2.5%	24.2			992.6	Apr-08	Apr-09	L	
Library Fines & related charges	242.9	2.5%	6.1			249.0	Apr-08	Apr-09	L	
Library Sales	144.8	2.5%	3.6			148.4	Apr-08	Apr-09	L	
AV Rentals etc.	175.7	2.5%	4.4			180.1	Apr-08	Apr-09	M	
Internet Hire Charges	94.0	2.5%	2.4			96.4	Apr-08	Apr-09	M	
Archives Charges	131.6	2.5%	3.3			134.9	Apr-08	Apr-09	L	
TRADED SERVICES WITH SCHOOLS										
School Library Service	599.2	2.5%	15.0			614.2	Apr-08	Apr-09	M	
Total	30,618.0		765.5	0.0	193.0	31,576.5				

**BUSINESS AND ENVIRONMENTAL SERVICES DIRECTORATE
FEES AND CHARGES ANALYSIS 2009/10**

Service (a)	Fees & Charges						Last Reviewed wef (h)	Next Review wef (i)	Risk Analysis (H/M/L of not achieving 09/10 target) (j)	Comment (k)
	2008/09 Base Budget £000 (b)	09/10 Inflation proposed % (c)	09/10 Inflation proposed £000 (d)	Volume Change £000 (e)	09/10 Other Change £000 (f)	09/10 Target £000 sum cols b to f (g)				
Support Services										
Highways Agency	32.7	2.5%	0.8			33.5	Apr-08	Apr-09	L	
Development & Countryside Services										
Minerals Planning Applications	231.1	2.5%	5.8			236.9	Apr-08	Apr-09	H	Number of applications is variable from year to year. The economic position will effect the income stream but it is difficult to predict as there are several variables at work. Also noted as a high risk as the income received is highly dependent on the receipt of a few 'large' applications.
District Council Rents	209.8	2.0%	4.2			214.0	Apr-08	Apr-09	M	Economic position could lead to lower rental income. There is also the potential for sale of units which would lower income yield.
Highways North Yorkshire										
Highways Agency - Selby Swing Bridge	507.1	2.5%	12.7			519.8	Apr-08	Apr-09	M	Assessing impact of road being detrunked.
NRSWA	416.9	2.5%	10.4			427.3	Apr-08	Apr-09	H	Current forecast for 2008/09 is an under-recovery of £50k. This reflects a shortfall in the 2008/09 VFM Target.
Rechargeable Works	597.8	7.0%	41.8			639.6	Apr-08	Apr-09	L	Income directly related to expenditure incurred; therefore if income level not reached, should be corresponding expenditure saving. The net risk relates to the ability to recover costs incurred / minimise any write-offs.
Fixed shared rental income from maintenance contractor	492.7	2.0%	9.9			502.6	Apr-08	Apr-09	L	Agreeing income due from contractor.
Variable shared resources income from maintenance contractor	182.4	2.5%	4.6			187.0	Apr-08	Apr-09	L	Set charge based on space occupied.
Land Searches	226.6	2.5%	5.7			232.3	Apr-08	Apr-09	H	2008/09 forecast income is £70k below budget; this appears to be due to the economic slowdown.
Superintendence Charges	275.0	2.5%	6.9			281.9	Apr-08	Apr-09	H	Current economic position is leading to fewer developments, which will impact on this budget. Not able to predict the exact impact on the 2009/10 budget at this point in time but there is an underlying shortfall of £75k emerging in 2008/09.
Skip Licences	91.8	2.5%	2.3			94.1	Apr-08	Apr-09	H	Current forecast for 2008/09 is an under-recovery of £10k. This reflects a shortfall in the 2008/09 VFM Target.
Capital Recharge	1,726.6	2.5%	43.2	335.0		2,104.8	Apr-08	Apr-09	L	Reflects charges to the Local Transport Plan capital programme. Any increase or decrease in charge is offset by corresponding cost increases or savings.
Waste Management										
Trade Waste	2,174.0	21.8%	474.4	-781.0		1,867.4	Apr-08	Apr-09	H	We have already seen declining tonnages mainly linked to rising charges. It is possible that Traders may deal directly with the private sector further decreasing income. However, as income reduces, there is an associated cost reduction of approximately 80% of the income fall. Charge rates will further significantly increase in 2009/10 - this may lead to further income reduction subject to the price elasticity. Budget amounts are subject to waste modelling.
Waste Disposal Rents	451.7	2.5%	11.3			463.0	Apr-08	Apr-09	L	
North Yorkshire Waste Partnership	227.3	2.5%	5.7			233.0	Apr-08	Apr-09	L	
Waste PFI	320.6	2.5%	8.0			328.6	Apr-08	Apr-09	L	
Yorwaste Dividend	1,573.0	0.0%	0.0			1,573.0	Apr-08	Apr-09	H	Recent discussions with Yorwaste indicate that there will be a significantly reduced dividend.
Integrated Passenger Transport										
Cross Boundary Bus Services	112.6	2.5%	2.8			115.4	Apr-08	Apr-09	L	
Recharge to Other NYCC Directorate	374.9	2.5%	9.4			384.3	Apr-08	Apr-09	L	Any changes in recharge are driven by a corresponding change in direct cost.
Trading Standards										
Various	153.8	2.5%	3.8			157.6	Apr-08	Apr-09	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	301.2	2.5%	7.5	17.1		325.8	Apr-08	Apr-09	L	Level of income dependent on contributions agreed as part of approving the Business Plan
Total	10,679.6		671.1	-428.9	0.0	10,921.8				

**CHILDREN & YOUNG PEOPLE'S DIRECTORATE
FEES AND CHARGES ANALYSIS 2009/10**

Service (a)	Fees & Charges 2008/09 Base Budget £000	09/10 Inflation proposed %	09/10 Inflation proposed £000	Volume Change £000	09/10 Other Change £000	09/10 Target £000 sum cols b to f	Last Reviewed wef	Next Review wef	Risk Analysis (H/M/L of not achieving 09/10 target)	Comment
	(b)	(c)	(d)	(e)	(f)	(g)	(h)	(i)	(j)	(k)
EXTERNAL INCOME										
Outdoor Education Fees	1,989.3	4.2%	83.4	-38.0	18.1	2,052.8	Sep-08	Sep-09	H	Outdoor Education fee rise above inflation from Sept 09 (average used to estimate 2009/10 income). Reduction in term dates for financial year. Anticipated reduction in take-up.
Music Service Tuition Fees	1,708.9	2.4%	41.5	0.0	0.0	1,750.4	Sep-08	Sep-09	H	Service is already experiencing drop in take up in tuition against backdrop of cash limited external funding & staffing review increasing pressure on service costs. Fees will not be reviewed until next May.
Adult Learning Fees	663.2	2.5%	16.6	0.0	-16.6	663.2	Aug-08	Aug-09	M	Fee volume dependent on the development of 2009-10 academic year plans to determine the number of courses (within the constraints of the LSC) and the continued effort to clawback the 2007/08 deficit. A reduction in fee income will need to be matched by a corresponding decrease in expenditure.
Recoupment for OLAs	1,731.6	4.9%	84.8	20.9	-41.1	1,796.3	Apr-08	Apr-09	L/M	Average inflationary increase on exp is higher than anticipated income inflation resulting in other adj of -£41.1k.
Contributions for Transport	109.2	2.5%	2.7	0.0	0.0	111.9	Sep-08	Sep-09	L	Dependant on take-up. Competitive pressures may reduce take-up.
Post 16 Income	727.0	2.5%	18.2	-48.9	-85.8	610.5	Sep-08	Sep-09	M	Target income in line with 08-09 forecast outturn but calculation is based on broad assumptions on anticipated reduction in pupil number take-up, reduced average prices (based on increasingly flexible price mechanism) and competitive pressures. Assumes no increase in cost of full pass.
Staff Absence Scheme - COY	673.0	2.5%	16.8	0.0	27.0	716.8	Apr-08	Apr-09	L	
Catering - City of York Council	3,040.3	2.5%	76.0	0.0	-30.4	3,085.9	Sep-08	Sep-09	H	1% reduction in income to reflect ongoing reduction in pupil rolls. Risk relates to meals pricing, impact of food inflation on price and any further healthy eating initiatives.
TRADED SERVICES WITH SCHOOLS										
Catering	11,466.1	2.5%	286.7	0.0	-114.7	11,638.1			H	1% reduction in income to reflect ongoing reduction in pupil rolls. Risk relates to meals pricing, impact of food inflation on price and any further healthy eating initiatives.
Clerking	143.0	2.8%	4.0	0.0	0.0	147.0	Apr-08	Apr-09	L	
Health & Safety	260.5	2.5%	6.5	5.0	0.0	272.0	Apr-08	Apr-09	L	
FMS	950.0	2.8%	26.3	0.0	0.0	976.3	Apr-08	Apr-09	L	Service to review fees to schools when inflation known. High customer satisfaction rates.
Q&I Traded	323.6	2.5%	8.1	0.0	0.0	331.7	Apr-08	Apr-09	L	Service to review fees to schools when inflation known.
Staff Absence Scheme - NYCC	3,543.0	2.5%	88.6	0.0	0.0	3,631.6	Apr-08	Apr-09	L	
Insurance of Equipment	312.0	2.5%	7.8	0.0	0.0	319.8	Apr-08	Apr-09	L	
School's ICT	1,093.0	2.8%	30.3	0.0	0.0	1,123.3	Apr-08	Apr-09	M	Service to review fees to schools when inflation known.
Total	28,733.7		798.2	-61.0	-243.5	29,227.4				

**CHIEF EXECUTIVE DIRECTORATE
FEES AND CHARGES ANALYSIS 2009/10**

Service (a)	Fees & Charges						Last Reviewed wef (h)	Next Review wef (i)	Risk Analysis (H/M/L of not achieving 09/10 target) (j)	Comment (k)
	2008/09 Base Budget £000 (b)	09/10 Inflation proposed % (c)	09/10 Inflation proposed £000 (d)	Volume Change £000 (e)	09/10 Other Change £000 (f)	09/10 Target £000 sum cols b to f (g)				
EXTERNAL INCOME										
Legal Services										
Legal Services to Other Bodies (see note below)	132.0	2.0%	2.6	44.7		179.3	Apr 08	Apr 09	M	Charges are linked to SLA and RPI (see note 1) and demand from other bodies.
Other Fees & Charges (Court Costs Awarded / District Councils / Ad hoc projects)	191.1	2.0%	3.8		-73.8	121.1	Apr 08	Apr 09	M	Income from DCs & ad hoc projects expected to be lower than 2008/09. Budget for costs awarded by the court has been reviewed and reduced to be more realistic. This income is extremely volatile and unpredictable.
HR - Core										
Other Bodies	89.1	2.0%	1.8			90.9	Apr 08	Apr 09	M	Income from other bodies is of an ad hoc nature and any SLAs are usually on a short term basis.
HR - Outposted										
Other Bodies	2.1	2.0%	0.0			2.2	Apr 08	Apr 09	M	Income from other bodies is of an ad hoc nature and any SLAs are usually on a short term basis.
Communications										
North Yorkshire Times	20.0	2.0%	0.4			20.4	Apr 08	Apr 09	M	Advertising income from external clients is of an ad hoc nature and could be volatile especially in the current economic climate.
INTERNAL TRADED										
Legal Services										
Schools (Schools Legal Advice)	62.7	2.5%	1.6		-7.3	57.0	Apr 08	Apr 09	L	
HR - Core										
Schools (mainly Occ Health)	261.4	2.5%	6.5			267.9	Apr 08	Apr 09	L	
HR - Outposted										
Schools	691.4	2.5%	17.3			708.7	Apr 08	Apr 09	L	£24k of this income is for 'ad hoc' services.
Total	1,449.8		34.1	44.7	-81.1	1,447.5				

Legal Services to Other Bodies	
Probation	4,630
North York Moors	101,710
Yorkshire Dales	250
Pension Fund	100
Police Authority	2,000
Fire Authority	23,280
	<u>131,970</u>

**FINANCE & CENTRAL SERVICES DIRECTORATE
FEES AND CHARGES ANALYSIS 2009/10**

Service (a)	Fees & Charges						Last Reviewed wef (h)	Next Review wef (i)	Risk Analysis (H/M/L of not achieving 09/10 target) (j)	Comment (k)
	2008/09 Base Budget £000 (b)	09/10 Inflation proposed % (c)	09/10 Inflation proposed £000 (d)	Volume Change £000 (e)	09/10 Other Change £000 (f)	09/10 Target £000 sum cols b to f (g)				
EXTERNAL INCOME										
Corporate Property Landlord Unit										
Income from Rents & Farm Tenancies	532.5	0.0%	0.0			532.5	Apr 08	Apr 09	L	Increases not linked to financial years - Linked to a rolling programme of rent reviews. Risk would be loss of income as Farms sold or tenancies end, but this situation would typically lead to a capital receipt.
Financial Services										
Financial Services to Other Bodies (see note below)	268.6	2.0%	5.4		-53.7	220.3	Apr 08	Apr 09	L (Audit RDC - H)	Services are linked to SLA and RPI (see note 1). Richmondshire DC Audit contract has not been renewed for 2009/10.
Print Unit										
Services to Other Bodies	97.5	2.0%	1.9			99.4	Apr 08	Apr 09	M	External clients are DCs, Schools & National Parks and all work is on an ad hoc basis.
Emergency Planning										
Income from DC's	68.9	2.0%	1.4		15.5	85.8	Apr 08	Apr 09	L	Services are linked to SLA and RPI. Increase in income due to Scarborough Borough Council using the service.
Corporate Accommodation										
External Rents	300.0	2.5%	7.5			307.5	Apr 08	Apr 09	L	Overall low risk in relation to most of the income but issues in relation to agreeing position with Probation.
INTERNAL TRADED										
Grounds Maintenance DSO										
Schools	587.8	3.0%	17.6			605.4	Apr 08	Apr 09	M/H	A number of contracts with schools lost in 2008/09. £61k of this is 'ad hoc' and 'demand led'.
Cleaning - Primary Club										
Schools	6,853.4	3.25%	222.7			7,076.2	Apr 08	Apr 09	L	Schools must give 6 months notice of their intention to cancel their contract.
Grounds & Cleaning Client										
Schools	117.0	2.5%	2.9			119.9	Apr 08	Apr 09	L	
Financial Services										
Schools Payroll	596.8	2.5%	14.9			611.7	Apr 08	Apr 09	L	
Total	9,422.5		274.4	0.0	-38.2	9,658.7				

Financial Services Breakdown

North York Moors	17,980
Yorkshire Dales	27,440
Fire Authority	51,250
Audit (RDC)	52,420
Payroll Services	119,550
	<u>268,640</u>

CORPORATE RISK REGISTER 2008 – ANALYSIS OF IMPACT OF MTF5 / BUDGET PROPOSALS

RISK		
1	Failure to deliver the Waste Strategy.	The MTF5 incorporates the accumulation of funding provision in order to finance the Waste Strategy including the PFI Project (for a treatment facility) from 2012/13 et seq. This project will ensure that the stringent targets for landfill diversion are met. In addition, the MTF5 includes the more immediate costs of associated recycling, landfill tax, other contract costs and the projected LATS costs in advance of waste treatment facilities coming online.
2	Failure to secure efficiency improvements (particularly through new ways of working and staff engagement) and finding innovative ways of containing new service pressures, results in the MTF5 not being sustainable, consequential reductions in service performance / levels, customer service levels falling short of requirements.	<p>The 3% per annum VFM target built into the Budget / MTF5 process is supported by an itemised VFM Plan. Progress is monitored regularly by Management Board and reported to the Executive as part of the consolidated Quarterly Performance Monitoring Reports.</p> <p>The release of funds, earmarked in the MTF5, for service development is subject to progress on the delivery, by Directorates, of the VFM Plan.</p>
3	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. Emergency events will happen – the measure of success is how well the Plans dealt with the event at the time of its occurrence. Evidence from recent events suggests that the Plans do work well, but there is always scope for improvement.

RISK

<p>4</p>	<p>Failure to ensure all components of the Comprehensive Area Assessment are given due attention and joined up across the North Yorkshire resulting in targets not achieved with consequential loss of performance and reputation.</p>	<p>A Performance Management Framework is in place for the North Yorkshire Strategic Partnership (NYSP) and thematic partnerships. An area self-assessment is underway with partners to develop a gap analysis and an action plan for the NYSP. Internal arrangements have been agreed to identify and provide the evidence required for the organisational assessment of the County Council, including the newly defined Use of Resources.</p>
<p>5</p>	<p>Failure to develop and implement a comprehensive Information Governance Framework, given the large quantities of information relating to staff, care cases, contracts, etc, results in legal challenges in respect of Data Protection, Freedom of Information, Human Rights, etc.</p>	<p>An Information Governance Framework (IGF) is being developed for approval in late 2008/09. Elements of the IGF that need immediate attention (eg encryption) are already being addressed. The IGF will include a three year Action Plan for implementation of all the other identified consequential requirements.</p>
<p>6</p>	<p>Failure to deal effectively with an internal emergency (eg significant service performance failure, significant staff shortage, ICT blackout, loss of key buildings), resulting in reduced service delivery capacity, potential loss of reputation and litigation, as well as inability to discharge our subregional responsibilities.</p>	<p>The Emergency Planning Unit is co-ordinating the systematic review of the Service Continuity Planning process across the County Council. The review process includes developing a new e-based data bank, undertaking workshop reviews of existing SCP Plans, and developing a suite of corporate responses to generic issues (eg IT, HR, property and communications). A revamped Strategic Support Group will also be established to co-ordinate the County Council's response to any event that may occur.</p>

CALCULATION OF COUNCIL TAX PRECEPT 2009/10

1. Based on the Government's Final Grant Settlement figures announced on 21 January 2009 and a Council Tax increase of 3.94%, the Council Tax and Precept position is set out below:-

	£000s
Budget Requirement	336,240
- proceeds from Non Domestic Rates (NDR) and Revenue Support Grant (RSG) based on Final Settlement	
Non Domestic Rates	-80,697
RSG	-18,626
- County Council's share of Collection Fund deficits notified by District Councils	+ 129
= Council Tax Precept to be collected on the County Council's behalf by the North Yorkshire District Councils acting as billing authorities	237,046

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:-

<i>Authority</i>	<i>Council Tax Base (equivalent number of Band D properties)</i>
Craven	22,261.27
Hambleton	35,772.24
Harrogate	61,895.65
Richmondshire	19,129.20
Ryedale	20,865.00
Scarborough	41,429.20
Selby	29,394.00
Total	230,746.56

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>		<u>£237,046k</u>
Relevant Tax Base		230,746.56
@ Band D	=	£1,027.30

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	2008/2009 £ p	2009/2010 £ p
A	658.91	684.87
B	768.72	799.01
C	878.54	913.16
D	988.36	1,027.30
E	1,208.00	1,255.59
F	1,427.63	1,483.88
G	1,647.27	1,712.17
H	1,976.72	2,054.60
		= +3.94%

(All figures are rounded to the nearest penny).

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.

Previous Years

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. Other authorities marginally breached the limits but no action was taken.
5. For **2007/08** the Government again gave capping warnings saying that they expected to see average Council Tax increases in England below 5%. 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).

6. For **2008/09** the Government repeated the 5% capping warning from previous years but changed the emphasis by saying that they expected average Council Tax increases to be substantially below 5%. The capping criteria finally announced were a budget increase in excess of 5% (NYCC = 5.9%) together with a Council Tax increase in excess of 5% (NYCC = 4.75%). These criteria resulted in eight authorities being capped (7 Police authorities and one unitary authority). Only one of these authorities had to re-budget for 2008/09. However, nomination for the remaining seven means they are restricted in their scope for levying future increases.

2009/10

7. In announcing the Finance Settlement for 2009/10, the Minister said:

“ Last year, I made clear that the Government expected the average Council Tax increase to be substantially below 5%. The actual increase was 3.9% - the lowest increase for 14 years, and the second lowest ever.

We also kept our promise to deal with excessive increases by taking capping action against eight authorities.

For 2009/10 the Government again expects the average Council Tax increase in England to be substantially below 5%.

And again, we will not hesitate to use our capping powers to protect Council Tax payers from excessive increases. “

A letter from the Local Government Minister re-emphasising the Government's intention to take “capping action” in 2009/10 if necessary was sent to all Local Authority Leaders on 9 December 2008.

Announcement of Criteria

8. The 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 the February preceding the budget year. The Minister's letter referred to in **paragraph 7** above says that no decisions have yet been taken on capping criteria for 2009/10 but it would be unwise for any authority to assume that the capping criteria set in previous years will be repeated. As in previous years the Government intend to take decisions on these criteria after authorities have set their budgets but will be prepared to announce these criteria in advance if the circumstances suggest that is necessary.
9. 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.**

The Capping Process and its consequences

10. 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 (but not later than 1 March). Thus for 2009/10 the County Council must inform CLG of the Budget it has set by 25 February 2009.
- (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 criteria. The set of criteria 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 criteria 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 comparison with previous years, as mentioned, above the capping criteria that may be adopted by the DCLG can incorporate other principles 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 capping criteria have been announced (probably in March / April 2009) 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 2009/10) 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 CLG issues a warning that the authority will be, or may be capped the following year (ie 2010/11). 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.

CLG 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 2009/10) 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.

11. If the Council was capped and designated (see **paragraph 10(e)** 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.

Comparison of NYCC with capping criteria in previous years

12. To assist Members in their assessment of the possibility of capping in 2009/10, 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	+ 5.0	+ 5.90	+ 5.0	+ 4.75
2009/10	?	+ 4.21	?	+ 3.94

13. 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

25 January 2009

**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 current 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 LAA and VFM plans*
 - (iv) *the Budget process of the County Council has consistently scored as a 3 out of 4 in the 2005, 2006 and 2007 CPA Use of Resources assessments*
- 1.5 *In addition all County Council Members receive (via reports, workshops, etc) 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 2009 (as he did in February 2008 regarding the 2008/09 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 L** whilst **Appendix M** 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 26 therefore has no direct relevance to the County Council at this time.*

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

1.10 *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.*

1.11 **Section 28** concerns **Budget monitoring arrangements**. Essentially, an authority is 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.

1.12 *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

- 1.13 One of the clear pointers from Sections 25/28 is the need for a transparent and formal assessment of the adequacy of balances/reserves.
- 1.14 A full explanation of this requirement and a description of the work undertaken in the Budget process is provided in **Appendices L and M** respectively.
- 1.15 As far as the proposed MTFS/Revenue Budget 2009/10 is concerned, the full rationale behind the proposals summarised at **paragraph 12.9 et seq** of the main report is provided in **Appendix M** and exemplified in **Appendix N**.

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 2009/10.
- 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.
- 2.6 *Members may have concerns regarding the use of the General Working Balance to balance the Revenue Budget in 2009/10 and 2010/11. However, as is demonstrated in Appendices D and N the situation is regularised over the three years of the MTFS to the extent that the 2011/12 forecast Budget is fully financed by recurring funding.*
- 2.7 *In relation to capital financing generated by Capital Plan expenditure, this is now subject to a cap of 11% of the net Annual Revenue Budget. This cap can only be exceeded by a specific policy decision by Members to reset the level of the cap.*

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 L**) 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 are 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 M**).*

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.

- 5.5 *The County Council has a longstanding target for its General Working Balance (GWB) of 2% of the net annual Budget – in current terms this equates to c £7.3m.*
- 5.6 *The main purpose of the GWB is to fund unforeseen, one-off events (eg floods, bad winters). The target level of the GWB is set at 2% given the assessment of the adequacy of funds in the Revenue Budget and MTFs, as defined in **paragraphs 12.5 to 12.8 of the main report.***
- 5.7 *The County Council finds itself in the unusual position of having to drawdown from the GWB in 2009/10 and 2010/11 to balance the Revenue Budget in these years. However, the position is rectified by 2011/12 when the Budget is fully funded by recurring resources. This position will be monitored closely, but the materiality of the sum involved, and the fact that remedial action could be taken if necessary, should reassure the County Council that this is an acceptable risk in the circumstances.*

6.0 **CPA / CAA Framework**

- 6.1 An added impetus to the process of formally assessing and monitoring the level of reserves has been provided by the Use of Resources (UoR) component of the CPA process.
- 6.2 Within the UoR assessment framework there was 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 the CPA criteria will be satisfied.
- 6.4 The subject of reserves has been part of the Financial Standing component of the CPA UoR assessment - the County Council scored 3 out of 4 for this component in the 2007 UoR assessment.
- 6.5 *The UoR methodology has been restructured for the new CAA arrangements. However, the essence of the “old” methodology is retained, and therefore adoption of the good practice described in this Paper should continue to satisfy the Audit Commission on this particular matter.*

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 12.16** 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 M**.*

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 2008 together with forecast movements over the three years 2009/10, 2010/11 and 2011/12 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 2008 was £63.219m. 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** (£7.471m) 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 2008/09)
 - (b) **Earmarked Reserves are set aside for major items** (£8.537m) as detailed below -

Insurance Fund	£8.435m	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	£0.102m	Required to support the LEA budget in meeting asbestos costs in Education properties

- (c) the balances of **Trading Units and those Business Units that “trade” with schools** (£2.140m) 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** (£17.685m) 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 sixteen reserves related to **specific initiatives** (£19.677m) most of which will be retained through 2008/09. However, the number of these reserves then reduces in subsequent years as their specific purpose is fulfilled
- (f) the **General Working Balance** (£7.709m) - (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 first established as part of the 2007/08 Revenue Budget, and was accompanied by a set of "good practice rules".
- 2.5 These “rules”, which still apply, 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 Target level (as defined in the Budget) will not be achieved at the respective year end 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 2008/09 Budget cycle, and the updated targets are as follows –

Year End Date	MTFS 2008/11		MTFS 2009/12	
	£000	% of Net Revenue Budget	£000	% of Net Revenue Budget
31 March 2008	7,300 *	2.5	7,709 °	2.6
31 March 2009	7,300 *	2.3	11,751 *	3.6
31 March 2010	7,300 *	2.2	9,651 *	2.9
31 March 2011	7,300 *	2.0	8,451 *	2.4
31 March 2012	N / A	N / A	8,451 *	2.3

[Note : * projected ° actual]

- 2.7 The figures in the above table take into account the drawdowns of £2.5m (in 2009/10) and £1.2m (in 2010/11) required to balance the Revenue Budget in those years.
- 2.8 The situation at 31 March 2008 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 2009, the County Council will exceed the target for this year end.
- 2.9 Despite this healthy position there is still a fundamental question - is a figure of c£7.3m still considered to be an appropriate target level for the GWB?
- 2.10 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 2.0**
 - (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 However, in making the assessment in **paragraph 2.11** above, account has been taken of the need to drawdown from the GWB to balance the Revenue Budget in 2009/10 and 2010/11. As discussed in **paragraph 5.7 of Appendix L**, this is considered to be an acceptable and controlled risk given the financial uncertainties of the County Council for those two financial years.
- 2.12 **For practical purposes it is therefore proposed that the target figure for the GWB be maintained @ 2% of the net Revenue Budget and that any short term funds above the 2% level be retained given the financial uncertainties attached to the Revenue Budget for 2009/10 and 2010/11 respectively.**

NORTH YORKSHIRE COUNTY COUNCIL - RESERVES & BALANCES

Details	Direct- orate	2007/08 Actual			2008/09 Forecast		2009/10 Forecast		2010/11 Forecast		2011/12 Forecast		Comments
		Actual	Actual	Actual	Planned	Est	Est	Est	Planned	Est	Planned	Est	
		Balance	Change	Balance	Change	Balance	Change	Balance	Change	Balance	Change	Balance	
		31/03/07	2007/08	31/03/08	2008/09	31/03/09	2009/10	31/03/10	2010/11	31/03/11	2011/12	31/03/12	
		£000s		£000s	£000s	£000s	£000s	£000s	£000s	£000s	£000s	£000s	
WORKING BALANCES													
Retained for Service Use													
Children & Young Peoples	CYPS	2,687	-1,230	1,457	-585	872	-872	0	0	0	0	0	£7,471k net underspend in 2007/08 carried forward to 2008/09 and consisted mainly of savings to assist in 2008/09 and subsequent years budgets, planned savings to support developmental initiatives in 2008/09 and spending planned for 2006/07 being deferred until 2007/08 for a variety of reasons. Planned movement for 2008/09 is based on the Draft Q3 Performance and Budget Monitoring report.
Adult & Community	ACS	1,486	-559	927	-670	257	-257	0	0	0	0		
Business & Environment	BES	176	1,174	1,350	-846	504	-504	0	0	0	0		
Chief Executive	C Exe	245	0	245	280	525	-525	0	0	0	0		
Finance & Central Services	F&CS	1,191	378	1,569	261	1,830	-1,830	0	0	0	0		
Corporate Miscellaneous	Corp	784	1,139	1,923	-1,923	0	0	0	0	0	0		
Sub Total		6,569	902	7,471	-3,483	3,988	-3,988	0	0	0	0	0	
General Working Balances		6,880	829	7,709	4,042	11,751	-2,100	9,651	-1,200	8,451		8,451	MTFS recovery target is to restore to 2% of net revenue spending.
Total Working Balances		13,449	1,731	15,180	559	15,739	-6,088	9,651	-1,200	8,451	0	8,451	
EARMARKED RESERVES													
Sums Set Aside for Major Schemes													
Asbestos	CYPS	136	-34	102	-102	0	0	0	0	0	0	0	Used for asbestos in school kitchens in 2008/09
Insurance Reserve	F&CS	7,792	643	8,435	0	8,435	0	8,435	0	8,435	0	8,435	Required for potential liability and motor claims
Sub Total		7,928	609	8,537	-102	8,435	0	8,435	0	8,435	0	8,435	
Reserves of Trading and Business Units													
FMS	CYPS	114	36	150	-66	84	0	84	0	84	0	84	In-year trading deficit to return the cumulative balance to break-even for financial services provided to schools
Contents Insurance	CYPS	362	-86	276	-141	135	65	200	50	250	50	300	Due to the high volume of claims there will be a radical review of premiums in 2009/10
IT Trading	CYPS	-71	24	-47	36	-11	36	25	25	50	0	50	Balance of ICT trading with schools. In-year surplus taken into account in subsequent years.
Health & Safety Training	CYPS	15	-13	2	6	8	-3	5	0	5	0	5	Accumulated surplus of providing a Health & Safety service to Schools.
Quality and Improvement	CYPS	147	85	232	73	305	-255	50	0	50	0	50	Traded Advisory/CPD service to schools
Outdoor Education	CYPS	387	-44	343	-101	242	-107	135	-99	36	-100	-64	Accumulated position (surplus / deficit) of the trading operation of the Outdoor Education Service.
Professional Clerking	CYPS	20	8	28	-6	22	-9	13	-6	7	-4	3	Accumulated surplus of providing Professional Clerking services to Schools.
Staff Absence Insurance	CYPS	550	-11	539	11	550	0	550	0	550	0	550	Surplus from staff absence scheme. Balance reflects actuarial assumptions
School Balances (LMS Reserve)	CYPS	23,814	-6,129	17,685	-3,185	14,500	-4,500	10,000	-3,000	7,000	0	7,000	Unallocated ISB previously shown in LMS Reserve is now included in Schools Block DSG Reserve
School Premises Reserve	CYPS	-224	222	-2	52	50	0	50	0	50	0	50	Self-funded reserve for Schools premises repairs from delegated Budgets. Surplus/ deficit carried forward.
Insurance Services to Schools	C Exe	-22	22	0		0		0		0		0	Reserve utilised in 2007/08
Catering	CYPS	-158	158	0	0	0	0	0	0	0	0	0	Accumulated position of the trading operation of the Catering service.
Building Cleaning	F&CS	0	405	405	-158	247	0	247	0	247	0	247	Spend in 08/09 to cover computer developer, refurb, minibus etc
School Library Service	ACS	0	82	82	-42	40	-40	0	0	0	0	0	Accumulated position of the trading operation to be utilised in 08/09 and 09/10
Grounds Maintenance	F&CS	0	25	25	-25	0	0	0	0	0	0	0	Funds used to cover schools opting out of the scheme
CYPS - HR Service	C Exe	0	18	18	4	22	-22	0	0	0	0	0	£22k in 09/10 due to restructure and consequently filling vacancies
Print Unit	F&CS	0	89	89	-20	69	-69	0	0	0	0	0	Fund used to cover deficit in 2008/09 and to fund equipment in 2009/10
Sub Total		24,934	-5,109	19,825	-3,562	16,263	-4,904	11,359	-3,030	8,329	-54	8,275	

Details	Direct- orate	2007/08 Actual			2008/09 Forecast		2009/10 Forecast		2010/11 Forecast		2011/12 Forecast		Comments
		Actual Balance 31/03/07	Actual Change 2007/08	Actual Balance 31/03/08	Planned Change 2008/09	Est Balance 31/03/09	Est Change 2009/10	Est Balance 31/03/10	Planned Change 2010/11	Est Balance 31/03/11	Planned Change 2011/12	Est Balance 31/03/12	
		£000s		£000s	£000s	£000s	£000s	£000s	£000s	£000s	£000s	£000s	
Retained for Specific Initiatives													
Community Educ.Districts	CYPS	38	0	38	-38	0	0	0	0	0	0	0	Comm Ed Districts closed. Balance written off to Adult Learning Service in 2008/09
Standards Fund Summer Term	CYPS	693	-693	0	0	0	0	0	0	0	0	0	Reserve closed.
Teachers Severance	CYPS	1,527	0	1,527	-651	876	0	876	0	876	0	876	To meet annual severance payments following Teachers losing access to early pensions in 1996.
SEN	CYPS	399	438	837	1,094	1,931	1,005	2,936	1,130	4,066	1,160	5,226	Phased implementation of the SEN & Behaviour review - revenue and capital elements
Children's Centre	CYPS	583	930	1,513	-1,004	509	-509	0	0	0	0	0	Utilisation of reserve in line with phased spending on Children's Centres
Schools Block / DSG	CYPS	1,818	3,449	5,267	140	5,407	580	5,987	2,873	8,860	2,906	11,766	Balance of earmarked Schools Block resources for multiple programmes.
ICT Equipment	F&CS	699	-71	628	-314	314	-314	0	0	0	0	0	Assume half used in 08/09 for standard desktop refresh
Management Information System (Catering)	CYPS	103	-83	20	0	20	-20	0	0	0	0	0	Balance retained for purchase of web-based module
Continuing Education	CYPS	0	668	668	-371	297	-185	112	-112	0	0	0	Provision for phased transfer of student responsibilities
Gas Ventilation	CYPS	0	1,537	1,537	-220	1,317	-1,317	0	0	0	0	0	Health & Safety requirements to invest significant resources on ventilation in boiler houses and school kitchens
Waste Disposal Trading Scheme	BES	2,085	-1,376	709	-709	0	0	0	0	0	0	0	Reserve to be utilised in 2008/09
Winter Maintenance	BES	239	1,560	1,799	0	1,799	0	1,799	0	1,799	0	1,799	Strategy review in 2008/09 to set level of reserve commensurate with the risk
Connexions	CYPS	150	-150	0	0	0	0	0	0	0	0	0	Fully utilised in 2007/08
Job Evaluation / Equal Pay Costs	Corp	6,110	-2,015	4,095	-3,688	407	-407	0	0	0	0	0	Fund to cover costs of job evaluation incurred up to 2008/09 with residual sum in 2009/10
Boilers and Kitchens	Corp	0	400	400	-50	350	-350	0	0	0	0	0	Part of £600k scheme, £250k spent in 2008/09 of which £50k is from reserve, remaining used in 09/10
Electronic Document Record Management	Corp	0	147	147	-147	0	0	0	0	0	0	0	Reserve should be fully utilised in 2008/09
ICT Infrastructure	Corp	0	323	323	-323	0	0	0	0	0	0	0	Reserve should be fully utilised in 2008/09
BDM Residual Issues	BES	0	169	169	-69	100	-100	0	0	0	0	0	Reserve for old BDM schemes; planned to be used up by 09/10
Proceeds of Crime Act (Trading Services)	BES	0	0	0	50	50	0	50	0	50	0	50	This reserve relates to income received by the Authority for fraud cases involving Trading Standards as defined in the Proceeds of Crime Act; the reserve is earmarked for future expenditure on such cases. At this time it is not possible to predict future values for this activity with any certainty until more cases / activity is undertaken.
Sub Total		14,444	5,233	19,677	-6,300	13,377	-1,617	11,760	3,891	15,651	4,066	19,717	
Total Earmarked Reserves		47,306	733	48,039	-9,964	38,075	-6,521	31,554	861	32,415	4,012	36,427	
TOTAL RESERVES		60,755	2,464	63,219	-9,405	53,814	-12,609	41,205	-339	40,866	4,012	44,878	

MTFS & REVENUE BUDGET 2009/10

PROJECTION of GENERAL WORKING BALANCE

	General Working Balance	% age of Revenue Budget	Target to achieve 2% of Revenue Budget	
	£000s	%	£000s	%
Balances at 31 March 2008				
Actual Balances 31 March 2008	15180			
- Directorate underspends c/fwd from 2007/08	-7471			
= free balances at 31 March 2008	<u>7709</u>	2.6		
2008/09 (based on draft Q3)				
Treasury management	2419			
Non Recurring PIP - not utilised	2000			
Other Corporate Miscellaneous	373			
Potential Directorate overspend write off	0			
Potential Yorwaste dividend shortfall	-750			
=forecast position 31/03/09 @ Q3	<u>11751</u>	3.6	6450	2.0
2009/10 (MTFS Year 1)				
Draw down to balance Budget	-2500			
Balance of JE pot	400			
= forecast at 31 March 2010	<u>9651</u>	2.9	6720	2.0
2010/11 (MTFS Year 2)				
Draw down to balance budget	-1200			
= forecast at 31 March 2011	<u>8451</u>	2.4	7070	2.0
2011/12 (MTFS Year 3)				
= forecast at 31 March 2012	<u>8451</u>	2.3	7370	2.0

29-Jan-09

3 February 2009

**SUPPLEMENTARY PAPERS TO
MEDIUM TERM FINANCIAL STRATEGY
AND REVENUE BUDGET 2009/10**

- I Adult and Community Services**
- II Business and Environmental Services**
Children and Young People's Service
- III Schools**
- IV Local Authority & Social Care**
- V Chief Executive's Group**
- VI Finance and Central Services**
- VII Corporate Miscellaneous**

For each Directorate the following are provided

Paper A Contextual commentary by Corporate Director

Paper B Analysis of funding priorities 2009 / 10 – 2011 / 12

SUPPLEMENTARY PAPER I

ADULT AND COMMUNITY SERVICES

Paper A Contextual commentary by Corporate Director

Paper B Analysis of funding priorities 2009 / 10 – 2011 / 12

ADULT AND COMMUNITY SERVICES

CONTEXTUAL COMMENTARY BY CORPORATE DIRECTOR

Demographic pressures of an increasing older population in the context of the recession means that 2009/10 will be a challenging one in terms of delivering services and maintaining high levels of performance.

In addition, the Directorate is required to radically transform the way in which it delivers its services. This includes delivering the Government's vision as set out in its Putting People First National Concordat. There is a range of expectations including personalised budgets and greater integration with health partners. Fundamentally, the role of social care services will be increasingly focussed on supporting people's independence and promoting inclusion in communities through preventative approaches and the promoting of well being, rather than the traditional approach of intervention at the point of crisis.

As resources become more scarce, the Directorate is required to support more people for less money. As the majority of services are commissioned within the independent and voluntary sector, organisations will need to work increasingly closely with the Directorate in delivering value for money.

The County Council has a duty to ensure that effective Safeguarding arrangements are in place for the people of North Yorkshire so that they are kept safe. These requirements are, in part, not new, however there are more specific expectations now in place (eg Safeguarding Adults Board) which now attract attention at a national level underpinned by a robust inspection regime. This is core business for the Directorate and highly complex and ultimately this is a key test in assessing how well the County Council discharges its duty of care to vulnerable people. Recognising the importance of this area, resources have been provided within the MTFs and details are set out in **Paper B**.

The County Council has a statutory duty to provide a comprehensive and efficient library service. At the same time the Directorate has embarked upon a challenging efficiency and modernisation programme.

The Directorate has made very significant strides in terms of improved adult social care performance and the latest Commission for Social Care Inspection's (to be Care Quality Commission) assessment was a maximum 3 star rating, delivering "good" outcomes with an "excellent" capacity for improvement judgement with an "excellent" assessment of leadership and commissioning/ use of resources. The Performance Assessment Framework key performance indicators clearly demonstrate real progress across both the number of people that the Directorate helps to live independently in their own homes and how quickly the Directorate responds to meeting people's care needs. Last year the Adult Social Care ranking improved from a position of 20th to 4th in the Price Waterhouse Coopers Benchmarking Club. Overall, service improvements have been achieved by increasing the number of people receiving a service.

Service improvement has been achieved by doing “more for the same”, particularly around targeted investment in low level preventative services. This has been driven by a robust performance management framework and set within the Directorate’s ambitious modernisation programme.

In the context of the increasing demographic pressures, the economic recession and the need to provide quality and safe services, the Directorate has developed a radical transformation programme to ensure that affordable care is provided for the people of North Yorkshire.

This is particularly true of the financial issues arising from the diminishing resources in respect of Supporting People. Over the next two years the resources available will reduce by £1.103m (7.27%) to £14m. A financial Recovery Plan has been developed and approved by the Supporting People commissioning body. This will, however, impact directly on either the services available for pensioners, vulnerable groups, or place greater financial pressure on District Councils and County Council budgets. This situation will need to be carefully managed to mitigate the overall impact.

DEREK LAW
Corporate Director – Adult and Community Services

ADULT AND COMMUNITY SERVICES

ANALYSIS OF FUNDING PRIORITIES 2009/10 – 2011/12

	Year on Year	
	2009/10 £k	2010/11 £k
Market Forces		
This provision provides additional resources to cushion the impact on service delivery resulting from increasing cost pressures being experienced in the social care market.		1035
Volume and Demand		
Older people helped to live at home and demographic growth for adults and older people		
Additional resources are not available in 2009-10 and this will impact on the level of services which can be provided to those clients presenting themselves for assessment. The Budget will need to be managed robustly to ensure the cost pressures arising from demographic and increased expectations are managed.	0	1330
Resources have been earmarked to support this priority for 2010-11 in order to bolster the level of domiciliary support.		
Adults care packages		
This additional resource reflects the need to provide services for those children, with complex care needs, turning age and requiring support and accommodation from the Directorate.	600	776
Impact of Supporting People Service Reviews		
The Supporting People programme supports a range of services for adults with a learning disability. These schemes were in place under the former Housing Benefit rules, but new eligibility criteria in line with Supporting People principles indicates that the costs borne by Supporting People funding are not sustainable, and must be reduced as part of the service review process. The amounts reflect decisions taken by the Supporting People Commissioning Body on the phasing arrangements that should apply to the withdrawal or restriction in funding levels, and the likely impact of this on the need for the Directorate to pick up those costs as part of the social care package.	475	0
Service Improvement		

Year on Year	
2009/10	2010/11
£k	£k

Helping more people with physical disability live at home

This will allow a sustained improvement in the services provided to this client group which is line with the improvement plans agreed with the CSCI (to be replaced by Care Quality Commission on the 1st April 09)

231	220
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Providing more direct services to carers

Carer's services are pivotal in enabling people to live at home longer. Not only does this investment enable more sustainable solutions to be provided for people to live at home but also provides the infrastructure to avoid permanent residential solutions.

54	54
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Safeguarding

Additional resource to meet enhanced expectations from CQC etc around the safeguarding function – and to ensure consistent high quality case management – in a set of arrangements that will mirror practice in Children's Services. This resource will also be used to strengthen the procurement function

150	450
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TOTAL YEAR ON YEAR INCREASE	1,510	3,865
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SUPPLEMENTARY PAPER II

BUSINESS AND ENVIRONMENTAL SERVICES
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Paper A Contextual commentary by Corporate Director

Paper B Analysis of funding priorities 2009 / 10 – 2011 / 12

BUSINESS AND ENVIRONMENTAL SERVICES

CONTEXTUAL COMMENTARY BY CORPORATE DIRECTOR

The Directorate faces many challenges over the next three years. The majority of services within BES are front-line and high profile. The significant challenges and priorities over the forthcoming three year period are as follows:-

Waste Management

The MTFs includes the necessary investment in waste infrastructure in order to meet the challenge of the EU's requirements on diverting waste from landfill. It also covers the further increase in Landfill Tax of £8 per tonne which equates to £1.645 m 2009/10 alone. Failure to comply with the EU Landfill Directive will result in significant financial penalties, potentially at £150 per tonne. The combination of the increase in Landfill Tax and penalties therefore provides a significant financial incentive for the County Council's Waste PFI Procurement Strategy. This Procurement Strategy continues to be supported by further work to minimise waste and encourage recycling initiatives including payment of recycling credits and incentives to the District Councils as Waste Collection Authorities.

The Government has now incorporated external funding for waste minimisation into Revenue Support Grant. As a result, the County Council remains able to promote waste minimisation and recycling initiatives.

Highways and Transportation

The County Council has one of the largest Highways networks with 7,750 km of surfaced roads, 1,350 km of unsurfaced road, 4,200 km of footways and 47,000 street lighting columns. Highways issues are high profile for residents and there is therefore a constant need to ensure that the network is maintained to the best possible condition within the existing resources available. The County Council was named as an LTP Centre of Excellence and has maintained its Excellent LTP rating and, as a result, has attracted the highest possible level of performance related funding.

As part of the requirement to identify efficiency savings in order to contribute to the corporate VFM Plan, the Directorate has reviewed and implemented operational practices and policies across the highways operations to contribute to the target.

The County Council still faces a significant challenge in reducing the number of people killed and seriously injured on roads within the County. The 95 Alive Partnership is fully engaged in meeting this challenge and with its partners, utilises investment of £2m received through Road Safety Grant. This area of work will continue to be of high profile given its inclusion within the Local Area Agreement and the impact it has upon the Performance Related Reward Grant.

Integrated Passenger Transport

The County Council faces significant challenges in providing and retaining effective and adequate public transport services in a rural County with a limited number of contractors and a constant upwards pressure on costs, particularly fuel. The challenge remains to increase bus patronage, work with partners and to promote the community sector in delivering valuable transport so that the population of the County can access key services. These targets are central to both the Local Transport Plan and the Local Area Agreement.

Development & Countryside Services

BES is responsible for the maintenance of Public Rights of Way throughout the County. Part of this responsibility is carried out by the National Parks, who receive a payment from the County Council for their work.

It is a particularly important time for the Economic Development service. It has a key role in supporting businesses through the present difficult economic circumstances. In addition the County Council has been given a new responsibility to carry out an economic assessment of the County.

Trading Standards and Regulatory Services

The government has increased the number of regulatory functions for which the Trading Standards service is responsible. The service now has an increased enforcement role for EU Animal Feed Hygiene, Food Hygiene, Copyright Licences and Home Improvement Packs. It will remain a challenge to the Service to ensure that these are discharged and embedded alongside the traditional functions and the much valued work on No Cold Call Zones, with no increased resources.

RICHARD FLINTON

Corporate Director – Business and Environmental Services

BUSINESS AND ENVIRONMENTAL SERVICES

ANALYSIS OF FUNDING PRIORITIES 2009/10 – 2011/12

Year on Year

2009/10 £k	2010/11 £k	2011/12 £k
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Waste Procurement Project

The County Council continues to invest in additional infrastructure to divert waste from landfill. This is imperative following the escalation of Landfill Tax as well as the potential fines imposed by the EU for failing to achieve specific targets on diversion. Provision is also made for increasing recycling throughout the County in conjunction with the District Councils.

391	739	1389
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Passenger Transport

Additional contractual commitments and market pressures in the passenger transport sector are expected to increase service costs over and above inflation due to the large rural nature of the County and a limited number of bus contractors.

313	212	
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Additional Efficiency / Value for Money Savings

Additional savings will be made through a further review of all service activities and processes across the Directorate; these are in addition to the specific initiatives which form part of the agreed VFM target.

-270		
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TOTAL YEAR ON YEAR INCREASE

434	951	1389
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SUPPLEMENTARY PAPER III

CHILDREN AND YOUNG PEOPLE'S SERVICE

SCHOOLS

Paper A Contextual commentary by Corporate Director

Paper B Analysis of funding priorities 2009 / 10 – 2011 / 12

CHILDREN & YOUNG PEOPLE'S SERVICE SCHOOLS

CONTEXTUAL COMMENTARY BY CORPORATE DIRECTOR

INTRODUCTION

The Dedicated Schools Grant (DSG) funds all Schools Block spending. This consists of delegated School Budgets and some non-delegated Central Services including Special Needs, Behaviour Support, Specialist Teaching, Admissions and Early Years. DSG was fixed in 2008/09 for each of the 3 years 2008/09 – 2010/11. **DSG is allocated as an amount per pupil.** The allocations for the current year 2008/09 together with the allocations for 2009/10 and 2010/11 are shown below -

Year	DSG per pupil £	% Increase on Previous Years
2008/09	3,854	4.8
2009/10	3,993	3.6
2010/11	4,160	4.2

Since pupil numbers have fallen the actual estimated cash increases in DSG are smaller as illustrated below.

Year	DSG	Increase on Previous Year (January 2009 Projection)		<i>Increase anticipated in Jan 2008</i>
	£K	£K	%	£K
2008/09	310,692	10,779 (actual)	3.5	
2009/10	318,900	8,208 (current estimate)	2.6	(9,100)
2010/11	329,700	10,800 (current estimate)	3.4	(10,349)

It will be noted that the DSG increase now anticipated for 2009/10 (£8,208K) is significantly lower than the previously anticipated increase of £9,100K on which three year budgets were fixed a year ago. This is because the latest estimate is that pupil numbers in 2009/10 have fallen further than previously planned. This decrease arises particularly in Early Years. Furthermore this is not the final figure as the County Council does not yet know the outcome of the recent pupil count on which actual DSG and Individual School Budgets will be based from April 2009. However, there is awareness of this feature of the new DSG arrangements and, in fixing School Budgets for 2009/10 and 2010/11, an unallocated contingency was retained.

The Government has made no announcements regarding funding levels for 2011/12 and beyond as the period falls within the next Comprehensive Spending Review (CSR). Therefore any strategy prepared for 2011/12 would be necessarily provisional at this stage. Consequently no MTFS projections have been made for 2011/12 but the advice given to schools is to assume, for planning purposes, that budgets would not increase or decrease in real terms in that year.

SCHOOLS BLOCK BUDGETS 2009/10 – 2010/11

The table below compares the latest proposals for 2009/10 and 2010/11 with the provisions made in the current MTFS; the table also analyses spending between Delegated School Budgets, Central Expenditure and the remaining unallocated DSG.

Item	2008/09 MTFS			LATEST PROPOSALS	
	2008/09 £k	2009/10 Increase £k	2010/11 Increase £k	2009/10 Increase £k	2010/11 Increase £k
School Budgets	281,435	6,614	8,437	6,564	8,515
Central Expenditure	28,592	1,405	1,265	1,211	1,605
Unallocated	665	1,091	647	433	680
Total	310,692	9,110	10,349	8,208	10,800

It will be noted that the unallocated DSG 2009/10 has reduced from £1091K to £433K. This is the net effect of both the anticipated further reduction, as compared with previous projections of DSG, and changes now proposed to previous spending plans.

Since DSG is calculated only by reference to pupil numbers a reduction in pupil numbers gives rise to a pro-rata reduction in DSG. An equivalent reduction arises in funding the pupil element of Delegated School and Early Years Settings funding. However since this is only part of the Schools Block funding arrangements the reduction in spending requirements is inevitably lower than the reduction in grant. This “squeezing effect” is the main reason for the reduction in unallocated DSG as outlined above.

Delegated Schools Budgets

School Budgets are distributed to schools using a Local Management of Schools (LMS) formula. The fixing of 3 year school budgets in 2008/09, in the interests of stability, was supplemented by rules which mean that the previously distributed school budgets for the 3 year period can be varied only by changes in pupil numbers and a limited number of other factors mainly linked to updating for the latest available information on a small range of deprivation related factors. Examples are turnover, free school meals, numbers and levels of prior attainment. However the financial values given to all factors including the amount allocated for each pupil cannot be changed from the figures fixed a year ago. This, in turn, means that decisions made on the provision for inflation and the resources allocated for particular priorities cannot, in the vast majority of cases, be changed from the decisions made in fixing budgets for the 3 year period.

This feature is particularly important in relation to the assumptions made on **inflation** in fixing school budgets a year ago. If assumptions have now varied this change cannot be reflected in revised allocations to schools. Whilst the assumptions made regarding pay increases have largely been confirmed by actual pay settlements, including a 3 year settlement of 2.5% for teachers, a major change, in the current year, has been the very significant increases in energy prices. This has added around £1.3M to school budgets in excess of the provisions built into school budgets for 2008/09. There is the prospect, however, of some compensatory 'savings' in 2009/10 and 2010/11 where price increases, including energy, may be lower than incorporated into existing budgets.

Allocation of Resources to Priorities

Details of the resource allocations to individual priorities are set out in **Paper B**. In relation to delegated school spending additional resources are allocated for **Personalised Learning** which match an additional provision included within the DSG Settlement for this purpose with extra resources in each of the 3 financial years. Resources are also allocated for **ICT Lifecycle and Connectivity** and extra funding to reflect additional spending pressures on **school maintenance**. There is also extra funding for **individual key stages**. Since support for pupils with **high special educational needs** is funded on an individual pupil basis it is possible to update the projection of funding requirements for this purpose. Here there has been a small increase over and above the increases anticipated a year ago. **The impact of reduced pupil numbers and other permissible changes on the operation of the funding formula, including the Minimum Funding Guarantee, have been reassessed but will have to be updated when actual school budgets are calculated, in March 2009, to reflect actual pupil numbers in the January 2009 pupil count.** A key feature of school budgets is the inclusion of a **1% efficiency saving** which, if not achieved, would of course mean that schools would not have any extra resources which have been assigned for the additional priorities detailed above.

In non-delegated central budgets there is provision for some key authority-led developments including the **SEN and Behaviour Review** including significant changes in which pupils with behaviour difficulties are supported. The funding set aside for **Early Years** will be adjusted not only for inflation and the required 1% efficiency saving but also to take account of a new funding formula which is currently being developed. The requirement is to develop a common funding arrangement for supporting 3 year olds in school nursery classes or in private and voluntary sector provision.

The County Council has helpfully allocated as a 'recurring PIP allocation' £500K from 2009/10 to support **Primary School Meals**. This is part of the strategy for re-establishing a viable catering service given the impact, in 2007, of job evaluation and the subsequent increase in food prices. These unhelpful cost increases arose at a time when the service had to respond to the healthy eating agenda and yet produce affordable meals. The £500k additional support recognises the diseconomies of scale of providing meals, of necessity, in small schools and the particular challenges of providing meals in areas of higher deprivation. The key related development is to introduce a service level agreement for the provision of catering between North Yorkshire County Caterers and individual schools. This concept has received support from the vast majority of Primary Schools.

These proposals are currently the subject of consultation with schools and have been endorsed by the Schools Forum at their January 2009 meeting. Final decisions on school budgets can only be considered by Executive Members in March 2009 after the budgets have been recalculated by reference to individual school requirements based upon the latest count of pupils.

SCHOOL DEVELOPMENT GRANT AND SCHOOL STANDARDS GRANT

In addition to DSG all schools receive two other grants – School Development Grant and School Standards Grant. These grants must be paid to schools. These grants were also subject to a 3 year settlement with School Development Grant increasing by 2.1% per pupil in each of the 3 years. One part of School Development Grant also increased by this amount but an element for personalisation increased by 7.5% for Secondary Schools in the current year but there are no increases whatsoever in subsequent years. The funding for this personalisation element for Primary Schools is unchanged at previous levels throughout the 3 year period. The value of these grants for individual schools will, however, change, in 2009/10 and 2010/11, based upon their actual pupil numbers.

School Sixth Form Funding continues to be the responsibility of the Learning & Skills Council (LSC) although it is to transfer, together with the funding of Colleges of Further Education, to local authorities in 2010. The existing arrangements for funding sixth forms changed materially in 2008/09. These changes were not helpful to many North Yorkshire Secondary Schools, particularly smaller Secondary Schools.

Members who require more detail on school funding arrangements can obtain a detailed Budget Commentary provided to schools by contacting Assistant Director – Finance & Management Support for the Children & Young People’s Service (01609 532118).

CYNTHIA WELBOURN
Corporate Director - Children & Young People’s Service

**CHILDREN AND YOUNG PEOPLE'S SERVICE
SCHOOLS**

ANALYSIS OF FUNDING PRIORITIES 2009/10 – 2011/12

	Year on Year	
	2009/10 £k	2010/11 £k
DELEGATED SCHOOL BUDGETS		
Inflation	7,500	7,316
Provision for inflation was set in the 2008/09 MTFs with an overall increase of circa 3%. With the fixing of delegated school budgets this provision cannot be changed although current estimates indicate that it exceeds requirements by circa £250K in 2009/10 and £550K in 2010/11. However the inflation provision made in 2008/09 was significantly less than actual cost increases (by circa £1.3M) as a consequence of the significant increases in energy costs.		
Personalised Learning SEN	2,230	4,074
These resources reflect a DCSF priority for which additional funds are incorporated into the DSG Funding Settlement for these years. This will be used to support the Personalised Learning Agenda for all pupils, including those with special educational needs.		
ICT Life-Cycle and Connectivity	300	630
Provision to replace computers and software presents an increasing demand on school budgets together with the impact of the high cost of connectivity rentals particularly for schools in remote parts of the county.		
SEN High Needs Statements	500	335
The resources made available to support high needs statements are determined on a pupil by pupil basis but the resources form part of the Schools Delegated Budget. There has been a continuing trend of increasing demand which reflects policy priorities for both inclusion and early intervention. Early intervention means that pupils receive support at an earlier stage than previously and therefore for a longer period, and the inclusion agenda means that pupils who might previously have been educated in more expensive independent provision are now supported in mainstream schools. The resources required for post-16 students is increasing but the grant given for this purpose by the LSC has been fixed in cash terms (other than an inflation uplift) for many years. During that period the proportion of students, with statements, continuing their education beyond 16 has increased dramatically.		
Key Stages 1, 2 3 and 4	650	600
Additions to the level of funding per pupil (age weighted pupil) for all Key Stages to assist schools with increasing levels of attainment. This allocation has also been considered in the context of requirements to make efficiency savings (see below).		
Revenue Premises Maintenance	200	100
Additional resource to supplement the provision for revenue maintenance. Where schools elect these resources are recycled into the PREMISES Scheme, however, rising costs and increasing building standards and issues such as asbestos are all putting pressure on how far existing funds will go.		

	Year on Year	
	2009/10	2010/11
	£k	£k
Impact of changes in pupil numbers & the impact of data changes on other formula factors including school closure	- 2,085	- 1,700
Impact of Formula Changes on School Budget Requirements The impact on changes on rates, rents, insurances, floor area, school meals, etc.	- 50	- 5
Operation of Minimum Funding Guarantee The impact of the recalculation of the “cost” of funding schools through the LMS Formula decreases as pupil number decrease. A reduction in pupil numbers provides a direct saving in age weighted pupil units part of the formula and also provides a saving in other elements of the formula in relation to additional needs, etc. However as pupil numbers fall, particularly in primary schools, the “cost” of funding small school lump sums increases. The operation of the Minimum Funding Guarantee provides protection for schools where the year on year changes would otherwise be greater than amounts determined by a complex calculation. The overall increase in school budgets for 2009/10 and 2010/11 has reduced slightly the overall “cost” of this guarantee. It is these parts of the school budget calculation which will inevitably change as budgets are recalculated for 2009/10 and 2010/11 based upon January 2009 and January 2010 actual pupil numbers respectively.	- 145	- 195
1% Efficiency Saving The DCSF, in fixing the budget settlement, indicated that the resources should “go further” with the assumption that an efficiency gain of 1% can be achieved in each of the 3 years of the MTFs. Consequently this feature was built into individual school budgets. If individual schools do not achieve this saving they will not, in effect, have the additional resources, as detailed above, to support Key Stage funding, SEN High Needs Statements, ICT Personalised Learning, etc.	- 2,536	- 2,640
Total Developments/Delegated School Budgets (a)	6,564	8,515
NON-DELEGATED CENTRAL EXPENDITURE		
Inflation Staffing is the most important element of Central Expenditure budgets and, as detailed above in relation to Delegated School Budgets, pay increases are anticipated to be little changed from the assumptions made 12 months ago. Consequently the overall provision for pay and prices is relatively little changed from the existing provisions (£980K in 2009/10 and £890K in 2010/11).	1,076	1,165
SEN & Behaviour Review In 2007 the Schools Forum considered detailed information regarding the phased implementation of the SEN & Behaviour Review. In approving the proposals endorsement was given to a funding package which involved gross additional allocations (phased over a number of years) of £640K in total as compared with spending levels in 2007/08. When the plan was reviewed, in early 2008, as part of fixing the existing MTFs, the overall increase was reduced to £600K with an anticipated extra £400K in the current financial year 2008/09 and a second further increase in 2010/11 of £200K. This projection remains unchanged.	0	200

	Year on Year	
	2009/10 £k	2010/11 £k
<p>Independent Special Schools</p> <p>Additional provision for placement of children with high needs in other local authority and independent specialist schools. Anticipated requirements have reduced in 2009/10 from previous provision of £200K partly offset by an increase in 2009/10 from the budgeted £50K.</p>	50	115
<p>14-19 Partnership Priorities</p> <p>This proposal reflects the challenges faced by secondary schools in delivering the 14-19 Agenda. Additional resources are being provided by the DCSF to enable the phased implementation of diplomas. The specific grant, however, only supports approved developments by groups of schools for diplomas. However in making these grant awards the DCSF has indicated that not all extra costs of providing the diplomas will be covered by them and that resources will have to be found from existing resources made available to schools and Area Learning Partnerships. This approach is considered to be extremely challenging for North Yorkshire schools especially given the substantial extra costs of meeting these requirements in a large rural county. In addition there are major concerns about the cost of transport. Consequently these additional resources were included in the package and, given uncertainties, it was also agreed that resources would be made available to an authority who, in consultation with the Area Learning Partnerships, will consider how the resources are best made available to schools, or individual Learning Partnerships, over the plan period. In the last year there have been substantial developments, including the preparation and approval of an 11-19 Strategy and further research is underway on the impact of transport for 2 pilot areas, Ryedale and Wharfedale.</p>	200	200
<p>Behaviour & English as an Additional Language Demand and Behaviour Devolution Developments</p> <p>Provision for the continued modest additional resources (£100K) in each year to enable the phased introduction of Behaviour Devolution Development arrangements. Similar provision has also been made to respond to increasing demand both in relation to behaviour and also for resources to support English as an Additional Language. The resources required for these priorities are currently being reviewed in the light of developments on both the SEN and Behaviour Review (see item above referring to the Review). This includes the development of Behaviour Partnerships linked to the proposals to add further PRUs in Craven and Hambleton, the revised partnership provision operating in Harrogate and changes to the arrangements for supporting English as an Additional Language as part of the wider review of Specialist Learning Services.</p>	200	200
<p>Outdoor Education</p> <p>The required enhancement of staff training on health & safety can be achieved only by involving all staff in a week long term time event. This gives rise to a potential loss of income (net of cost savings) from schools.</p>	30	0
<p>Capital Premises Maintenance</p> <p>Similar issues to those detailed above in relation to “revenue maintenance”. These relate to rising costs, rising standards, etc. These resources are intended to add to a fund which “tops up” capital resources provided in the main from Schools’ Devolved Capital allocations. It is an essential aide for schools with higher than average maintenance needs including, for example, extra costs arising from the treatment of asbestos.</p>	200	100

Year on Year	
2009/10	2010/11
£k	£k
- 220	- 25

Early Years 3 & 4 Year Old Numbers

The DSG meets the cost of funding Early Education Places for all 3 & 4 year olds in both schools and the private and voluntary sector. These arrangements are currently the subject of a review in order to meet a DCSF requirement for the two sectors to be more closely aligned by April 2010 at the latest. **This assumption may change when details of January 2009 pupil numbers are known. However in planning the total resources available for 3 & 4 year olds it is assumed that the existing “quantum of resources” for this purpose should be varied only to reflect changes in pupil numbers (which are falling compared to previous assumptions), inflation and their contribution to the achievement of the 1% efficiency saving. The proposed formula for the Early Years Sector is being developed within these parameters.**

Efficiency Saving

As with the proposal for schools the package includes, and will continue to include, a proposed 1% efficiency saving.

- 325 - 350

Total Developments/Central Expenditure (b)

1,211 1,605

Unallocated DSG

Unallocated resources retained overall DSG to meet contingent requirements during the year.

433 680

TOTAL YEAR ON YEAR INCREASE

(a + b)

8,208

10,800

SUPPLEMENTARY PAPER IV

CHILDREN AND YOUNG PEOPLE'S SERVICE

LOCAL AUTHORITY & SOCIAL CARE

Paper A Contextual commentary by Corporate Director

Paper B Analysis of funding priorities 2009 / 10 – 2011 / 12

CHILDREN & YOUNG PEOPLE'S SERVICE

LOCAL AUTHORITY & SOCIAL CARE

CONTEXTUAL COMMENTARY BY CORPORATE DIRECTOR

The key priority remains the further improvement in outcomes for children by successfully addressing the priorities in the **Children & Young People's Plan**. The priorities in the new plan to take account of latest needs assessments and the outcomes of the **Joint Area Review**, in 2006, and the subsequent **Annual Performance Assessments** in 2007 and 2008. **The 2008 APA judgement of "good" overall, with "outstanding" service management and capacity to improve, is the highest amongst comparable local authorities and ranked second of all County Councils.** This recognises that the County Council has established and developed its role, reputation, and the systems and processes, in leading the **Children's Strategic Partnership**. This has been achieved by developing high quality 'locally based' but integrated services which meet not only individual needs but also give greater priority to preventative measures.

However there remain significant performance challenges for the service including:

- given recent events, the most significant challenge is to **improve safeguarding** to keep young people safe whether outside the Child Protection framework or within the Social Care system
- **raising attainment** both in general and in particular to the lowest performing schools
- improving the provision for **Integrated Youth Support and the Support of Young Offenders**
- **implementing changes in 14-19 provision**
- further improving **local preventative services**, and
- co-ordinating and developing our services for **disabled children and young people**

The MTFs has been built around addressing these performance challenges as well as meeting inescapable additional demand. Details of individual proposals, and the associated risks are set out in **Paper B**. This has to be achieved despite an existing relatively very low level of funding. Furthermore the County Council's overall financial position for the next two years means that the resources available to meet these demands and priorities of £980K in 2009/10 and £1,185K in 2010/11 are significantly less than the VFM savings the Service has to meet in that period of £2,609K in 2009/10 with further savings of £2,718K in 2010/11.

The requirement to make improvements in **safeguarding** is the highest priority for all parts of the Service in developing locally based integrated service provision. This requirement is reflected in rapidly increasing regulation and monitoring especially of Social Care provision. There is a need to prepare, update and monitor many of the policies especially on fostering. Furthermore the rate of increased regulation and monitoring has accelerated dramatically following the Baby P case. This case is also putting pressure to place more children in care and so put at risk the achievement of a saving over £1.3m on Child Placements by both reducing the number of placements and placing a greater proportion in 'in-house' foster care.

Consequently the existing MTFS has been revised to include additional provision for a Policy Officer and an additional Deputy Service Manager in each part of the County to ensure that the more demanding children now in 'in-house care' have the necessary support to sustain that provision. Modest additional resources have also been included on the Child Placement budget including continuing to fund treatment foster care, albeit at a reduced level, on the expiry of the existing time limited grant in 2010/11.

The challenge to raise **attainment** continues for all schools but the County Council has now to both scrutinise and support intensively some schools that are under-performing including those that are subject to the National Challenge. This, together with the need to support the broadening of the Secondary Curriculum as part of the 14-19 Strategy, places pressure on the resources available for school improvement. No additional provision in 2009/10 is possible although some use of non-recurring resources will be explored together with the additional provision included in the 2010/11 MTFS.

The requirement to improve **Integrated Youth Support and develop Youth Services** will have to be achieved, in 2009/10, without any additional resources although some additional provision remains in 2010/11. The County Council has a long standing commitment for phased additional investment in the Youth Service and the need to embed and develop Integrated Youth Support services established in the current year. This follows the transfer to the County Council of the former separately funded Connexions Service. The Service provides a range of advice and mentoring services for young people to assist with their training, their development and determining future careers. There are also priorities to support under 13s and in particular the most vulnerable groups especially Care Leavers and those in the Youth Justice system.

A rapidly increasing priority is the need to **prepare for the transfer, to local authorities, of much of the responsibility for the provision for 14-19 year olds in 2010**. Indeed, some responsibilities are already being transferred together with the need to both track the work of the Learning & Skills Council and establish now the systems and processes for strategic planning, commissioning and monitoring the 14-19 provision. This has to be achieved without any transfer of resources from the LSC before 2010. The service has set aside £300K of planned savings in the current year for this purpose. These additional demands, together with the management capacity required to take forward the development of integrated services and more recently the challenges on the whole service of improving safeguarding, has required the inclusion within the limited resources available provision of the previously planned investment in **workforce development** but also modest additions to the provision for **strategic management**. It is also necessary to continue the programme of re-organising an improving the information systems. This involves the phased roll-out of the **Integrated Computer System for children** and, because of Government requirements, a separate system dedicated for Children's Social Care. This latter system is adding to resource requirements because it is based upon nationally prepared templates which seek to evidence, in detail, electronically, every stage of an individual child's case. There is also the need to prepare and implement, to a national timetable, Contactpoint and the electronic Common Assessment Framework (e-CAF).

The MTFs has also to make provision for additional demand. In addition to the additional pressures referred to above on **child placements**, provision is also necessary for the extra costs of **home to school transport**. This reflects the impact of market forces rather than any change in existing policies. However the re-organisation of services, fully integrated with public transport requirements, as part of the Area Review process, together with other improvements in procurement, have enabled significant compensatory savings to be achieved. These are particularly important in achieving the services 3% efficiency savings target.

The efficiency plan also includes, in 2009/10, the full year effect of the recently implemented major review including the centralisation of local office and special educational needs administration. Other reviews are in progress including the administration of Children's Social Care. Here, however, the difficulties in implementing the national computer system, referred to above, are making the achievement of any savings in the short-term extremely problematical. Review work is also in hand in progress on administration in other parts of the service including the potential for shared offices and shared administrative support. The Directorate's overall structure will be re-examined during the MTFs period as will the staffing arrangements in Children's Homes. The plan also includes proposals for the further improvements in procurement and anticipates efficiency savings when the new integrated children's computer system is fully operational.

Specific Grants

Specific grants form an increasingly important component of the resources available to the service. Some of these grants form part of the Area Based Grant (ABG) whilst others continue to be made available on a separate ringfenced basis. Most of the grants awarded were fixed in 2008/09 for a 3 year period and therefore, as compared with previous plans, there are relatively few changes. However where additional grants are awarded the pattern has continued that they are linked exclusively to meeting new obligations particularly linked to the individual components of the new national Children's Plan. **Many of the specific grants received by the Service are unchanged in cash terms over the 3 year period i.e. there is no allowance for inflation which, in effect, means that the inflation has to be funded from matching efficiencies.**

Two of the service's performance challenges have, given the restrictions on County Council resources, to be met exclusively from specific grant provision. These are the improvement in **local preventative services**, particularly seeking to do more for young people at earlier stage, and improving the provision for children with **learning development or with disabilities (LDD)**.

The General Sure Start Grant provides the resource for improving locally based preventative services by co-ordinating together into a local strategy, the strands of various national strategies for which the grant has been awarded. This includes virtually all aspects of early years services including increasing the level of 'entitlement' for 3 and 4 year olds to 15 hours per week from 2010. It also includes developments to meet the target by 2010 of all schools offering a basic core of extended schools provision. The most significant development, however, during the plan period, is the completion of the required network of Children's Centres which provide both the base, for the provision of education and child care, but also the facility for local co-ordination of all support services provided by the County Council and its partners (eg the Health Service).

Resources have also been identified to continue the extremely successful pilot programme of Parent Support Advisers.

The development of the provision for the disabled will be achieved by the production and implementation of an LDD strategy. This involves bringing together many existing policies, policies, processes and their associated resources. However it also has the benefit of significant new grant for improving respite care as part of the “Aim Higher” agenda.

Another new specific grant is to facilitate the introduction during the plan period of the required outcomes from the new legislation on “**Care Matters**”. This seeks to substantially improve outcomes for children in, or on the edge of care, including improving their education outcomes.

The key challenge for the Service, for those grants included within the Area Based Grant (ABG) is to “move away” from the individual funding streams which were brought together to create the grant despite the continuation of national monitoring based upon the individual outcomes for each of those components. The aim is to use the grant in a co-ordinated fashion which not only meets national requirements but also addresses the priorities in the Children & Young People’s Plan including the performance challenges referred to above. The effective use of these resources is particularly important given the restricted resources available in ‘core budgets’ and the limited additional resources available from County Council sources.

CYNTHIA WELBOURN
Corporate Director - Children & Young People’s Service

**CHILDREN AND YOUNG PEOPLE'S SERVICE
LOCAL AUTHORITY & SOCIAL CARE**

ANALYSIS OF FUNDING PRIORITIES 2009/10 – 2011/12

	Year on Year	
	2009/10 £k	2010/11 £k
VOLUME & DEMAND		
Home to School Transport	525	600
Extra cost to fund current policies. This reflects additional ongoing net increases in cost which arise between 4 yearly area reviews. This arises from the need to change contracts to take account of change in pupil numbers, contract withdrawal and meeting the particular needs of individuals, particularly the greater number of children requiring transport with complex special educational needs. This trend is likely to continue in a market where there is a limited number of contractors although action continues to minimise the impact of these changes by revising procurement arrangements.		
These proposals make no provision to respond to policy pressures such as increased needs arising from extended schools and early years.		
Social Care – Children's Placements	100	370
Anticipated 3% increase in demand for children's placements.		
In previous years this growth has been offset by savings arising from improving the mix of children's placements. However this budget is likely, despite this modest additional provision, to be under extreme pressure in 2009/10 and beyond arising from the impact of the Baby P case. There is also a need to ensure that appropriate provision is made as part of developing comparative strategy for children with disabilities.		
The additional provision in 2010/11 incorporates the 'mainstreaming' of the currently grant funded Treatment Foster Care project which is intended to enable specialist in-house Foster Carers to look after children who would otherwise have been placed in much more expensive external placements.		
Given the current pressures there are significant risks of overspending in 2009/10 on the child placement budget which exceeds £9M.		
School Admission Arrangements, etc	0	50
Increased number of admission appeals – an area over which the County Council has no control. This, together with the trend of having to respond to legislation, which increases statutory obligations, requires modest increases in capacity.		
Pension Enhancements	- 15	- 17
Reduced requirements for pension enhancements in relation to staff awarded enhancements under now superseded arrangements for funding enhancements.		
Total volume and demand (a)	610	1,003

DEVELOPMENTS/PERFORMANCE IMPROVEMENTS

Staying Safe

180	25
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Responding to the need to improve all aspects of safeguarding policies particularly in relation to weaknesses identified on inspection in the fostering arrangements by the appointment of a safeguarding lead officer and an additional Policy Officer (£100K in 2009/10). The appointment of 3 Deputy Service Managers (£90K in 2009/10 and £25K in 2010/11) to manage and monitor all aspects of social care to ensure higher expectations and requirements are met by all aspects of the service. These additional requirements are partly offset by a reduced requirement for the training of educational psychologists (£20K).

There are risks for the County Council even with this investment, of adverse Inspection Reports on safeguarding and, financially, with potential overspends on child placements if more children are placed in the care of the County Council.

Enjoy and Achieve

0	225
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Extra resources, albeit in 2010/11 only, to support the increased requirements for the Quality & Improvement Service to both challenge and support schools with deficiencies in performance including schools subject to the National Challenge. Resources are also required to support the rapidly developing 14-19 agenda of broadening the secondary curriculum. Any additional resource requirements in 2009/10 will have to be met from virement within the Service. There is also additional provision in 2010/11 only to meet the costs of inflation on the Music Service (as was the case in 2008/09 and will be the case in 2009/10), otherwise the extra costs will have to be met by above inflation increases in music charges. This problem arises because the associated government grant is not adjusted for inflation.

There needs to be targeted additional investment in school improvement if the lowest performing schools are to meet challenging national targets or face the consequence of some form of 'imposed reorganisation' etc. These resources are also needed to support all schools through rapid change with the development of the personalisation agenda of which the most significant feature is the broadening of the secondary curriculum including the phased introduction of 17 new diplomas by 2013.

Making a Positive Contribution

0	200
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To progress both targeted Youth Support and Integrated Youth Services. NYCC remains a comparatively low funded authority for Youth and consequently the County Council has a commitment to invest in the service as an integrated part of the Every Child Matters agenda. The investment would also be used, when available in 2010/11, to develop the recently established Integrated Youth Support Service. The investments are required particularly to support the most vulnerable especially working with young offenders and more generally to address a gap in provision for under 13s.

The externally set targets to improve work with young people are tough and failure to do so, particularly in the absence of additional resources in 2009/10, may adversely affect the 'Making a Positive Contribution' APA outcome and the judgements in future YOT inspections.

Year on Year
2009/10 **2010/11**
£k **£k**

Achieve Economic Wellbeing

The modest additional provision in later years will slightly expand the capacity to lead and co-ordinate delivery of the 14-19 Agenda. This is necessary given the need to accelerate progress in getting vocational provision in place in line with the DCSF timetable for diplomas – an exceptionally difficult task in a big rural county.

0 100

Failure to progress this will leave young people and employers locally short of the opportunity to the skills development their staff are entitled to have.

Capacity Building/Service Management

The need to improve training (Continued Professional Development) and remodel the workforce is essential to achieve the aims of the Integrated Locality Working. It is also needed to respond not only to the challenges of the Transformation Agenda but also meet the additional responsibilities to be transferred from the Learning & Skills Council (provision of £90K in 2009/10 and £30K in 2010/11). These additional requirements, together with the need to take forward major cross service issues such as LDD Strategy and Improvements to Safeguarding do require some additional investment in strategic capacity (£80K in 2009/10 and a further £125K in 2010/11).

190 332

The development of the Information Sharing, Local Team Management, the Common Assessment Framework, coupled with the introduction of Contactpoint, are all 'external drivers' requiring significant investment. Furthermore, and more significantly, resources are required to complete the implementation of a single integrated computer system for the whole service – the IMPULSE system and a separate but similar system for Children's Social Care Protocol. These products have been purchased but their implementation will be completed during the plan period requiring extra resources, particularly when existing time limited grants end, of £20K in 2009/10 with a further £177K in 2010/11.

If these unavoidable commitments are not addressed satisfactorily the County Council will not meet statutory requirements effectively for information sharing nor will staff have the benefits of ready accessible single record for all the County Council's children.

Total Developments/Performance Improvements (b) **370** **882**

TOTAL YEAR ON YEAR INCREASE	(a + b)	980	1,885
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SUPPLEMENTARY PAPER V

CHIEF EXECUTIVE'S GROUP

Paper A Contextual commentary by Chief Executive

Paper B Analysis of funding priorities 2009 / 10 – 2011 / 12

CHIEF EXECUTIVE'S GROUP

CONTEXTUAL COMMENTARY BY CHIEF EXECUTIVE

The Chief Executive's Group (CEG) continues to provide the strategic leadership and key support services in order to underpin the levels of high performance throughout the County Council.

The County Council remains an excellent Authority, as rated by the Audit Commission, and an updated assessment will be available on the 26 February 2009. At the same time the PricewaterhouseCoopers benchmarking exercise has again identified the County Council as the 2nd highest performing County Council. This is, of course, set against a relatively low council tax level. Independent evidence therefore demonstrates that the County Council, and its central support services, provide good value for money.

The next few years will bring additional challenges, many of which will be evaluated as part of the new Comprehensive Area Assessment. Major initiatives to be undertaken in future years will include further embedding of community engagement structures, leading the NYSP self evaluation in the run up to CAA, implementation of a Climate Change Strategy, production of a single Equalities Scheme as well as leading and monitoring on the Local Area Agreement.

In addition to the above, CEG support services are also responding to new initiatives and obligations whilst delivering on its contribution towards the Value for Money Plan as set out in the MTFS.

The Budget proposals put forward by CEG for 2009/10 and beyond do not contain any requests for additional investment in support services. The one area of modest investment which is put forward relates to front line services to support the co-ordination of activity dealing with domestic abuse.

JOHN MARSDEN
Chief Executive

CHIEF EXECUTIVE'S GROUP

ANALYSIS OF FUNDING PRIORITIES 2009/10 – 2011/12

Year on Year

**2009/10
£k**

Volume and Demand

CDRP's requirement for staffing re domestic abuse	94
Credit Union – pump priming contribution in 2008/09	-80
Service Access Points – non-recurring in 2008/09	-120

TOTAL YEAR ON YEAR INCREASE	-106
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SUPPLEMENTARY PAPER VI

FINANCE AND CENTRAL SERVICES

Paper A Contextual commentary by Corporate Director

Paper B Analysis of funding priorities 2009 / 10 – 2011 / 12

FINANCE AND CENTRAL SERVICES

CONTEXTUAL COMMENTARY BY CORPORATE DIRECTOR

As well as providing a range of day to day financial and other support services, the Directorate is leading and / or involved in a wide range of corporate initiatives (eg Bright Office Strategy, Flexible Working, Procurement, Corporate Governance, Information Governance, Health and Safety). However, the MTFS reflects a standstill position for the Directorate (ie funds have only been allocated to offset inflation, etc). Therefore, development in the areas referred to have to be either self-financed or resourced by the re-prioritisation of staff time.

The key priorities / deliverables of the Directorate for the MTFS period include

- ➔ for ICT complete the roll-out of WAN2, establish a full Disaster Recovery facility and implement e-data security / archiving / retention arrangements that meet the necessary ISO standard
- ➔ ensure NYnet delivers its Business Plan
- ➔ in relation to property, address a range of process and performance issues particularly in relation to the delivery of maintenance and capital schemes
- ➔ complete the Bright Office Strategy review programme
- ➔ establish arrangements to address the Carbon Reduction Commitment and Sustainability Policy (particularly in relation to property and procurement)
- ➔ develop and implement an Information Governance Framework that is compatible with the current governance and IT arrangements within the County Council
- ➔ implement the Shared Internal Audit Service with the City of York Council
- ➔ develop comprehensive arrangements to support financial training for
 - (a) non-finance managers (ie budget managers)
 - (b) Finance and Central Services professional staff
 - (c) Directorate based staff included in financial administration

JOHN MOORE
Corporate Director – Finance and Central Services

FINANCE AND CENTRAL SERVICES

ANALYSIS OF FUNDING PRIORITIES 2009/10 – 2011/12

Year on Year

**2009/10
£k**

Volume and Demand

ICT Infrastructure Strategy in 2008/09

-900

TOTAL YEAR ON YEAR INCREASE

-900

SUPPLEMENTARY PAPER VII

CORPORATE MISCELLANEOUS

Paper A Contextual Commentary

Paper B Analysis of Budget 2009 /10 – 2011 / 12

CORPORATE MISCELLANEOUS

CONTEXTUAL COMMENTARY

The Corporate Miscellaneous budget contains all those items that are most appropriately managed, or provided for, on a corporate basis. Examples include:

- ➔ precepts for outside bodies
- ➔ capital financing charges
- ➔ interest on working balances
- ➔ contingency fund

Within the MTFS period, the most significant increases in funding are required in relation to:

- ➔ **capital financing charges** – reflecting not only the use of locally determined Prudential borrowing but also the success in attracting LTP and schools related borrowing approvals.
- ➔ **Interest earned** – the sharp reduction in interest rates in late 2008 has reduced the income earned from lending cash balances to the market

Finally, in developing a financial strategy for the County Council that would ensure sufficient recurring funds are available in 2012/13 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)**. This PIP represents recurring funding, but until it is used as such in the Budget process, it will be available as one-off non-recurring funds in the year it is received.

The Provision accumulates in base Budget terms as follows -

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

To date, the County Council has allocated £20.7m from a three year pot of £26m, and in 2011/12 has allocated £3m on a recurring basis.

Corporate Miscellaneous Budgets

Budget	Latest Base Budget	2009/2010				2010/11				2011/2012	
		Increase Current MTFs	Updated Increase Required	MTFS Difference	Updated Budget Required	Increase Current MTFs	Updated Increase Required	MTFS Difference	Updated Budget Required	Increase Required	Budget Required
	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000
Contingency - General Provision	500.0	0.0	0.0	0.0	500.0	0.0	0.0	0.0	500.0	0.0	500.0
Contingency - Specific Inflation Provision	0.0	0.0	200.0	200.0	200.0	0.0	0.0	0.0	200.0	0.0	200.0
Capital Charges	30,490.1	2,366.8	712.6	-1,654.2	31,202.7	1,986.9	1,394.6	-592.3	32,597.3	2,109.3	34,706.6
Interest Earned	-4,404.0	395.0	2,224.0	1,829.0	-2,180.0	235.0	-160.0	-395.0	-2,340.0	-755.0	-3,095.0
Continuing Pension Liability	45.9	-6.3	-1.3	5.0	44.6	-5.4	-5.5	-0.1	39.1	-4.9	34.2
DLO Pension Fund Contributions	327.0	16.0	17.0	1.0	344.0	17.0	10.0	-7.0	354.0	11.0	365.0
Audit Fees	271.7	89.2	32.0	-57.2	303.7	-67.5	10.1	77.6	313.8	0.4	314.2
Bank Charges	87.1	0.5	-4.1	-4.6	83.0	0.0	0.0	0.0	83.0	0.0	83.0
Discontinued Services	-5.8	0.4	0.3	-0.1	-5.5	0.3	0.3	0.0	-5.2	0.4	-4.8
Probation Loan Charges	22.2	-1.3	-1.6	-0.3	20.6	-1.0	-1.0	0.0	19.6	-1.0	18.6
Yorwaste Dividend	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Magistrates Courts Loan Charges	70.2	-4.3	-5.2	-0.9	65.0	-3.4	-3.2	0.2	61.8	-3.2	58.6
Transformation Fund	758.9	0.0	0.0	0.0	758.9	0.0	0.0	0.0	758.9	0.0	758.9
Financing Income	-200.0	0.0	0.0	0.0	-200.0	0.0	0.0	0.0	-200.0	0.0	-200.0
Area Committees	340.0	10.0	10.0	0.0	350.0	10.0	10.0	0.0	360.0	10.0	370.0
Community Fund (Council Tax on second homes)	1,408.5	53.0	66.5	13.5	1,475.0	53.0	70.0	17.0	1,545.0	75.0	1,620.0
Job Evaluation Allocations											
Initial 07/08 Allocations	-1,881.0	1,881.0	1,881.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Provision for Reviews	-1,066.0	1,130.0	1,030.0	-100.0	-36.0	100.0	36.0	-64.0	0.0	0.0	0.0
Pay & Reward Initiatives	479.0	0.0	60.0	60.0	539.0	0.0	0.0	0.0	539.0	0.0	539.0
DSG Contrib. to Corporate Overheads	-1,019.5	-30.5	-29.9	0.6	-1,049.4	-31.5	-31.5	0.0	-1,080.9	-32.4	-1,113.3
YPO Dividend	0.0	0.0	-300.0	-300.0	-300.0	0.0	-25.0	-25.0	-325.0	-25.0	-350.0
Flood Defence Levy	132.4	37.2	53.6	16.4	186.0	37.2	36.0	-1.2	222.0	33.0	255.0
Sea Fisheries Committee Levy	168.6	6.4	25.8	19.4	194.4	10.0	9.6	-0.4	204.0	10.0	214.0
VFM Savings to be Achieved	0.0	0.0	-221.0	-221.0	-221.0	0.0	-223.0	-223.0	-444.0	0.0	-444.0
Sub-Total	26,525.3	5,943.1	5,749.7	-193.4	32,275.0	2,340.6	1,127.4	-1,213.2	33,402.4	1,427.6	34,830.0
Pending Issues Provision - recurring	2,000.0	0.0	-2,000.0	-2,000.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Pending Issues Provision - non recurring (Note 1)	3,314.0	5,191.0	-533.0	-5,724.0	2,781.0	5,889.0	6,135.0	246.0	8,916.0	-4,522.0	4,394.0
Corporate Miscellaneous Total	31,839.3	11,134.1	3,216.7	-7,917.4	35,056.0	8,229.6	7,262.4	-967.2	42,318.4	-3,094.4	39,224.0

Notes:

1) Non-recurring PIP	2008/09 £'000	2009/10 £'000	2009/10 £'000	2010/11 £'000	2010/11 £'000	2011/12 £'000	2011/12 £'000
Agreed Feb 08	3,314	5,191	8,505	5,889	14,394	0	14,394
Allocations agreed to 6 January 2009							
9/10 one-off allocations	0	-5,724	-5,724	5,724	-5,478	5,478	-7,000
10/11 one-off allocations	0					-7,000	-7,000
11/12 one-off allocations	0					-3,000	-3,000
11/12 Base Allocation							
Total	3,314	-533	2,781	6,135	8,916	-4,522	4,394

**PRUDENTIAL INDICATORS FOR PERIOD 2009/10 to 2011/12
(EXECUTIVE – 3 FEBRUARY 2009)**

CAPITAL EXPENDITURE & EXTERNAL DEBT INDICATORS			Comment																																		
<p>1 Estimated Ratio of capital financing costs to the net Revenue Budget</p> <p>(a) <i>Formally Required Indicator</i></p> <p>This reflects capital financing costs less interest earned on the temporary investments of surplus cash balances.</p> <p>The estimated ratios of financing costs to the net Revenue Budget for the current and future years, and the actual figure for 2007/08 are as follows:</p> <table border="1"> <thead> <tr> <th rowspan="2">Year</th> <th colspan="2">Executive 19/08/08</th> <th colspan="2">Update for 2009/10</th> </tr> <tr> <th>Basis</th> <th>%</th> <th>Basis</th> <th>%</th> </tr> </thead> <tbody> <tr> <td>2007/08</td> <td>actual</td> <td>8.1</td> <td>actual</td> <td>8.1</td> </tr> <tr> <td>2008/09</td> <td>estimate</td> <td>7.5</td> <td>probable</td> <td>7.3</td> </tr> <tr> <td>2009/10</td> <td>estimate</td> <td>8.7</td> <td>estimate</td> <td>9.2</td> </tr> <tr> <td>2010/11</td> <td>estimate</td> <td>9.3</td> <td>estimate</td> <td>9.2</td> </tr> <tr> <td>2011/12</td> <td>estimate</td> <td>na</td> <td>estimate</td> <td>9.2</td> </tr> </tbody> </table>			Year	Executive 19/08/08		Update for 2009/10		Basis	%	Basis	%	2007/08	actual	8.1	actual	8.1	2008/09	estimate	7.5	probable	7.3	2009/10	estimate	8.7	estimate	9.2	2010/11	estimate	9.3	estimate	9.2	2011/12	estimate	na	estimate	9.2	<p>The estimates of financing costs include current Capital Plan commitments based on the latest Capital Plan, and are as reflected in the 2009/10 Revenue Budget and MTF5.</p> <p>The updated Indicator figures for 2008/09 to 2011/12 reflect the net effect of a range of factors, principally</p> <p>(a) a high return on investments in 2008/09 dropping significantly in 2009/10 as a result of the marked reductions in interest rates together with forecast reductions in the level of funds and balances available to invest (Formal Indicator only).</p> <p>(b) variations in borrowing costs (interest plus a revenue provision for debt repayment) with there being an overall reduction resulting from a range of factors but principally:</p> <ul style="list-style-type: none"> • lower borrowing levels as a result of capital expenditure slippage offset by slippage on realising capital receipts • variations to a number of significant Capital Plan provisions which are funded from Prudential Borrowing including the Waste Procurement Project, Affordable Housing, Depots Rationalisation programme and Loans to companies • addition of 2011/12 for forecast new borrowing approvals from the government and Prudential Borrowing for capital schemes previously agreed • variations in the level of the Corporate Capital Pot which is used in lieu of taking up new borrowing until the Pot is required • lower expected cost of new borrowing from 2008/09 onwards as a result of significant reductions in interest rates during 2008/09
Year	Executive 19/08/08			Update for 2009/10																																	
	Basis	%	Basis	%																																	
2007/08	actual	8.1	actual	8.1																																	
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2011/12	estimate	na	estimate	9.2																																	
<p>(b) <i>Local Indicator Approved by Executive on 5 February 2008</i></p> <p>This Local Indicator reflects a policy decision to cap Capital Financing costs to 11% of the net annual Revenue Budget. The Indicator is different to the formally required Indicator at (a) above in that it only reflects the cost components of interest on external debt plus lost interest on internally financed capital expenditure, together with a revenue provision for debt repayment. Unlike the formally required PI it does not reflect interest earned on surplus cash balance</p> <table border="1"> <thead> <tr> <th rowspan="2">Year</th> <th colspan="2">Executive 19/08/08</th> <th colspan="2">Update for 2009/10</th> </tr> <tr> <th>Basis</th> <th>%</th> <th>Basis</th> <th>%</th> </tr> </thead> <tbody> <tr> <td>2007/08</td> <td>actual</td> <td>10.4</td> <td>actual</td> <td>10.4</td> </tr> <tr> <td>2008/09</td> <td>estimate</td> <td>9.6</td> <td>probable</td> <td>9.5</td> </tr> <tr> <td>2009/10</td> <td>estimate</td> <td>10.3</td> <td>estimate</td> <td>9.9</td> </tr> <tr> <td>2010/11</td> <td>estimate</td> <td>10.6</td> <td>estimate</td> <td>9.9</td> </tr> <tr> <td>2011/12</td> <td>estimate</td> <td>na</td> <td>estimate</td> <td>10.2</td> </tr> </tbody> </table>			Year	Executive 19/08/08		Update for 2009/10		Basis	%	Basis	%	2007/08	actual	10.4	actual	10.4	2008/09	estimate	9.6	probable	9.5	2009/10	estimate	10.3	estimate	9.9	2010/11	estimate	10.6	estimate	9.9	2011/12	estimate	na	estimate	10.2	
Year	Executive 19/08/08			Update for 2009/10																																	
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2010/11	estimate	10.6	estimate	9.9																																	
2011/12	estimate	na	estimate	10.2																																	

Prudential Indicator	Comment																				
<p>2 Estimates of the incremental impact of capital investment decisions on the Council Tax</p> <p>In considering its programme for future capital investment, the County Council is required within the Prudential Code to have regard to:</p> <ul style="list-style-type: none"> ➔ 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) <p>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.</p> <p>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 2009/10, compared with the 2008/09 Council Tax are:</p> <table border="1" data-bbox="212 1034 1086 1225"> <thead> <tr> <th data-bbox="212 1034 358 1098">Year</th> <th colspan="2" data-bbox="398 1034 757 1098">Executive 19/08/08 Basis £ - p</th> <th colspan="2" data-bbox="801 1034 1086 1098">Update for 2009/10 Basis £ - p</th> </tr> </thead> <tbody> <tr> <td data-bbox="212 1098 358 1137">2009/10</td> <td data-bbox="398 1098 526 1137">estimate</td> <td data-bbox="526 1098 757 1137">+ 3.20</td> <td data-bbox="801 1098 929 1137">estimate</td> <td data-bbox="929 1098 1086 1137">+ 1.20</td> </tr> <tr> <td data-bbox="212 1137 358 1177">2010/11</td> <td data-bbox="398 1137 526 1177">estimate</td> <td data-bbox="526 1137 757 1177">+ 6.15</td> <td data-bbox="801 1137 929 1177">estimate</td> <td data-bbox="929 1137 1086 1177">+ 3.47</td> </tr> <tr> <td data-bbox="212 1177 358 1225">2011/12</td> <td data-bbox="398 1177 526 1225">estimate</td> <td data-bbox="526 1177 757 1225">na</td> <td data-bbox="801 1177 929 1225">estimate</td> <td data-bbox="929 1177 1086 1225">+ 5.60</td> </tr> </tbody> </table>	Year	Executive 19/08/08 Basis £ - p		Update for 2009/10 Basis £ - p		2009/10	estimate	+ 3.20	estimate	+ 1.20	2010/11	estimate	+ 6.15	estimate	+ 3.47	2011/12	estimate	na	estimate	+ 5.60	<p>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 2009/10 financial year using a new capital prioritisation methodology.</p> <p>Debt charges resulting from Invest to Save schemes and certain other capital provisions are, however, excluded as these are deemed to be self financed from within Directorate revenue budgets.</p> <p>The updated figures differ from those previously reported as a result of</p> <ul style="list-style-type: none"> (i) capital financing cost variations as a result of capital expenditure slippage between years and reduced costs of borrowing (ii) the 2009/10 figures are compared with the 2008/09 Council Tax whereas the previous ones are compared with 2007/08 Council Tax levels (iii) Variations in Capital Plan provision for the Waste Procurement Project.
Year	Executive 19/08/08 Basis £ - p		Update for 2009/10 Basis £ - p																		
2009/10	estimate	+ 3.20	estimate	+ 1.20																	
2010/11	estimate	+ 6.15	estimate	+ 3.47																	
2011/12	estimate	na	estimate	+ 5.60																	

Prudential Indicator	Comment																																		
<p>3 Capital Expenditure - Actual and Forecasts</p> <p>The actual capital expenditure that was incurred in 2007/08 and the estimates of capital expenditure to be incurred for the current and future years are:</p> <table border="1" data-bbox="212 475 1086 746"> <thead> <tr> <th rowspan="2">Year</th> <th colspan="2">Executive 19/08/08 Basis</th> <th colspan="2">Update for 2009/10 Basis</th> </tr> <tr> <th></th> <th>£m</th> <th></th> <th>£m</th> </tr> </thead> <tbody> <tr> <td>2007/08</td> <td>actual</td> <td>94.8</td> <td>actual</td> <td>94.8</td> </tr> <tr> <td>2008/09</td> <td>estimate</td> <td>136.3</td> <td>probable</td> <td>131.8</td> </tr> <tr> <td>2009/10</td> <td>estimate</td> <td>127.4</td> <td>estimate</td> <td>119.7</td> </tr> <tr> <td>2010/11</td> <td>estimate</td> <td>118.9</td> <td>estimate</td> <td>123.7</td> </tr> <tr> <td>2011/12</td> <td>estimate</td> <td>n/a</td> <td>estimate</td> <td>105.7</td> </tr> </tbody> </table> <p>The above estimates and those for certain other Prudential Indicators incorporate a number of figures that are based on:-</p> <ul style="list-style-type: none"> (i) the latest Capital Plan approved by Executive on 18 November 2008 (ii) expenditure on fixed assets funded directly from the Revenue Budget and not included in the Capital Plan (iii) other known self funded variations (iv) identified expenditure slippage between years (v) various other refinements 	Year	Executive 19/08/08 Basis		Update for 2009/10 Basis			£m		£m	2007/08	actual	94.8	actual	94.8	2008/09	estimate	136.3	probable	131.8	2009/10	estimate	127.4	estimate	119.7	2010/11	estimate	118.9	estimate	123.7	2011/12	estimate	n/a	estimate	105.7	<p>The updated figures for 2008/09 to 2011/12 reflect the following significant variations compared with the figures submitted to Executive on 19 August 2008.</p> <ul style="list-style-type: none"> (a) a number of additional provisions and variations to existing provisions which are self funded from capital grants and contributions, revenue contributions (including the Pending Issues Provision) and earmarked capital receipts. (b) capital expenditure rephasing between years. (c) addition of a further year 2011/12 which includes bids approved in February 2004 as part of the 10 year Capital Forecast. (d) variations relating to a number of significant Capital Plan variations such as Waste Procurement Project, Affordable Housing, the Depots Rationalisation programme and Loans to companies (e) various other capital approvals and refinements to the Capital Plan.
Year		Executive 19/08/08 Basis		Update for 2009/10 Basis																															
		£m		£m																															
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2011/12	estimate	n/a	estimate	105.7																															

Prudential Indicator	Comment																														
<p>4 Capital Financing Requirement and Forecast (CFR)</p> <p>Actuals and estimates of the Capital Financing Requirement (CFR) at the defined year ends are as follows:</p> <table border="1" data-bbox="210 424 1086 699"> <thead> <tr> <th data-bbox="210 424 376 488">Date</th> <th colspan="2" data-bbox="421 424 757 488">Executive 19/08/08 Basis £m</th> <th colspan="2" data-bbox="801 424 1086 488">Update for 2009/10 Basis £m</th> </tr> </thead> <tbody> <tr> <td data-bbox="210 488 376 528">31 Mar 08</td> <td data-bbox="421 488 555 528">actual</td> <td data-bbox="555 488 757 528">333.2</td> <td data-bbox="801 488 936 528">actual</td> <td data-bbox="936 488 1086 528">333.2</td> </tr> <tr> <td data-bbox="210 528 376 568">31 Mar 09</td> <td data-bbox="421 528 555 568">estimate</td> <td data-bbox="555 528 757 568">369.0</td> <td data-bbox="801 528 936 568">probable</td> <td data-bbox="936 528 1086 568">370.7</td> </tr> <tr> <td data-bbox="210 568 376 608">31 Mar 10</td> <td data-bbox="421 568 555 608">estimate</td> <td data-bbox="555 568 757 608">410.5</td> <td data-bbox="801 568 936 608">estimate</td> <td data-bbox="936 568 1086 608">393.9</td> </tr> <tr> <td data-bbox="210 608 376 647">31 Mar 11</td> <td data-bbox="421 608 555 647">estimate</td> <td data-bbox="555 608 757 647">442.7</td> <td data-bbox="801 608 936 647">estimate</td> <td data-bbox="936 608 1086 647">427.9</td> </tr> <tr> <td data-bbox="210 647 376 699">31 Mar 12</td> <td data-bbox="421 647 555 699">estimate</td> <td data-bbox="555 647 757 699">n/a</td> <td data-bbox="801 647 936 699">estimate</td> <td data-bbox="936 647 1086 699">457.8</td> </tr> </tbody> </table> <p>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.</p> <p>CIPFA's Prudential Code for Capital Finance in Local Authorities includes the following statement as a key definition of prudence:</p> <p>"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 preceding year plus the estimates of any additional capital financing requirement for the current and the next two financial years."</p>	Date	Executive 19/08/08 Basis £m		Update for 2009/10 Basis £m		31 Mar 08	actual	333.2	actual	333.2	31 Mar 09	estimate	369.0	probable	370.7	31 Mar 10	estimate	410.5	estimate	393.9	31 Mar 11	estimate	442.7	estimate	427.9	31 Mar 12	estimate	n/a	estimate	457.8	<p>The updated figures recommended for approval as part of the 2009/10 Budget process reflect the following main variations compared with the previous figures approved by the Executive on 19 August 2008.</p> <ul style="list-style-type: none"> (a) expenditure rephasing between years that is funded from borrowing. (b) a significant level of capital receipts rephasing between years that affects year on year borrowing requirements. (c) variations to a number of other significant capital plan provisions which are funded from Prudential Borrowing including the Waste Procurement Project, Affordable Housing, Depots Rationalisation Programme and Loans to companies. (d) addition of 2011/12 for forecast new borrowing approvals from the government and prudential borrowing for bids previously agreed. (e) variation in the level of the Corporate Capital Pot which is used in lieu of taking up new borrowing until the Pot is required. (f) various other requirements. <p>The Corporate Director - Finance and Central Services has previously reported that the County Council had no difficulty meeting this requirement in 2007/08. 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 schemes, and the proposals in the separate Revenue 2009/10 Budget and Medium Term Financial Strategy report.</p>
Date	Executive 19/08/08 Basis £m		Update for 2009/10 Basis £m																												
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Prudential Indicator	Comment															
<p>5 Authorised Limit for External Debt</p> <p>In respect of its external debt, it is recommended that the County Council specifically approves the following Authorised Limits for its total external debt for the next three financial years.</p> <p>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.</p> <p>The authorised limit for 2009/10 will be the statutory limit determined under section 3(1) of the Local Government Act 2003.</p> <table border="1" data-bbox="212 751 1108 1015"> <thead> <tr> <th data-bbox="212 751 376 844">Year</th> <th data-bbox="421 751 716 844">Executive 19/08/08 Borrowing Limit £m</th> <th data-bbox="790 751 1108 844">Update for 2009/10 Borrowing Limit £m</th> </tr> </thead> <tbody> <tr> <td data-bbox="212 849 376 884">2008/09</td> <td data-bbox="421 849 716 884">404.5</td> <td data-bbox="790 849 1108 884">403.2</td> </tr> <tr> <td data-bbox="212 888 376 924">2009/10</td> <td data-bbox="421 888 716 924">451.7</td> <td data-bbox="790 888 1108 924">432.8</td> </tr> <tr> <td data-bbox="212 928 376 963">2010/11</td> <td data-bbox="421 928 716 963">484.7</td> <td data-bbox="790 928 1108 963">467.3</td> </tr> <tr> <td data-bbox="212 968 376 1015">2011/12</td> <td data-bbox="421 968 716 1015">n/a</td> <td data-bbox="790 968 1108 1015">509.2</td> </tr> </tbody> </table>	Year	Executive 19/08/08 Borrowing Limit £m	Update for 2009/10 Borrowing Limit £m	2008/09	404.5	403.2	2009/10	451.7	432.8	2010/11	484.7	467.3	2011/12	n/a	509.2	<p>The Corporate Director - Finance and Central Services confirms that these authorised limits are consistent with the County Council's current commitments, existing Capital Plan and the financing thereof, the proposals in the respective 2009/10 Revenue Budget and Medium Term Financial Strategy, and with its approved Treasury Management Policy Statement.</p> <p>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.</p> <p>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.</p>
Year	Executive 19/08/08 Borrowing Limit £m	Update for 2009/10 Borrowing Limit £m														
2008/09	404.5	403.2														
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2011/12	n/a	509.2														

Prudential Indicator	Comment																																		
<p>6 Operational Boundary for External Debt</p> <p>It is recommended that the County Council approves the following Operational Boundary for external debt for the same period.</p> <p>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).</p> <table border="1" data-bbox="212 616 1108 879"> <thead> <tr> <th>Year</th> <th>Executive 19/08/08 Borrowing Limit £m</th> <th>Update for 2009/10 Borrowing Limit £m</th> </tr> </thead> <tbody> <tr> <td>2008/09</td> <td>384.5</td> <td>383.2</td> </tr> <tr> <td>2009/10</td> <td>431.7</td> <td>412.8</td> </tr> <tr> <td>2010/11</td> <td>464.5</td> <td>447.3</td> </tr> <tr> <td>2011/12</td> <td>n/a</td> <td>489.2</td> </tr> </tbody> </table>	Year	Executive 19/08/08 Borrowing Limit £m	Update for 2009/10 Borrowing Limit £m	2008/09	384.5	383.2	2009/10	431.7	412.8	2010/11	464.5	447.3	2011/12	n/a	489.2	<p>The Operational Boundary represents a key management tool for the in year monitoring of external debt by the Corporate Director - Finance and Central Services.</p> <p>The updated figures reflect refinements which are common to the Capital Financing Requirement (see Indicator 4 above) together with</p> <ul style="list-style-type: none"> (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 <p>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.</p>																			
Year	Executive 19/08/08 Borrowing Limit £m	Update for 2009/10 Borrowing Limit £m																																	
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2011/12	n/a	489.2																																	
<p>7 Actual External Debt</p> <p>The County Council's actual external debt is set out below and consists wholly of external borrowing.</p> <table border="1" data-bbox="212 1121 1108 1393"> <thead> <tr> <th rowspan="2">Year</th> <th colspan="2">Executive 19/08/08 £m</th> <th colspan="2">Update for 2009/10 £m</th> </tr> <tr> <th>actual</th> <th>estimate</th> <th>actual</th> <th>estimate</th> </tr> </thead> <tbody> <tr> <td>31 March 2008</td> <td>actual</td> <td>328.2</td> <td>actual</td> <td>328.2</td> </tr> <tr> <td>31 March 2009</td> <td>estimate</td> <td>358.1</td> <td>probable</td> <td>356.2</td> </tr> <tr> <td>31 March 2010</td> <td>estimate</td> <td>399.7</td> <td>estimate</td> <td>379.6</td> </tr> <tr> <td>31 March 2011</td> <td>estimate</td> <td>432.0</td> <td>estimate</td> <td>413.5</td> </tr> <tr> <td>31 March 2012</td> <td>estimate</td> <td>n/a</td> <td>estimate</td> <td>445.9</td> </tr> </tbody> </table>	Year	Executive 19/08/08 £m		Update for 2009/10 £m		actual	estimate	actual	estimate	31 March 2008	actual	328.2	actual	328.2	31 March 2009	estimate	358.1	probable	356.2	31 March 2010	estimate	399.7	estimate	379.6	31 March 2011	estimate	432.0	estimate	413.5	31 March 2012	estimate	n/a	estimate	445.9	<p>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 (ie at the end of each financial year).</p>
Year		Executive 19/08/08 £m		Update for 2009/10 £m																															
	actual	estimate	actual	estimate																															
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Prudential Indicator	Comment																														
<p>8 Limit of Money Market Loans (Local Indicator)</p> <p>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.</p>	<p>Although this limit is being introduced as a new Local Prudential Indicator in 2009/10, the 30% limit has featured as part of the Borrowing Policy section of the Annual Treasury Management and Investment Strategy for several years.</p>																														
TREASURY MANAGEMENT INDICATORS																															
<p>9 Adoption of CIPFA Code of Practice for Treasury Management</p> <p>The County Council formally adopted the CIPFA Code of Practice for Treasury Management in the Public Service at its meeting on 15 May 2002.</p>	<p>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 2009/10 to ensure they are fully compliant with all the changes in practices and Regulations that have taken place since 2004.</p>																														
<p>10 Interest Rate Exposures</p> <p>In accordance with the Code of Practice the County Council sets upper and lower limits on its fixed and variable interest rate exposures as a percentage of outstanding principals sums for 2009/10, 2010/11 and 2011/12 as set out below –</p> <table border="1" data-bbox="224 1021 1075 1436"> <thead> <tr> <th></th> <th style="text-align: center;">Lower %</th> <th style="text-align: center;">Upper %</th> </tr> </thead> <tbody> <tr> <td colspan="3">Borrowing</td> </tr> <tr> <td>- Fixed</td> <td style="text-align: center;">60</td> <td style="text-align: center;">100</td> </tr> <tr> <td>- Variable</td> <td style="text-align: center;">0</td> <td style="text-align: center;">40</td> </tr> <tr> <td colspan="3">Investments</td> </tr> <tr> <td>- Fixed</td> <td style="text-align: center;">0</td> <td style="text-align: center;">30</td> </tr> <tr> <td>- Variable</td> <td style="text-align: center;">70</td> <td style="text-align: center;">100</td> </tr> <tr> <td colspan="3">Combined Net Borrowing and Investments</td> </tr> <tr> <td>- Fixed</td> <td style="text-align: center;">110</td> <td style="text-align: center;">160</td> </tr> <tr> <td>- Variable</td> <td style="text-align: center;">-10</td> <td style="text-align: center;">-60</td> </tr> </tbody> </table>		Lower %	Upper %	Borrowing			- Fixed	60	100	- Variable	0	40	Investments			- Fixed	0	30	- Variable	70	100	Combined Net Borrowing and Investments			- Fixed	110	160	- Variable	-10	-60	<p>No changes are being proposed to these indicators for 2009/10.</p> <p>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</p> <p>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.</p> <p>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.</p>
	Lower %	Upper %																													
Borrowing																															
- Fixed	60	100																													
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Prudential Indicator	Comment																																								
<p>11 Maturity Structure of Borrowing</p> <p>In accordance with the Code of Practice, the County Council sets upper and lower limits for the maturity structure of County Council borrowings as follows -</p> <p>The amount of projected borrowing maturing in each period as a percentage of total projected borrowing that is fixed rate:</p> <table border="1" data-bbox="230 566 1173 962"> <thead> <tr> <th data-bbox="230 566 629 670">Period</th> <th data-bbox="629 566 734 670">Lower Limit %</th> <th data-bbox="734 566 835 670">Upper Limit %</th> <th colspan="2" data-bbox="835 566 1173 598">Memo item - actual at</th> </tr> <tr> <td></td> <td></td> <td></td> <th data-bbox="835 598 1010 670">1 April 07 %</th> <th data-bbox="1010 598 1173 670">1 April 08 %</th> </tr> </thead> <tbody> <tr> <td data-bbox="230 670 629 718">under 12 months</td> <td data-bbox="629 670 734 718">0</td> <td data-bbox="734 670 835 718">50</td> <td data-bbox="835 670 1010 718">2</td> <td data-bbox="1010 670 1173 718">2</td> </tr> <tr> <td data-bbox="230 718 629 766">12 months & within 24 months</td> <td data-bbox="629 718 734 766">0</td> <td data-bbox="734 718 835 766">15</td> <td data-bbox="835 718 1010 766">2</td> <td data-bbox="1010 718 1173 766">4</td> </tr> <tr> <td data-bbox="230 766 629 813">24 months & within 5 years</td> <td data-bbox="629 766 734 813">0</td> <td data-bbox="734 766 835 813">45</td> <td data-bbox="835 766 1010 813">11</td> <td data-bbox="1010 766 1173 813">9</td> </tr> <tr> <td data-bbox="230 813 629 861">5 years & within 10 years</td> <td data-bbox="629 813 734 861">0</td> <td data-bbox="734 813 835 861">75</td> <td data-bbox="835 813 1010 861">11</td> <td data-bbox="1010 813 1173 861">6</td> </tr> <tr> <td data-bbox="230 861 629 909">10 years & above</td> <td data-bbox="629 861 734 909">20</td> <td data-bbox="734 861 835 909">100</td> <td data-bbox="835 861 1010 909">74</td> <td data-bbox="1010 861 1173 909">79</td> </tr> <tr> <td data-bbox="230 909 629 962"></td> <td data-bbox="629 909 734 962"></td> <td data-bbox="734 909 835 962"></td> <td data-bbox="835 909 1010 962">100</td> <td data-bbox="1010 909 1173 962">100</td> </tr> </tbody> </table>	Period	Lower Limit %	Upper Limit %	Memo item - actual at					1 April 07 %	1 April 08 %	under 12 months	0	50	2	2	12 months & within 24 months	0	15	2	4	24 months & within 5 years	0	45	11	9	5 years & within 10 years	0	75	11	6	10 years & above	20	100	74	79				100	100	<p>No changes to these limits are proposed.</p> <p>The lower limit of 20% for 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.</p>
Period	Lower Limit %	Upper Limit %	Memo item - actual at																																						
			1 April 07 %	1 April 08 %																																					
under 12 months	0	50	2	2																																					
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			100	100																																					

Prudential Indicator	Comment
<p>12 Total Principal Sums Invested for periods longer than 364 days</p> <p>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.</p>	<p>The maximum sum of £12m for investments longer than 364 days is the same as for 2008/09.</p> <p>The County Council currently has no such investments that fall into this category.</p> <p>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 were abolished and replaced with Government Guidance from April 2004.</p> <p>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.</p> <p>This 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.</p>

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
- Limit of Money Market loans (a new Local Indicator for 2009/10)
- 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.

Approved by County Council 20 February 2008

NORTH YORKSHIRE COUNTY COUNCIL

ANNUAL TREASURY MANAGEMENT AND INVESTMENT STRATEGY 2009/10

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 2009/10 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**)
 - capping of capital financing costs (**paragraph 9**)
 - review of long term debt (**paragraph 10**)
 - Minimum Revenue Provision Policy (**paragraph 11**)
 - Annual Investment Strategy (**paragraph 12**)
 - other treasury management issues (**paragraph 13**)
 - summary of key elements of this Strategy (**paragraph 14**)
 - Specified Investments (**Schedule A**)
 - Non-Specified Investments (**Schedule B**)
 - Approved Lending List (**Schedule C**)
- 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. These issues are addressed and the necessary assurances provided by the Section 151 officer (the Corporate Director – Finance and Central Services) in the 2009/10 Revenue Budget and Medium Term Financial Strategy report considered by the Executive on 3 February 2009 and approved by the County Council on 18 February 2009.

1.5 This Strategy document was approved by the County Council on 18 February 2009.

2.0 **TREASURY LIMITS FOR 2009/10 TO 2011/12**

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 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 2009/10 TO 2011/12**

3.1 A separate Report incorporating an updated set of Prudential Indicators for the three year period to 31 March 2012, as required by the CIPFA Prudential Code for Capital Finance in Local Authorities, was also approved by the County Council on 18 February 2009.

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 2009/10.

3.3 Full details of the Prudential Indicators listed below are 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**

(a) formally required indicator net of interest earned

2007/08 actual	8.1%
2008/09 probable	7.3%
2009/10 estimate	9.2%
2010/11 estimate	9.2%
2011/12 estimate	9.2%

(b) Local Indicator capping Capital Financing costs to 11% of the annual Net Revenue Budget

2007/08 actual	10.4%
2008/09 probable	9.5%
2009/10 estimate	9.9%
2010/11 estimate	9.9%
2011/12 estimate	10.2%

(ii) **Estimates of the incremental impact of capital investment decisions on the Council Tax requirement**

For a Band D Council Tax	
	£ p
2009/10 estimate	1.20
2010/11 estimate	3.47
2011/12 estimate	5.60

(iii) **Capital Expenditure - Actual and Forecasts**

	£m
2007/08 actual	94.8
2008/09 probable	131.8
2009/10 estimate	119.7
2010/11 estimate	123.7
2011/12 estimate	105.7

(iv) **Capital Financing Requirement (as at 31 March)**

	£m
31 March 2008 actual	333.2
31 March 2009 probable	370.7
31 March 2010 estimate	393.9
31 March 2011 estimate	427.9
31 March 2012 estimate	457.8

(v) **Authorised Limit for external debt**

	£m
2008/09	403.2
2009/10	432.8
2010/11	467.3
2011/12	509.2

(vi) **Operational Boundary for external debt**

	£m
2008/09	383.2
2009/10	412.8
2010/11	447.3
2011/12	489.2

(vii) **Actual External Debt**

	£m
at 31 March 2008 actual	328.2
at 31 March 2009 forecast	356.2
at 31 March 2010 forecast	379.6
at 31 March 2011 forecast	413.5
at 31 March 2012 forecast	445.9

(viii) **Limit of Money Market Loans (Local Indicator)**

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.

(ix) **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.

(x) **Interest Rate exposures**

	%age of outstanding principal sums
Borrowing	
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	110 to 160
Limits on variable interest rate exposures	-10 to -60

(xi) **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

(xii) **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 2008 consisted of:

Item	Principal £m	Average Rate at 31 March 2008 %
Debt Outstanding		
Fixed Rate funding PWLB	318.2	5.38
Variable Rate funding Market LOBO's	10.0	3.76
Total Debt Outstanding	328.2	5.33
Investments		
Managed in house	131.4	5.87

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 2011/12. 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 2011/12 are as follows:

Item	2008/09 probable £m	2009/10 estimate £m	2010/11 estimate £m	2011/12 estimate £m
Debt outstanding at start of year				
PWLB	318.2	} 356.2	} 379.6	} 413.5
Other Institutions	10.0			
sub total (a)	328.2	356.2	379.6	413.5
+ External borrowing requirements				
Capital financing requirement	50.8	38.2	50.0	47.5
Replacement borrowing	7.0	13.2	13.8	23.4
4% MRP charged to revenue etc	-13.6	-15.2	-16.3	-17.7
Variations in internal capital borrowing	-9.2	0.4	0.2	2.6
sub total (b)	35.0	36.6	47.7	55.8
- External debt repayment (c)	-7.0	-13.2	-13.8	-23.4
= Forecast debt outstanding at end of year (a + b - c)	356.2	379.6	413.5	445.9
+ 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	7.0	13.2	13.8	23.3
= Operational Boundary for year	383.2	412.8	447.3	489.2
+ Provision to cover unusual cash movements	20.0	20.0	20.0	20.0
= Authorised Limit for year	403.2	432.8	467.3	509.2

5.5 Therefore the 2009/10 Limits are as follows:

	£m
Operational Boundary for external debt	412.8
+ provision to cover unusual cash movements during the year	20.0
= Authorised Limit for 2009/10	432.8

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 (over periods up to 50 years) or the money markets (over periods up to 70 years) whichever 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 Advisor.
- 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. PWLB borrowing is limited to periods of up to 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 The time period for LOBO borrowing by the County Council was increased to a maximum of 70 years (from 50 years) as part of the 2008/09 Strategy update. 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. 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.
- 6.6 Borrowing from the money market for capital purposes is limited to 30% of the County Council's total external debt outstanding at any one point in time.
- 6.7 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.
- 6.8 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 10** below).

6.9 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 (see **paragraphs 8.9 to 8.14**).

7.0 PROSPECTS FOR INTEREST RATES

7.1 Whilst recognising the continuing volatility and turbulence in the financial markets at the time of preparing this Strategy (January 2009) the following paragraphs represent a "best effort" measured assessment of key economic factors as they are likely to impact on interest rates over the next three years.

7.2 City forecasts for interest rates can vary considerably but a current consensus view is as follows:

	Bank Rate %	5 year PWLB %	10 year PWLB %	25 year PWLB %	50 year PWLB %
Current	1.50	2.99	4.08	4.74	4.68
Q1 2009	0.50	2.50	3.10	4.00	3.85
Q2 2009	0.50	2.25	2.75	3.95	3.80
Q3 2009	0.50	2.15	2.55	3.95	3.80
Q4 2009	0.50	2.15	2.55	3.95	3.80
Q1 2010	0.50	2.15	2.55	4.00	3.85
Q2 2010	0.75	2.45	2.85	4.15	3.90
Q3 2010	1.00	2.80	3.25	4.35	4.00
Q4 2010	1.25	3.15	3.65	4.45	4.25
Q1 2011	1.75	3.65	4.15	4.60	4.40
Q2 2011	2.50	3.95	4.40	4.85	4.70
Q3 2011	3.25	4.20	4.70	4.95	4.80
Q4 2011	3.75	4.45	4.75	5.00	4.95
Q1 2012	4.00	4.60	4.85	5.05	5.00

7.3 The above interest rates table reflects the anticipated impact of certain key economic forecasts. These can be summarised as follows.

(a) Background

The sub prime crisis early in 2008 was followed by the banking crisis of autumn 2008. The world banking system came near to collapse and governments around the world were forced to recapitalise and rescue their major banks. The resulting dearth of lending from banks anxious to preserve

capital led to economic forecasts being sharply reduced and recession priced into market forecasts. This in turn led to sharp falls in oil and other commodity prices with the result that inflation, which in the UK was running at over 5%, became yesterday's story and recession fears drove interest rate forecasts and policy. A co-ordinated global interest rate cut of 0.5% took place on 8 October 2008.

(b) UK scenario

- GDP growth was already slowing in 2008 from 2007 before the full impact of the credit crunch was felt. Earlier in 2008 GDP was 2.3% whereas in the autumn the figure fell back to -0.3% and was negative by early 2009
- wage inflation remained subdued as the Government kept a firm lid on public sector pay. Private sector wage growth was kept in check by the slowing economy
- growth slowed across the economy and unemployment rose throughout the year with forecasts of two million unemployed by early 2009 and continuing to increase thereafter through 2010
- notwithstanding the pressures on household finances, consumer spending in 2008 still continued to increase although the trend was slowing as the year progressed and is expected to decline in 2009 as consumer confidence is eroded
- bank lending came to a virtual standstill in the autumn as the credit crunch tightened its grip and various banks internationally had to be rescued, or supported, by their governments
- the Government and Bank of England supplied massive amounts of liquidity to the banking market in an attempt to reignite longer interbanking lending
- the Government took action in September 2008 to either supply finance itself to recapitalise some of the major clearing banks or to require the others to strengthen their capital ratios by their own capital raising efforts. This was so that these banks would be seen to have sufficient reserves to last through the coming recession with its inevitable increase in bad loans etc
- the housing market also came to a virtual standstill as lenders demanded larger deposits and higher fees. House sales and prices both dropped, sharply and are not expected to recover to any significant degree in 2009
- Government finances deteriorated as income from taxation dropped as the economy slowed, and the cost of the bailout of the banks was added to the deficit
- UK equity prices declined sharply in the third and fourth quarters of 2008 as the impending recession was priced into the markets. Prices hit five year lows and volatility was extremely high
- the story of 2008 has been the credit crunch, the banking crisis and the change in economic outlook from slow growth to outright recession. After the initial concerns about the impact of the credit crunch in the earlier part of 2008 it appeared as though the storm had been weathered. The Monetary Policy Committee (MPC) had been very concerned about

inflation, which had been rising sharply on the back of higher commodity and food prices. Bank Rate had reached a peak of 5.75% in July 2007 after which cuts of 0.25% occurred in December 2007 and February and April 2008 before the major cuts in the autumn. The economic data had been indicating a slowing economy for some while but it was not sufficiently weak to force the MPC into another cut. It was the strength of the banking crisis, pre-empted by the collapse of Lehmans in New York that eventually drove the MPC to cut interest rates by 0.5% on 8 October along with the US, the ECB and other central banks. It was then appreciated that the economic downturn would be much more severe than previously thought and interest rates were subsequently slashed by 1.5% on 6 November, 1% on 4 December and 0.5% on 8 January 2009

- the LIBOR spread over Bank Rate has also been a feature, and a concern of 2008/09. Because of the credit fears, and the reluctance of lenders to place cash for long periods, the 3 month LIBOR (this is the London Inter Bank Offer Rate - the rate at which banks will lend to one another) has been substantially higher than Bank Rate. This has meant that the MPC's power over monetary policy has been eroded by the widening of this spread between LIBOR and Bank Rate and it has therefore had a limited ability to bring relief to hard pressed borrowers through lower interest rates. However, the power of the Government over the (by now) semi nationalised clearing banks had considerable impact in enforcing pro rata reductions to the 1.5% Bank Rate cut in some borrowing rates
- the Government has abandoned its 'golden rule' on borrowing as the financial crisis forces a massive increase in borrowing. The pre Budget report of 14 November 2008 revealed the Government's plans for a huge increase in Government borrowing over coming years as a result of falling tax revenues, tax cuts and increases in Government expenditure in the short term designed to help stimulate economic growth to counter the recession

(c) International scenario

- early in 2008 the US economy was being badly affected by the housing market slump. Interest rates were at 2% and inflation was being dragged higher by the relentless rise in commodity prices. The European Clearing Bank (ECB) was very concerned about rising inflation and less about the state of the economy
- the second quarter of 2008 was torn between inflation worries on the one hand, with oil rising towards \$150 per barrel, and the deteriorating economic outlook on the other
- in the second and third quarters of 2008 the financial crisis erupted and escalated as the world became aware of the extent of the sub-prime crisis and the impact it was having on financial institutions that had invested in these instruments
- in September 2008 two mortgage banks and AIG, the insurance giant, had to be bailed out by the US Government
- then in mid September 2008, Lehman Bros, the investment bank, was allowed to fail. This triggered a domino effect with other banks and

financial institutions having to be rescued or supported by governments around the world

- after the collapse into receivership of the Icelandic banks in early October 2008, other countries then started to feel the strain and a number had to approach the IMF for support
- eventually even the Asian economies were affected, including India and China, and it became clear that the crisis had become a global one and no country was insulated from it
- the financial crisis had by now precipitated an economic crisis and there was a co-ordinated global interest rate cut with the US, ECB and MPC all cutting rates by 0.5% on 8 October. The US subsequently cut rates again by 0.5% to 1% on 29 October and again on 16 December to a band of 0.0% to 0.25% in an attempt to stave off the oncoming recession. Inflation was yesterday's problem
- on 4 November 2008 the USA elected Barack Obama as President with little immediate financial impact
- the ECB reduced rates again on 6 November by 0.5% and by its biggest ever cut of 0.75% on 4 December to reach 2.5% with a further cut of 0.5 % down to 2% on 15 January 2009

7.4 Based on the economic situation referred to above the significant interest rate predictions are:

Bank Base Rate

- will fall from current levels because of the intensifying global recession
- starting 2009 at 2.0% with a cut to 1.5% on 8 January 2009, Bank Rate is forecast to fall to 0.5% in Q1 2009
- with continuous and worsening news about the UK economy and inflation expected to drop below 1%, this will give the MPC more room to lower rates
- it is then expected to remain there until starting to rise gently up from Q2 2010 until it reaches 4.0% in Q1 2012
- there is a downside risk to these forecasts if the recession proves to be deeper and more prolonged than currently expected

PWLB rates

- the 50 year PWLB rate is expected to drop to 3.80 - 3.90% until Q2 2010 when it is forecast to rise to 4.00%. The rate then edges up gradually to reach 5.00% at the end of the forecast period
- the 25 year PWLB rate is expected to drop to 3.95% in Q1 2009 and stay around there until starting to rise in Q1 2010 and then to eventually reach 5.05% at the end of the forecast period
- the 10 year PWLB rate is expected to drop to 2.55% in Q3 2009 but then to start rising again in Q2 2010 to eventually reach 4.85% at the end of the forecast period

- the 5 year PWLB rate is expected to fall to a floor of 2.15% during Q3 2009. The rate then starts rising in Q2 2010 to eventually reach 4.60% at the end of the forecast period

8.0 BORROWING STRATEGY

- 8.1 Based on the interest rate forecast outlined in **paragraph 7** above, there is a range of potential options available for the Borrowing Strategy for 2009/10. Variable rate borrowing is expected to be cheaper than long term fixed rate borrowing and will, therefore, be attractive throughout the financial year compared to simply taking long term fixed rate borrowing. At the same time under 10 year PWLB rates are expected to be substantially lower than longer term PWLB rates so this will open up a range of choices for new borrowing to achieve a spread of debt maturities away from a concentration in long dated debt.
- 8.2 The main Strategy for undertaking new borrowing will be to generally take advantage of the lowest borrowing rates available with forecast PWLB borrowing rates (see **paragraphs 7.2 and 7.4**) for under 10 years expected to be significantly cheaper than longer term borrowing; indeed under 5 year rates are expected to be significantly lower than 5-10 year rates. The downside of such shorter term borrowing is the loss of long term stability in interest payments that longer term fixed interest rate borrowing provides. Rates are expected to be slightly lower at the middle to end of the year than earlier on so it may be advantageous to borrow later in the year.
- 8.3 Based on the shorter term PWLB rates set out in **paragraphs 7.2 and 7.4**, a **suitable trigger point for considering new fixed rate PWLB borrowing for these shorter periods in 2009/10 will be 2.15% for under 5 years and 2.55% for 5-10 years**. The aim will be to secure loans at rates below this level if available.
- 8.4 Consideration will also be given to lock into historically low, long term rates, although there is expected to be little difference between 25 and 50 year rates. However, despite the minimally more expensive new borrowing rates expected in the 25-30 year period later in the year, these could be seen as being more attractive than 50 year borrowing as the spread between the PWLB new borrowing and early repayment rates (debt repayment penalty introduced by the PWLB in November 2007) is considerably less. This then maximises the potential for debt rescheduling at a later time by minimising the spread between these two rates.
- 8.5 This Strategy would also mean that after some years of focussing on borrowing for longer periods (at very cost-effective rates) the County Council would be able to undertake borrowing over a markedly different (ie shorter) period and so achieve a more even spread in the debt maturity profile.
- 8.6 For any long term borrowing taken, when long term PWLB rates fall back to the forecast rate of about 3.95% (see **paragraphs 7.2 and 7.4**), such borrowing could be made at any time of the financial year. **A suitable trigger point for considering new fixed long term borrowing will therefore be 3.95%, although the aim will be to secure loans at rates below this level if available.**

- 8.7 The forecast rates and trigger points for new borrowing will be reviewed in the light of movements in the slope of the yield curve, the spread between PWLB new borrowing and early payment rates and any further changes that the PWLB may introduce to their lending policy and operations.
- 8.8 Consideration will also be given to borrowing fixed rate market loans at 0.25% to 0.5% below the PWLB target rates if such loans become readily available again in the market.

External -v- internal borrowing

- 8.9 The year 2009/10 is expected to be a period of historically and abnormally low Bank Rate which provides an opportunity for a change in the usual Borrowing Strategy of taking external loans from the PWLB or money markets.
- 8.10 The County Council has considerable surplus cash balances (daily average of £130m in 2007/08 with a daily average to date in 2008/09 of about £160m). This surplus cash consists of three elements
- (a) cash flow generated (creditors net of debtors etc)
 - (b) reserves, balances and provisions
 - (c) cash managed on behalf of other organisations (Dales, Moors, Fire and Pension Fund)
- 8.11 The existing Borrowing Policy does provide for such shorter term borrowing from the County Council's revenue cash balances depending on the relationship between short term variable interest rates and the fixed term PWLB or LOBO rates for longer periods (**paragraph 6.9**). In the current market conditions consideration will however be given to the potential merits of further internal borrowing (actual at 1 April 2008 was £6.7m).
- 8.12 As long term borrowing rates are expected to be higher than the rates achievable on the investment of surplus cash balances, and look likely to be so for the next couple of years, consideration will be given to avoiding/delaying some or all new external borrowing in 2009/10 in order to maximise savings in the short term.
- 8.13 The use of internal borrowing reduces the need for external investment of these funds and therefore also has the benefit of reducing exposure to the low interest rates and credit risk detailed in **paragraphs 7 and 12** of this Strategy.
- 8.14 In considering this option, the implication of day to day cash flow constraints and the loss of longer term interest rate stability will be taken into account, particularly the possibility of having to replace the internal borrowing with external borrowing in a subsequent year at higher interest rates.

Overall approach to borrowing in 2009/10

- 8.15 Given these market conditions and economic background, caution will paramount within the County Council's 2009/10 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 decision that deviates from the Borrowing Strategy outlined above will be reported to the Executive at the next available opportunity.

Sensitivity of the Strategy

- 8.16 For external borrowing undertaken in 2009/10 the main sensitivities of the Strategy 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 Advisor, 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 sudden 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 further fall in both long and short term rates*, due to the ongoing economic circumstances referred to in **paragraph 7.3** then long term borrowing will be postponed, and potential rescheduling from fixed rate funding into short rate funding will be considered.
- 8.17 As mentioned in **paragraphs 8.9 to 8.14**, however, consideration will be given to delaying external borrowing in 2009/10 and funding part or even all of the year's borrowing requirement from internal sources (ie running down the investment of surplus cash balances). This has the potential for achieving short term revenue savings in 2009/10. This approach also has the benefit of reducing investment exposure to credit risk.

9.0 CAPPING OF CAPITAL FINANCING COSTS

- 9.1 During the preparation of the Revenue Budget/Medium Term Financial Strategy 2008/09 concerns were expressed about the possible ongoing impact on the annual Net Revenue Budget of capital expenditure generated either by government borrowing approvals or approved locally under the Prudential Borrowing regime.
- 9.2 As a result Members approved a new policy to cap capital financing charges as a proportion of the annual Net Revenue Budget. This cap was set at 11% which accommodated existing Capital Plan requirements and will act as a regulator if Members are considering expanding the Capital Plan using Prudential Borrowing. Members do of course have the ability to review the cap at any time but this would have to be done in the light of its explicit impact on the Revenue Budget/Medium Term Financial Strategy.
- 9.3 The relationship between levels of capital expenditure and the consequential capital financing costs that they generate is demonstrated in the following table

Year	Forecast Annual Net Budget (ANB)	Budgeted Capital Financing Costs *	Costs as a %age of ANB	1% of ANB	Potential Capital Spend from 1% on ANB
	£m	£m	%	£m	£m
	(a)	(b)	(c)	(d)	(e)
2008/09	330.1	31.4	9.5	3.3	41.2
2009/10	336.2	33.3	9.9	3.4	42.5
2010/11	353.4	35.1	9.9	3.5	43.7
2011/12	368.4	37.5	10.2	3.7	46.2

(b÷a) (a/100)

* Based on Capital Plan to 2011/12 and includes interest on external debt plus lost interest earned on internally financed capital expenditure, together with a prudent minimum revenue provision for debt repayment.

- 9.4 In addition to showing explicitly 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 Annual Revenue Budget that will be required to meet the consequential capital financing costs (see **column (c)**).
- 9.5 The table also shows, at **column (e)**, how much additional capital spend a 1% increase in the annual Budget (**column (d)**) will support.
- 9.6 On the basis of the above table the 11% cap set in 2008/09 is retained for the 2009/10 Revenue Budget and MTFs up to 2011/12.

10.0 REVIEW OF LONG TERM DEBT

- 10.1 The long term debt of the County Council is under continuous review.
- 10.2 Discussions with the County Council's Treasury Management Advisor about the long term financing strategy are ongoing and any debt rescheduling opportunity will be fully explored.
- 10.3 The introduction of different PWLB rates on 1 November 2007 for new borrowing as opposed to early repayment of debt, and the setting of a spread between the two rates (of about 0.4% to 0.5% for the longest period loans narrowing down to 0.25% to 0.3% for the shortest loans), has meant that PWLB to PWLB debt restructuring is now much less attractive than before that date. However, significant interest savings may still be achievable through using LOBO (Lender Option Borrower Option) loans and other market loans if these become available again after the drying up of their supply in the autumn of 2008. 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 loans (30% of total debt

outstanding - see **paragraph 6.6**) which limits the extent of 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.

- 10.4 Due to short term borrowing rates being expected to be considerably cheaper than longer term rates throughout 2009/10, there are likely to be opportunities to generate savings by switching from long term debt to short term debt. However, these savings will need to be considered in the light of their short term nature, compared to the current rates of longer term debt in the existing debt portfolio. Any such rescheduling and repayment of debt will contribute towards a flattening of the debt maturity profile as in recent years there has been a skew towards longer dated PWLB and Money Market LOBO loans.
- 10.5 Consideration will also be given to the potential for making savings by running down investment balances by repaying debt prematurely as short term rates on investments are likely to be lower than rates paid on currently held debt. However, this will need careful consideration in light of the debt repayment premiums that may be incurred by such a course of action and other financial considerations.
- 10.6 In terms of actual debt rescheduling opportunities during 2009/10 average PWLB rates in some maturity periods are expected to be minimally higher earlier on in the financial year than later on in the year. There should therefore be greater potential for making some 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.
- 10.7 The reasons for undertaking any rescheduling will include:
 - (a) the generation of cash savings at minimum risk
 - (b) in order to help fulfil the Borrowing Strategy outlined in **paragraph 8** above, and
 - (c) in order to enhance the balance of the long term portfolio (ie amend the maturity profile and/or the balance of volatility)
- 10.8 Members will appreciate that with long term debt forecast to be £379.6m by the end of 2009/10 (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 £0.3m 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.
- 10.9 No rescheduling of the County Council's long term debt has been effected to date in 2008/09 but full details of any debt rescheduling undertaken in the 2008/09 financial year will be reported in the Annual Treasury Management Outturn Report.
- 10.10 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.

10.11 A 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.

11.0 **MINIMUM REVENUE PROVISION (MRP) POLICY STATEMENT 2009/10**

11.1 The statutory requirement for local authorities to charge the Revenue Account each year with a specific sum for debt repayment was replaced in February 2008 with more flexible statutory guidance.

11.2 The new, and simpler, statutory duty is that a local authority shall determine for the financial year an amount of minimum revenue provision (MRP) that it considers to be prudent. This replaces the previous prescriptive requirement that the minimum sum should be 4 % of the County Council's Capital Financing Requirement (CFR); the CFR consists of external debt plus capital expenditure financed by borrowing from internal sources (surplus cash balances).

11.3 To support the statutory duty the Government also issued new guidance in February 2008 which requires that a Statement on the County Council's policy for its annual MRP should be submitted to the full Council for approval before the start of the financial year to which the provision will relate. The County Council are therefore 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.

11.4 The MRP guidance offers four options under which MRP might be made, with an overriding recommendation that the County Council should make prudent provision to redeem its debt liability over a period which is reasonably commensurate with that over which the capital expenditure is estimated to provide benefits (ie estimated useful life of the asset being financed). The previous system of 4% MRP did not necessarily provide that link.

11.5 The guidance also requires an annual review of MRP policy being undertaken and it is appropriate that this is done as part of this Annual Treasury Management Strategy.

11.6 In terms of timing the guidance must be implemented from 2008/09. Based on draft guidance by DCLG in November 2007, a new MRP Policy Statement with effect from 1 April 2008, to satisfy the 'prudent provision' requirement, was submitted to and approved by Executive on 5 February 2008 as part of the 2008/09 Annual Treasury Management Strategy. The Policy was subsequently approved by full County Council on 18 February 2008.

11.7 The final statutory guidance issued in February 2008 was substantially unchanged from the earlier draft guidance on which the County Council's initial MRP policy from 1 April 2008, as approved last year, was based. Following a review of this initial policy, the policy recommended for adoption from 1 April 2009 is substantially the same as approved last year and is as follows:

- (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 will 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 as reflected in subsequent CFR updates. This reflects the fact that the Revenue Support Grant formula for supported borrowing approvals will still be calculated on this 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 useful life of the asset for which the borrowing is undertaken. This method is a simpler alternative to depreciation accounting.

In view of the variety of different types of capital expenditure incurred by the County Council, which is not in all cases capable of being related to an individual asset, asset lives will be assessed on a basis which most reasonably reflects the anticipated period of benefit that arises from the expenditure. Also whatever type of expenditure is involved, it will be grouped together in a manner which reflects the nature of the main component of expenditure, and will only be divided up in cases where there are two or more major components with substantially different useful economic lives.

The estimated life of relevant assets will be assessed each year based on types of capital expenditure incurred but in general will be 25 years for buildings, 50 years for land, and 5 to 7 years for vehicles, plant and equipment. To the extent that the expenditure does not create a physical asset (eg capital grants and loans), and is of a type that is subject to estimated life periods that are referred to in the guidance, these periods will generally be adopted by the County Council.

However in the case of long term debtors arising from loans or other types of capital expenditures incurred by the County Council which will be repaid under separate arrangements (eg loans to NYnet and Yorwaste), there will be no MRP made. The County Council is satisfied that a prudent provision will be achieved after exclusion of these capital expenditure items.

This approach also allows the County Council to defer the introduction of an MRP charge for new capital projects/land purchases until the year after the new asset becomes operational rather than in the year borrowing is required to finance the capital spending. This approach is beneficial for projects that take

more than one year to complete and is therefore included as part of the MRP policy.

- 11.8 Therefore the County Council's total MRP provision from 1 April 2009, will be the sum of (a) + (b) + (c) (as defined above) which is considered to satisfy the prudent provision requirement. Based on this policy, total MRP included in the 2009/10 Revenue Budget is £14.9m.
- 11.9 This MRP policy does potentially result in additional Revenue provision being required compared to the previous arrangements. The forecast implications of this change are reflected in the 2009/10 Revenue Budget and MFTS, although the overall effects are small after taking into account financing contributions from Directorate revenue budgets in relation to Invest to Save capital schemes funded from Prudential Borrowing.
- 11.10 An annual review of the County Council's MRP Policy will be undertaken and reported to Members as part of this 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 2009/10 (**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 appropriate 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 a local authority 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
- (d) at present the County Council has made loans to two companies in which it has an equity investment (ie Yorwaste and NYnet). In both cases loan limits are set by the Executive.

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. The County Council's Audit Committee will also look at any proposals to use the instruments referred to above.

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 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 will be based on a combination of –
 - long term and short term ratings (the capacity to service and repay debt obligations punctually) – **(sub paragraph g)**
 - individual ratings (the intrinsic soundness of an institution evaluated on a stand alone basis) – **(sub paragraph i)**
 - financial strength rating - Moody's only, (showing a banks overall strength) – **(sub paragraph i)**
 - support rating (assessment of the presence of the lender of the last resort) – **(sub paragraph i)**
 - sovereign rating (the country's ability to support a financial institution should they get into difficulty) – **(sub paragraph i)**
- (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 considers 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 Advisor is as follows :-

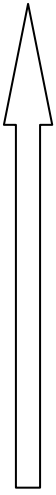
Fitch Ratings		Moody's Rating	
Long Term	Short Term	Long Term	Short Term
AA-	F1+	Aa3	P1

- (e) In addition, the County Council has also identified a second, slightly “lower” credit rating for maturities up to 3 months. The purpose of a second level tier of credit rating is to ensure that the County Council will continue to be able to invest surplus funds, with the overriding consideration being given to the security of the invested capital sum. The lower credit criteria also increases the number of approved counterparties that will accept smaller investment amounts, so enabling a more favourable return on investment whilst maintaining security. Building Societies fall into this criteria in addition to some banks.

The lower credit criteria has been chosen using guidance from the Treasury Management Advisor. Although no combination of ratings can be reviewed as entirely fail-safe the following 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's Rating	
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 Rating					
Fitch			Moody's		
	Short Term	Long Term	Short Term	Long Term	
 Increasing Financial Strength	F1+	AAA	P1	Aaa	} "High" credit rating criteria
		AA+		Aa1	
		AA		Aa2	
		AA-		Aa3	
	F1	A+		A1	} "Lower" credit rating criteria
		A		A2	
		A-		A3	
	F2	---		P2	---
		BBB+			Baa1
	F3	BBB		P3	Baa2
	BBB-			Baa3	

The “high” financial ratings therefore, will be set at a minimum of Fitch’s F1+, AA- and Moody’s P1, Aa3. The “lower” rating will be set at Fitch’s F1, A and Moody’s P1, A2.

- (g) In the markets, Fitch short term credit ratings have a time horizon of less than 13 months and place a greater emphasis on the liquidity necessary to meet financial commitments in a timely manner. The ratings range from F1+ (the

highest credit quality) to D (indicating an entity has defaulted on all of its financial obligations).

Similarly, long term credit ratings are used as a benchmark measure of probability of default. The ratings range from AAA (highest credit quality) to D (indicating an entity has defaulted on all of its financial obligations). Ratings in between AAA and A, therefore, all denote expectations of low credit risk and a strong capacity for an entity to repay its financial commitments.

- (h) All counterparties that meet the County Council's "high" credit criteria will be included on the list for 364 days and have a maximum investment limit of £20m, (£30m for specifically named and approved "high quality" UK counterparties). Those counterparties that meet the "lower" criteria are, consequently, subject to a more limited time and amount constraint to ensure the security of the County Council's funds. As a result, these counterparties will have a maximum investment limit of £10m for a period no greater than 3 months.
- (i) Following the recent turmoil and uncertainty in the financial markets and the collapse of some Icelandic banks in early October 2008, the County Council now also considers the following ratings before it would include a counterparty / investment scheme on the Approved Lending List.
- Individual Ratings (Fitch)
These ratings are assigned to banks and building societies and attempt to assess how an institution would be viewed if it were entirely independent and could not rely on external support, e.g. from central government, shareholders. These ratings are designed to assess an institution's exposure to risk and, as a result, represent Fitch's view on the likelihood that it would run into significant difficulties which would require support. These ratings are graded from A (very strong) to F (an institution that has either defaulted or, in Fitch's opinion, would have defaulted if it had not received external support). As a result, only institutions with an Individual Rating of between A and C would be considered for inclusion on the County Council's Lending List, subject to them meeting all other minimum criteria
 - Financial Strength Rating (Moody's)
Moody's also produce ratings showing a banks individual strength. These ratings differ as they measure how likely the bank is to need assistance from third parties and range from A (highest level, showing intrinsic financial strength) to E (very modest strength, with a higher likelihood of periodic outside support)
 - Support Ratings (Fitch)
These ratings show Fitch's judgement of a potential supporter's (i.e. a sovereign state or institutional owner's) propensity to support a bank and of its ability to support it. The ratings are graded from 1 (a bank with an extremely high probability of external support) to 5 (external support cannot be relied on). As a result, only institutions with a Support Rating of between 1 and 3 would be considered for inclusion on the County Council's Lending List, subject to them meeting all other minimum criteria

- Country Sovereign Rating (Fitch)
These ratings are awarded to each country where a financial institution is domiciled and represent that country's ability to support a financial institution should it get into difficulties. The rating also represents the country's ability to repay its long term debt obligations. The ratings are the same as those used to measure long term credit, i.e. AAA denotes the highest credit quality and the lowest expectation of risk. As a result, only institutions which are established in a country with a minimum sovereign rating of AA- would be considered for inclusion on the County Council's Lending List (subject to them meeting all other minimum criteria)
- (j) No combination of ratings can be viewed as entirely fail-safe and all credit ratings are monitored on a daily basis. The County Council is alerted to changes in Fitch ratings through its use of the Treasury Management Advisor'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 is 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 minimum criteria the Corporate Director – Finance & Central Services will have the discretion to include it on the County Council's Approved Lending List with immediate effect.
- (m) A copy of the current Approved Lending List, showing maximum investment and time limits is attached at **Schedule C**.

12.8 The Investment Strategy to be followed for 2009/10

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 are held with the County Council's Treasury Management Advisor 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 no Non Specified investments over 365 days
- (g) Bank rate started on a downward trend from 5.75% in December 2007 (reduced by 0.25%) with further cuts of 0.25% in February and April 2008 then 0.5% in October, 1.5% in November and 1% in December, and a further 0.5% in January 2009 down to 1.5%. Further cuts of 1% are expected during the first quarter of 2009. It is then expected to stabilise at 0.5% until starting to rise gradually with the first increase in Q2 2010, and then to be back up to 4% during Q1 2012. The County Council will therefore avoid locking into longer term deals while investment rates are down at historically low levels. Unlike recent years, no trigger rates will be set for longer term deposits (two to three years) but this position will be kept under constant review and discussed with the Treasury Management Advisor on a regular basis. Based on current bank rate forecasts outlined above an overall investment return of about 2% is likely in 2009/10 which includes the impact of previously locking into some investments into or through 2009/10 at much higher interest rates
- (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 is therefore undertaken each year as it may be the case that the best value option will change over time (eg as market conditions fluctuate). For 2008/09 this option appraisal has not been undertaken, however as the purchase of plant, vehicles and equipment is likely to be minimal. Such purchases made will be 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 2009/10 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 Treatment is currently underway with the tender stage scheduled for early summer 2009 and there continues to be significant support to the project by the bidders funders. The current economic climate has however reduced the availability of funding from banks and this may impact on future PFI projects. 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 2009/10 the County Council approves the following:-

- (a) an Authorised Limit for external debt of £432.8m in 2009/10
- (b) an Operational Boundary for external debt of £412.8m in 2009/10
- (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) borrowing from the money market for capital purposes is to be limited to 30% of external debt outstanding at any one point in time
- (e) 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

- (f) 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
- (g) a 11% cap on capital financing costs as a proportion of the annual Net Revenue Budget
- (h) a Minimum Revenue Provision (MRP) policy for debt repayment to be charged to Revenue in 2009/10 as set out in **paragraph 11**
- (i) 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
- (j) the updated credit rating criteria for investment purposes together with the updated Approved Lending List of organisations (**Schedule C**)

JOHN MOORE
Corporate Director – Finance and Central Services
27 January 2009

NORTH YORKSHIRE COUNTY COUNCIL
ANNUAL INVESTMENT STRATEGY 2009/10
SPECIFIED INVESTMENTS

All the specified Investments listed below must be sterling denominated, redeemable within 364 days, and represent share or loan capital.

<i>Investment</i>	<i>Security/ Minimum Credit Rating</i>	<i>Circumstances of use</i>
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 Treasury Management Advisor
Money Market Funds i.e. a collective investment scheme as defined in SI 2004 No 534. <i>These funds do not have any maturity date</i>	Yes - AAA	In-house – limited to £20m but as yet not used
Gilts (with maturities up to 1 year) <i>Custodial arrangements prior to purchase</i>	Govt backed	Fund Manager or In-house buy & hold after advice from Treasury Management Advisor
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 <i>Custodial arrangement required prior to purchase</i>	Govt backed	Only after consultation with Treasury Management Advisor

NORTH YORKSHIRE COUNTY COUNCIL
ANNUAL INVESTMENT STRATEGY 2009/10
NON-SPECIFIED INVESTMENTS

<i>Investment</i>	(A) <i>Why use it?</i> (B) <i>Associated risks?</i>	<i>Security/ Minimum Credit Rating</i>	<i>Circumstances of use</i>	<i>Max % of overall investments or cash limits in each category</i>	<i>Maximum investment with any one counterparty</i>	<i>Maximum Maturity period</i>
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 2009/10)	£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. <i>Custodial arrangement prior to purchase</i>	(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 Treasury Management Advisor	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 Treasury Management Advisor	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 <i>Custodial arrangement required prior to purchase</i>	(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 Treasury Management Advisor	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 <i>Custodial arrangement required prior to purchase</i>	(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 Treasury Management Advisor 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 <i>Custodial arrangement required prior to purchase</i>	(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 Treasury Management Advisor	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 2009/10

APPROVED LENDING LIST FOR 2009/10

Maximum sum invested at any time (The overall total exposure figure covers both specified and non-specified investments)

	Country	Sovereign Rating	Long Term Rating*	Short Term Rating*	Specified Investments (up to 1 year)		Non-Specified Investments (over 1 year)	
					Total Exposure £m	Time Limit	Total Exposure £m	Time Limit
Highest quality UK Clearing Banks, UK & banks approved by the Bank of England								
Abbey	GBR	AAA	AA-	F1+	30.0	364 days	5.0	2 years
Alliance and Leicester	GBR	AAA	AA-	F1+				
Barclays Bank/Woolwich	GBR	AAA	AA	F1+	30.0	364 days	5.0	5 years
Clydesdale Bank (Trading as Yorkshire Bank)	GBR	AAA	AA-	F1+	30.0	364 days	5.0	2 years
HBOS (Halifax, Bank of Scotland)	GBR	AAA	AA-	F1+	30.0	364 days	-	-
Lloyds/TSB Group	GBR	AAA	AA-	F1+			5.0	2 years
HSBC	GBR	AAA	AA	F1+	30.0	364 days	5.0	5 years
Royal Bank of Scotland	GBR	AAA	AA-	F1+	30.0 (Ulster Bank limited to max. of 10.0 only)	3 months	-	-
Nat West Bank	GBR	AAA	AA-	F1+				
Ulster Bank	GBR	AAA	A+	F1+				
High quality foreign banks								
National Australia Bank	AUS	AA+	AA	F1+	See Clydesdale Bank above		5.0	5 years
Dexia Bank	BEL	AA+	AA-	F1+	20.0	364 days	-	-
KBC Bank	BEL	AA+	A+	F1	10.0	3 months	-	-
KBC Ireland	IRL	AAA	A	F1				
Canadian Imperial Bank of Commerce	CAN	AAA	AA-	F1+	20.0	364 days	5.0	2 years
Nordea Bank Finland	FIN	AAA	AA-	F1+	20.0	364 days	5.0	2 years
Nordea Bank AB	SWE	AAA	AA-	F1+				
CALYON	FRA	AAA	AA-	F1+	20.0	364 days	-	-
Credit Industriel et Commercial	FRA	AAA	AA-	F1+	20.0	364 days	5.0	2 years
Credit Agricole	FRA	AAA	AA-	F1+	20.0	364 days	5.0	2 years
Societe Generale	FRA	AAA	AA-	F1+	20.0	364 days	5.0	2 years

SCHEDULE C

	Country	Sovereign Rating	Long Term Rating*	Short Term Rating*	Specified Investments (up to 1 year)		Non-Specified Investments (over 1 year)	
					Total Exposure £m	Time Limit	Total Exposure £m	Time Limit
High quality foreign banks (cont)								
Deutsche Bank	DEU	AAA	AA-	F1+	20.0	364 days	5.0	2 years
Landesbank Baden-Wuerttemberg	DEU	AAA	A+	F1+	10.0	3 months	-	-
Norddeutsche Landesbank Girozentrale	DEU	AAA	A	F1	10.0	3 months	-	-
DBS Bank (Hong Kong)	HKG	AA	AA-	F1+	20.0	364 days	5.0	2 years
Intesa Sanpaolo Spa	ITA	AA-	AA-	F1+	20.0	364 days	5.0	2 years
Banco Espirito Santo SA	PRT	AA	A+	F1	10.0	3 months	-	-
Svenska Handelsbanken	SWE	AAA	AA-	F1+	20.0	364 days	5.0	2 years
Building Societies								
Coventry	GBR	AAA	A	F1	10.0	3 months	-	-
Leeds	GBR	AAA	A	F1	10.0	3 months	-	-
Nationwide	GBR	AAA	AA-	F1+	30.0	364 days	5.0	2 years
Local Authorities								
County Councils					20.0	364 days	5.0	5 years
English Unitary Councils					20.0	364 days	5.0	5 years
Metropolitan District Councils					20.0	364 days	5.0	5 years
District Councils					20.0	364 days	5.0	5 years
Police Authorities					20.0	364 days	5.0	5 years
Fire Authorities					20.0	364 days	5.0	5 years
National Park Authorities					20.0	364 days	5.0	5 years
Other Deposit Takers								
Money Market Funds with highest possible rating (AAA) for that fund type, by at least one of the three major credit rating agencies (Fitch, Moody's, Standard and Poor)					20.0	364 days	5.0	5 years
UK Government Debt Management Account Deposit Facility ('AAA' rated)					100.0	364 days	5.0	5 years

* Fitch ratings as at 23rd January 2009

Draft NYCC Community Safety Strategy

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 - Community empowerment – local residents achieving local solutions
 - Making the roads safer in order to reduce those killed, injured or affected by issues such as speeding
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Foreword

Community Safety is central to the citizens of North Yorkshire. They tell us that they have a low fear of crime, feel safe living here and are able to enjoy our outstanding natural environment - all of which indicate that community safety is being ‘delivered’.

This Strategy sets out the Community Safety ambitions and targets we seek to achieve and the way in which we are working to meet these goals. It shows the citizens of North Yorkshire what they can expect of us over the next two to three years and it demonstrates our commitment to partnership working.

This Strategy also shows how our work extends beyond the statutory requirements of Section 17 of the Crime and Disorder Act 1998. It demonstrates the linkages within the County Council and with our partners across North Yorkshire.

We start from an excellent position, having been rated as one of the top performing County Councils in a recent benchmarking exercise which looked at Community Safety. We will maintain those levels of service in which we are excellent and work to improve where we see we should do more.

Above all this Strategy underpins our commitment to the community to achieve our overall vision for the citizens to live and thrive in secure communities.

County Councillor Greg White
Executive Member with responsibility for Community Safety

North Yorkshire County Council's Vision and Community Safety Objective

The County Council shares the vision set by the North Yorkshire Strategic Partnership (NYSP) in the North Yorkshire Sustainable Community Strategy 2008/18:

North Yorkshire - a place of equal opportunity where all can develop their full potential, participate in a flourishing economy, live and thrive in secure communities, see their high-quality environment and cultural assets maintained and enhanced, and receive effective support when they need it.

To achieve this vision we need to work with partner agencies and also to play our part as an individual organisation. One of the County Council's own objectives directly addresses community safety:

Helping people to live and thrive in safe and secure communities

We define Community Safety as:

Everyone has the right to live without fear for their own or other people's safety. Community safety relates to this sense of ease and personal security, the absence of which can adversely affect people's quality of life and their perception of and regard for their local community.

Working for community safety means nurturing, supporting and developing those things that help people feel safe whilst doing all we can to prevent, reduce or contain the social, environmental and intimidatory factors which don't. It encompasses traditional enforcement and prevention activities that contribute to crime reduction as well as actions to help build stronger, more cohesive communities that inspire a sense of confidence and respect

Why is it important?

The County Council's involvement in community safety contributes to the overarching North Yorkshire Strategic Partnership's aspirations, and complements that of partner organisations. We have a formal remit through the LAA processes and Section 17 of the Crime and Disorder Act to ensure that Community Safety is an integral part of our business and partnership activities.

Most importantly, the communities in North Yorkshire have also told us through our Area Committees, Citizens' Panel and other community engagement processes that community safety is important to *them*.

Community safety extends beyond the traditional boundaries of crime and disorder - it is about issues that affect people's quality of life - specifically their feelings and perceptions of personal safety and security. These are affected by wider issues including evidence and incidence of anti-social behaviour; the physical appearance of the environment - including levels of rubbish, graffiti, noise and street lighting at night. As such community safety has become a priority issue for all public services - including health, employment, education, social care and housing as well as remaining the central concern of traditional agencies such as the Police and Fire and Rescue services.

Our strategy with regard to community safety:

We believe that we can be proud of our performance, which results not solely through our own efforts but in conjunction with others:

- In community safety we were rated as the top performing County Council in the recent benchmarking exercise undertaken by Price Waterhouse Coopers.
- The Audit Commission tells us we are "A top four star council that is improving well".
- Several of the district-based Crime and Disorder Reduction Partnerships (CDRPs) perform exceptionally well and are in the top 10% across England and Wales.

We aim to both to maintain this position and to work hard in those areas where there is scope for improvement.

Safeguarding the community involves both enhancing the environment in which citizens reside and working with those who through their actions create disorder.

We aim to engage and involve the citizens of North Yorkshire in shaping all our services, including those which impact on community safety. Our engagement with the community continually refreshes those topics seen as priorities by those we serve, and where we need to ensure we continue to deliver the highest standard of service.

As we canvas the views of the community and listen to their aspirations we are finding they become more confident in working up solutions. This has led to a very real empowerment of for example young people, through their influence on the facilities they need in their towns and villages; village community groups in local issues such as speeding traffic and older people in the role for our libraries as a community driven resource. We envisage this empowered participation will be at the forefront in driving many of our services, including community safety.

External influences such as changes in legislation and government priorities will challenge us to ensure we do the best for our community. We will, as part of our involvement in the NYSP, be looking at the strategic linkages between community safety, the programme for Integrated Offender Management and the work of North Yorkshire's Drug and Alcohol Action Team.

We also need to continue and further develop our partnership working through the York and North Yorkshire Safer Communities Forum and the CDRPs. In particular we need to ensure that the development of a Local Information System (LIS) incorporates multi-agency community safety data.

We recognise the important community leadership role of County Councillors with regard to community safety, in particular linking our strategy to local people and initiatives, helping to resolve issues and shape future provision. We will fully support County Councillors to enable them to successfully fulfil this role.

From commitment into action – how the NYCC works in partnership to deliver

Community Safety is one of the priorities in the North Yorkshire Sustainable Community Strategy 2008/18. In particular, we and our partners aim to:

- Reduce the re-offending rate, particularly by young offenders
- Tackle the issue of domestic abuse
- Reduce the fear of crime
- Support partnership-working between agencies responsible for environmental and transport planning, along with others such as the police, to reduce the number of deaths or serious injuries as a result of road traffic accidents

As a result, the North Yorkshire Local Agreement 2008/11 includes a number of community safety targets (set out in the Appendix), which partners have agreed to deliver through the NYSP's York and North Yorkshire Safer Communities Forum and the seven North Yorkshire Crime and Disorder Reduction Partnerships.

Spearheading the push for improving community safety is the NYSP's York and North Yorkshire Safer Communities Forum (the Forum). This acts as our main focus for community safety policy development and delivery. A key added value of the Forum is its ability to identify and then implement coordinated delivery across the area.

The Forum is made up of senior representatives from organisations committed to improving community safety including the County Council (the Executive member with responsibility for community safety), District Councils, North Yorkshire Police, North Yorkshire Police Authority, North Yorkshire Fires and Rescue, the Probation Service, NHS North Yorkshire and York, and the Chairs of the eight York and North Yorkshire Crime and Disorder Reduction Partnerships (CDRPs).

The NYCC actively participates at all levels of the Forum, working to ensure that the County Council's strategy, resources and delivery contribute to the Forum's outcomes

Support to the Forum is through the Joint Officer Working Group (JOWG). This Group takes the Forum's strategy and then coordinates the activities of the Joint Coordinating Groups ensuring that priorities and resource are managed effectively. It is also expected to identify corrective actions where performance is off target.

A number of themed Joint Coordinating Groups (JCGs) exist. These are responsible for the delivery of agreed countywide priorities. The chair of each JCG sits on the JOWG. JCGs

currently exist for themes covering Domestic Abuse, Violent Crime, Alcohol, Prolific and Priority Offenders, Road Safety (95 Alive).

Determining the priorities for the Forum is through a process of taking each District's needs along with the priorities of partners. The Forum then looks at the most appropriate way of meeting those needs, which could range from local focussed activities to a countywide approach.

Each CDRP develops a Joint Strategic Intelligence Assessment (JSIA). The assessments are then aggregated to produce a County Community Safety Agreement - the equivalent of a countywide community safety 'needs assessment'. The Community Safety Agreement is part of the Forum's statutory obligation to act as the focus for Partnership working. The Crime and Disorder Act 1998 sets out the way in which District and County Councils can work collectively to meet the community's needs.

The Community Safety Agreement (CSA) and the LAA are closely aligned. The CSA can be thought of as the start of the transition from strategic priorities into on-the-ground delivery

The County Council also actively participates in the seven CDRPs in North Yorkshire. It is represented on each by a County Councillor nominated by the respective Area Committee, supported by a Senior Policy and Partnership Officer.

The County Council's contribution to community safety

The strong synergy between County Council services and their impact on the community is illustrated below:

work around	initiated by	focussing on	impacts on
Alcohol related crime, health, Anti-social behaviour	Business and Environmental Services	Alcohol, Fireworks, Solvents, Knives, Cold Calling Zones	Anti-social behaviour, Acquisitive Crime, Violent Crime
Affordable Housing	Adult and Community Services	Housing support including resettlement, Extra care and other supported housing	Fear of crime, Domestic abuse, Re-offending, Accident reduction, Crime, including Burglary
Children and Young People	Children and Young Peoples Services	Youth Offending Team, Secure by Design, Premises, Truancy, Safer Walked, Routes, Arson Reduction, Missdorothy.com etc	Re-offending, Arson and Criminal Damage, Anti-social behaviour, Killed and seriously injured, Personal safety and youth crime, Bullying, Truancy

Community Cohesion	Children and Young Peoples Services and Chief Executives Group	'Prevent', Hate Crime, Reporting Centres, Learning English and Citizenship	Violent extremism, Community tensions, Social exclusion
Economy and Enterprise	Business and Environmental Services	Business Crime	Shoplifting, burglary, criminal damage etc.
Economy and Enterprise	Business and Environmental Services	Graffiti, Street lighting, and CCTV	Criminal Damage, Fear of Crime, Street Crime, Anti-social behaviour
Health and Wellbeing	Adult and Community Services	Safe-guarding adults, Preventative services	Accidents, Harm from Substance misuse, Fear of Crime
Older people	Adult and Community Services and Business and Environmental Services	Safe-guarding adults, living at home.	Domestic Abuse, Fear of Crime, Burglary, Bogus callers, Fire Safety, Crime and the Disabled, Rogue Traders
Road Safety	Business and Environmental Services	Killed and Seriously Injured	Speeding through built-up areas, Accidents

The following sections explore key aspects of the County Council's contribution to community safety in more detail.

Children, Young People and Community Safety

Almost 25% of our community are children and young people between the ages of 0 and 19 years old. This significant proportion of the population need special attention reflecting the opportunities they need to embrace and the vulnerabilities to which they can be exposed.

Early work with children and young people is vital to ensure they set off on the best route to success. In some cases this does not happen and interventions need to be in place to help them get back on track and away from criminal tendencies.

Our strategy is to exploit the strong synergy between the aims of the Children and Young People Services, the Supporting People programme and community safety. The common areas identified for continued development are:

Be Healthy

- Reduce substance and alcohol misuse

Addressing misuse at an early age impacts on incidents of anti-social behaviour and criminal damage as well as providing a healthier life style. It also prevents the long-term health effects of substance misuse such as liver disease. The relevant targets are NI 41 (Reduce

perceptions of drunk or rowdy behaviour as a problem), NI 115 (Reduce substance misuse by young people) and L 67 (Reduce perceptions of anti-social behaviour).

Make a Positive Contribution

- Secure an effective Youth Crime Prevention Strategy across the County
- Reduce rates of offending and re-offending through targeted work (NI 19)

Our strategy is to divert young people away from or reduce their involvement in criminal activities. This key activity is led by the Youth Offending Team (YOT). Often this involves boosting the person's opportunities for employment by raising their educational attainment and improving their employment potential through specific training aimed at identified jobs. This is reflected in NI 45 (Increase young offenders' engagement in suitable education, employment or training).

Stay Safe

- Safeguarding Children
- Provide safe environments for children and young people
- Reduce the incidence of bullying and discrimination
- Tackle domestic abuse in North Yorkshire
- Support children and young people on the edge of care
- Improve the lives of Looked After Children

Young people who are truants are highly likely to drift into committing anti-social behaviour and then increasingly criminal activities. However truancy may be the result of witnessing domestic abuse, being a victim of bullying or more complex issues. Our strategy is to increasingly ensure all our services are integrated along with those of other agencies.

The 'Making Safe' project is one example of work to address domestic abuse. We are also seeking to do more to support children affected by domestic abuse.

To complement anti-social behaviour (ASB) programmes, our Supporting People programme helps young people with drug and alcohol problems, providing accommodation and support for young homeless people.

Driving Down Crime – Prolific and Priority Offenders (PPO)

This is work that will have a very significant impact on society by concentrating on the small percentage of offenders who commit the majority of crimes.

It is estimated that approximately 10% of the active offender population is responsible for half of all crime and that a very small proportion of offenders (0.5%) are responsible for one in ten offences.

The national strategy places the emphasis on a multi-agency approach led in principle by CDRPs with Police, the Crown Prosecution Service, Prisons and Probation working together, with Local Criminal Justice Board (LCJB) co-ordination, to effectively catch, convict, monitor and manage these offenders in the community and custody and effectively rehabilitate them.

Under the NYSP, the Forum has up to now taken responsibility for the monitoring and management of offenders in the community and in their rehabilitation. Working effectively with this cohort of offenders will have a dramatic impact on their levels of criminality. Thus the LAA has as an improvement target NI 30 (Reducing the re-offending rate of prolific and other priority offenders).

'Spotlight' is the branding given to North Yorkshire's PPO scheme. The success of this and other related offender interventions has resulted in the decision to implement Integrated Offender Management. This very significant strategic decision will result in a more streamlined handling of PPOs, linking partners together more effectively. The outcome will be an increased capacity in the number of PPOs that can be managed. This in turn will reduce the levels of criminality across the County.

CASE STUDY BOX - SPOTLIGHT

Spotlight is a joint approach from NY police and Probation to work with Prolific & Other Priority Offenders (PPOs) to address their offending behaviour

The Spotlight Project takes key responsibility for managing these offenders from start to finish. The teams use a 'keyworking' approach to coordinate a range of services. These services include agencies such as Citizen's Advice Bureau, local Church organisations, housing support organisations and substance misuse agencies.

The Spotlight team also works with a small number of offenders who are not managed by the statutory criminal justice agencies. The reasons for this include:

- the probation service has no statutory obligation to supervising those serving or released from short prison sentences.
- those who, through lack of conviction in the criminal court, sit outside the criminal justice system. This group includes those subject to civil court granted Anti-social Behaviour Orders (ASBOs).
- PPOs who have completed community orders or periods on licence or have disengaged from drug treatment and are still actively offending.

Spotlight ensures they will be assertively encouraged to take assistance in achieving their rehabilitation and a real chance to move away from crime and disorder.

We know that finding accommodation and employment for PPOs are the top two most effective steps to reduce their re-offending. The County Council works to secure their access to accommodation and the provision of tenancy support. In addition and through working in partnership with District Councils, Registered Social Landlords and tenancy support organisations, we endeavour to ensure there is sufficient (mainly rented) accommodation available.

Community empowerment – local residents achieving local solutions

No Cold Calling

Although the incidence of unfair, unsafe and criminal trading activities is low, it is a concern to communities. Some of this concern is due to the media coverage given to 'rogue traders'. In other instances it is due to the suffering caused to the victims of scams.

Individuals and communities raise their concerns either through direct reporting or through consultation. The result is the involvement of our Trading Standards Unit with their service objective to protect the community from such activities.

One approach adopted is No Cold Calling zones. It is characterised by partnership working often involving the CDRP along with the community. The zones are set up where a group of residents all agree that unannounced visits by traders (eg door-to-door salespersons) are unacceptable. The tactic adopted spans advice, training, in addition to enforcement.

The No Cold Calling zones initiative typifies the originality of the Unit's approach to problem solving and the benefits that flow. In the case of the No Cold Calling work, not only has doorstep crime been reduced to near zero, but the fear of crime, the health of potential victims and awareness/involvement of the police and magistrates been improved.

In just over three years some 200+ No Cold Calling zones have been rolled out across the county.

Alcohol Respect Campaign

Underage drinking in public places can bring with it anti-social behaviour/criminal damage and real fears that the area is unsafe.

The innovative Alcohol Respect Campaign reduces the anti social behaviour caused by underage drinkers. The campaign spearheaded by the County Council's Trading Standards and Regulatory Services achieves its objectives by working with Neighbourhood Police Officers, the CDRP, the Retail of Alcohol Standards Group, parents and local residents.

The Alcohol Respect Campaign was first trialled in Bedale and then followed by campaigns in three of Ryedale's market towns.

A key element of our strategy is to see this approach being extended to other areas where underage drinking is a problem.

Making the roads safer in order to reduce those killed, injured or affected by issues such as speeding

In common with many community safety topics, our approach is to work on peoples' perceptions as well as reality. We look both to reduce the numbers of actual road traffic accidents as well as countering the fears that some have over the apparent speed of road-users.

Our 'Safety' objective within the Highways and Transport Group translates directly to the 95 Alive campaign. This highly successful initiative has in particular reinforced the strong partnership working with the County's Fire and Rescue Service. Recognising the widespread concern to the community caused by speeding vehicles in villages and towns, our strategy includes partnership working to improve general road safety and travel awareness and working with Children and Young Peoples Service to improve travel to schools and colleges, as well as educational work aimed at embedding road safety thinking from the earliest age.

Building an inclusive community that feels safe and secure

Social Inclusion ensures all people have the opportunity to achieve their potential in life; through access to services, good education and skills throughout life, employment, health and by overcoming geographical isolation, poverty and discrimination. This is to counter what can happen when people or areas suffer from a combination of linked problems, such as unemployment, poor skills, low income, poor housing, high crime, bad health and family breakdown.

Our strategy is to work together to prevent these linkages from forming - and to break them where they exist. Some we can influence directly ourselves, but more often it will be through our partners in health, education social services and similar agencies.

In our county the voluntary and community sector are invaluable for the well-being of our communities. They play an important role as partners in delivering many of the support, diversion and prevention programmes of community safety across districts.

Community safety approaches issues by:

- Building up increased community pride and empowerment - this creates a positive buzz in an area, leads to a feeling of optimism, has the effect of increasing business confidence to invest in an area and employ local residents; results in less likelihood of graffiti or criminal damage;
- Encouraging good planning of streets, effective use of lighting, promoting positive media articles to improve the perception of an area's safety - this encourages better social interaction, older people getting 'out and about', local shops and cafes thriving, increased use of public transport and replaces 'fear of crime' with a 'feeling of well-being'.
- Preventing people becoming victims of crimes such as assault, robbery, muggings etc. - avoids them withdrawing from social interaction and in effect electing to become socially excluded. This is particularly relevant to vulnerable groups such as those with mental health and learning difficulties.
- Taking a proactive approach to community cohesion - creating an inclusive community and minimising the likelihood of extremist influences being developed

Adult and Community Services provides and works with partners to provide support to older people, people with disabilities and other vulnerable people to help them maintain their independence and feel safe in the community.

Ensuring our towns are even better places in which to work, relax and be entertained

Thriving town centres are a characteristic of our county. Ranging from small market towns to almost city-size locations, the centre is often a place for work, and shopping during the day. At night they become a focus for entertainment.

Enhancing these centres requires businesses to be confident of long-term stability of trade, and visitors to enjoy a welcoming environment. Added to this is the need to cater for tourists who will have high expectations that the county lives up to the image projected by the hospitality industry.

We know that peoples perceptions play heavily in their decisions as to where is 'attractive' to visit. In developing a strategy to further improve our towns, we need measures that both respond to peoples' concerns as well as reducing levels of incidents such as anti-social behaviour and criminal damage.

Community safety has a pivotal role in supporting the growth and success of our town centres. The LAA includes many elements that will enhance the town centre environment. We are committed along with partners to combine a range of actions to reduce:

- the levels of alcohol related violence, eg assaults (NI 20)
- the perceptions of drunk and rowdy behaviour as a problem (NI 41)
- the levels of violent crime (L 60)
- and the perceptions of anti-social behaviour (L 67)

This work will have the added benefit of demonstrating to the community how their views result in action being taken. This citizen-focussed empowerment is an approach shared by NYSP themes and will become a central feature to future work.

Domestic Abuse

Research has shown that as many as 1 in 4 women and 1 in 6 men will, along with their families, be affected by domestic abuse. Experiencing domestic abuse has a painful and enduring effect on those, including children, subjected to or witnessing this form of violence.

Reducing the repeat incidence of Domestic Violence / Domestic Abuse is one of the NYSP's key priorities and reflected in the LAA (NI 32).

Our strategy is to ensure that there is countywide access to the proven techniques for impacting on domestic abuse. We are achieving this by co-funding with the North Yorkshire Police the Domestic Abuse Coordinators who work across York and North Yorkshire. We have facilitated the acquisition of Home Office funding to enable the coordinators to commission work with victims and to enhance the way in which courts process cases of domestic abuse. The Countywide Alcohol Harm Reduction Strategy recognises the influence that excessive consumption of alcohol and drug abuse have in heightening levels of domestic violence and abuse and outlines measures to counter their impact.

Though our Supporting People programme we provide refuge places for women, family members and children who are victims of domestic abuse. We also commission work to support children who witness domestic violence.

A fundamental influence on reducing domestic abuse is the Making Safe programme, now being rolled out across the county.

CASE STUDY BOX - MAKING SAFE

The ‘Making Safe’ scheme’ won the prestigious Butler Trust award in national recognition of its excellence and innovation by staff working with offenders.

‘Making Safe’ is a partnership between a number of statutory and voluntary sector agencies. The scheme ensures a positive, multi-agency intervention to incidents of domestic abuse, which supports victims in remaining safely in their own homes, while at the same time challenging the behaviour of the perpetrator. In providing this intervention, the scheme has an innovative option where appropriate of removing the perpetrator from the family home and placing them in alternative accommodation.

The initial evaluation shows a remarkably low (10.8%) re-offending rate by domestically violent offenders compared with the national figure of 47%. Following strong interest from the Home Office, and our commitment to reducing Domestic Abuse funds have enabled the Countywide ‘Making Safe’ Steering Group to roll out the initiative across all of North Yorkshire.

Appendix – Relevant Local Area Agreements targets

National or local indicator	Brief description	Partners (* = lead partner)
NI 19	Reduce rate of proven re-offending by young offenders.	YOT * Police NYCC
NI 20	Reduce assault with injury crime rate.	Police * CDRPs
NI 30	Reduce re-offending rate of prolific and priority offenders.	CDRPs * Police Probation Drug Intervention Teams Local Criminal Justice Board

NI 32	Reduce repeat incidents of domestic violence.	CDRPs *
NI 39	Reduce alcohol-harm related hospital admission rates.	PCT *
NI 41	Reduce perceptions of drunk or rowdy behaviour as a problem.	CDRPs *
NI 45	Increase young offenders' engagement in suitable education, employment or training.	YOT * NYCC Learning and Skills Council
NI 47	Reduce people killed or seriously injured in road traffic accidents.	NYCC * Police Fire & Rescue PCT
NI 115	Reduce substance misuse by young people.	CDRPs * NYCC POLICE PCT
L 60	Reduce the incidence of violent crime a) The number of violent crimes recorded annually b) The proportion of violent offences which result in Sanction Detections	Police *
L 67	Reduce perceptions of anti-social behaviour.	CDRPs *

Glossary and links

North Yorkshire Strategic Partnership (NYSP)

The NYSP brings together the principal public sector agencies responsible for promoting the economic, social and environmental wellbeing of communities in the County, together with the voluntary sector and business community and each of the district level strategic partnerships
www.nyssp.org.uk

NYSP's York and North Yorkshire Safer Communities Forum

A range of organisations committed to tackling Crime and Disorder and its causes. The Forum is primarily concerned with the delivery of countywide outcomes through the 'safer' element of the Local Area Agreement (LAA).

www.nysp.org.uk/safer

County Community Safety Agreement

The agreement outlines ways in which partners can work more effectively, both individually and collectively, to address the priorities and issues identified.

www.nysp.org.uk/html/thematic-partnerships/safer-communities/documents/community-safety-agreement

The Crime and Disorder Act 1998

<http://www.crimereduction.homeoffice.gov.uk/cdact1.htm>

see also the Guide for CDRPs at

<http://www.crimereduction.homeoffice.gov.uk/crimereduction027.htm>

North Yorkshire Crime and Disorder Reduction Partnerships:

Hambleton Community Safety Partnership

www.hambleton.gov.uk/community_and_living/crime_prevention

Harrogate District Safer Communities Partnership

www.harrogate.gov.uk/main.asp?page=8

Richmondshire Community Safety Partnership

www.richmondshire.gov.uk/partnerships1/communitysafetypartnership.aspx

Safer Craven Community Partnership

www.cravenc.gov.uk/Craven/Residents/SCCP

Safer Ryedale Partnership

www.ryesafe.org

North Yorkshire Moors and Coast Safer Communities Partnership

www.safermoorsandcoast.org.uk

Selby District Community Safety Partnership

www.sdcsp.org.uk

ADMISSIONS POLICY FOR COMMUNITY AND VOLUNTARY CONTROLLED SCHOOLS FOR THE ACADEMIC YEAR 2010/11

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:
<u>Priority Group 1:</u> Children and young people in Public Care for whom the school has been expressed as a preference.	 <i>This applies to all looked-after children, including those who are in the care of another local authority.</i>
<u>Priority Group 2 :</u> Children the Authority believes have special social or medical reasons for admission.	 <i>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. The supporting evidence should set out the particular social or medical reason(s) why the school in question is the most suitable school and the difficulties that would be caused if the child had to attend another school.</i> <i>Panels of professionally qualified people will consider all applications made under priority group 2.</i>
<u>Priority Group 3 :</u> Children living within the normal area of the school.	
<u>Priority Group 4:</u> 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. All applications within each priority group will be considered equally (i.e. all applications, regardless of order of preference).

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 a sibling at the school in September 2010 (in all cases sibling refers to brother or sister, half brother or sister, adopted brother or sister, step brother or sister, or the child of the parent / carer's partner where the child for whom the school place is sought is living in the same family unit at the same address as that sibling) and then to those living nearest the school.

If within a priority group there are not enough places for all those with a sibling at the school in September 2010, we will give priority to those children with a sibling living nearest the school.

Distance measurements are based on the nearest walked route from a child's home address to school. We measure from a fixed point within the dwelling, as identified by Ordnance Survey, to the nearest school entrance 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.

Local arrangements:

Harrogate area**

For the purposes of admissions to Harrogate Grammar School, Harrogate High School and Rossett School the home address of children living in the normal area for these three schools is defined as been within either Harrogate rural area or Harrogate town area. When considering Priority Group 3 applications, children in the Harrogate rural area are given priority over children in Harrogate town area, using the tie break elements of the Admissions policy for community and voluntary controlled schools for the academic year 2010/11 where necessary.

*** These admission arrangements are subject to a school adjudicator's determination of 29/9/08 requiring consultation on alternative arrangements. NYCC has asked for deferral to 2011 and at the same time has taken the first step towards judicial review of the adjudicator's determination. It is therefore possible that these proposals may be withdrawn and widespread consultation on alternative proposals may be required.*

Scarborough area

Graham School and Raincliffe School - For priority group 3 applications (that is, children living within the normal area covering both schools), priority will be given as follows:

- a) Children living in the area normally served by East Ayton Community Primary School and the area west of Scalby Road from Lady Edith's Drive to Scalby Beck.
- b) Children who will have an older sibling at the school of their choice.
- c) Children who live nearest to the school of their choice.

Scalby School - For priority group 4 applications (that is, children living outside the normal area of the school), priority will be given to children who live in the areas normally served by East Ayton Community Primary School and the area west of Scalby Road from Lady Edith's Drive to Scalby Beck and who:

- a) will have an older sibling at Scalby School at the start of the term when the younger sibling starts school; or
- b) would have to make the longest journey to another school without them becoming eligible for help with travel costs from us under the local authority transport policy.

Selby area

Brayton College and Selby High School – For the purposes of admissions for priority group 3 children a distinction is drawn between those who live in Selby rural area and Selby town area. Each school, Brayton College and Selby High, has its own designated rural area and the two schools are jointly the normal schools for the Selby town area. Places will be offered, within priority group 3, to children from the individual rural area associated with each school before those in the town area, using the tie break elements of the Admissions policy for community and voluntary controlled schools for the academic year 2010/11 where necessary.

Appendix 2

**ADMISSIONS POLICY FOR COMMUNITY AND VOLUNTARY CONTROLLED
NURSERY SCHOOLS, NURSERY CLASSES AND PRE-RECEPTION
CLASSES FOR THE ACADEMIC YEAR 2010/2011***

ORDER OF PRIORITY:	<i>Notes</i>
<p><u>First priority:</u></p> <p>Children with a statement of special educational needs naming the school concerned.</p>	
<p><u>Second priority:</u></p> <p>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.</p>	<p><i>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 sets out the particular reason(s) why the school in question is the most suitable school and the difficulties that would be caused if the child had to attend another school.</i></p>
<p><u>Third priority:</u></p> <p>Children from homes with poor housing conditions or overcrowding, or from a background which could affect the child's normal educational development.</p>	<p><i>Note: this should be supported by the recommendation of a doctor, social worker or other appropriate professional.</i></p>
<p><u>Fourth priority:</u></p> <p>Children within the normal area of the school, giving priority to the oldest children first.</p>	
<p><u>Fifth priority:</u></p> <p>Children from outside the school's normal area, giving priority to those whose home is nearest to school first.</p>	

* These arrangements may be subject to amendment to accommodate the flexible early years entitlement for three and four year old children.

2010/11

**CO-ORDINATED ADMISSION
ARRANGEMENTS**

January 2009

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 2007 School Admissions Code.

The content, including key dates, of the North Yorkshire Coordinated Primary and Secondary School Admissions Scheme for 2010/11 may have to be reviewed and amended in the light of the content of the proposed 2009 School Admissions Code. In addition there may be a requirement to introduce details of co-ordination of mid-year applications for school places in North Yorkshire should that be introduced by the 2009 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 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 available preference.

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;

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 31 October 2009 for secondary schools and 15 January 2010 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 1 March 2010 for secondary schools or 23 April 2010 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 2010.

Admissions Co-ordination 2010/11

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, 3 Foundation / Trust Secondary, 13 neighbouring Local Authorities, 6 Diocesan Authorities and 273 Voluntary Controlled and Community Primary and 40 Community Secondary Schools including 5 middle schools deemed secondary.

The current DCSF School Admissions Code 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 2009 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 / Trust schools.

Parents will be requested to return their applications by a closing date of 23 October, 2009. 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 1 March 2010.

Arrangements are available for parents to make on line applications for admission to school for the 2010/11 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.

Selective areas of the County from the Guide for Parents 2009/10

Skipton Selection

Places will normally be provided at Ermysted's Grammar School and Skipton Girls' High School for pupils who are considered to be suitable because of

their high ability and who live in the area are served by the primary schools in Arncliffe, Beamsley, Bradley, Burnsall, Carleton, Cracoe, Embsay, Gargrave, Grassington, Kettlewell, Kirby-in-Malhamdale, Skipton, Thornton-in-Craven and Threshfield. Ermysted's Grammar School and Skipton Girl's High School offer courses to children aged 11 to 18.

The governing bodies are responsible for applying their own admissions policies for Ermysted's Grammar School and Skipton Girls' High School and the local authority applies agreed co-ordinated admissions arrangements.

Selective Area Ripon

Places will normally be provided at Ripon College and Ripon Grammar School for children who live in the City of Ripon together with the parishes of Aldfield, Azerley, Bishop Monkton, Bridge Hewick, Burton Leonard, Copt Hewick, Eavestone, Givendale, Grantley, Grewelthorpe, Hutton Conyers, Kirby Malzeard, Laverton, Lindrick, with Studley Royal and Fountains, Littlethorpe, Markenfield Hall, Markington-with-Wallerthwaite, Newby-with-Mulwith, North Stanley with Sleningfird, Sawley, Sharow, Skelding, Skelton, Studley Roger and Winksley.

Ripon College is a non-selective secondary school in a selective area offering courses for children aged 11 to 18. Ripon Grammar School is a selective school that offers course for children aged 11 to 18. Children can only be admitted to Ripon Grammar School if they have been deemed suitable for a grammar school education, in accordance with the local authority selection scheme.

All children living within the area served by the Ripon schools will be tested, unless parents write to the local education office saying that they do not want their children to be tested.

The Local Authority's selection scheme uses nationally recognised tests from GL Assessment 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 identify 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 which parents can utilise if their child(ren) are not considered suitable for selective school education, as well as the statutory

appeal process available if parents 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 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 2009 with a closing date for their return of 15 January 2010.

Parents will be offered their allocated school on 23 April 2010.

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 2010/11 academic year i.e. in Autumn term 2010, Spring term 2011 or Summer term 2011, 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.

January 2009

**CO-ORDINATED ADMISSION
ARRANGEMENTS**

**Secondary Transfer
2010/11**

Introduction

1. The content, including key dates, of the North Yorkshire Coordinated Secondary School Admissions Scheme for 2010/11 may have to be reviewed and amended in the light of the content of the proposed 2009 School Admissions Code.
2. The co-ordinated admission scheme is reviewed annually by the North Yorkshire 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 on the last day of term December 2010.
3. The offer of a single place will be made on 1 March 2010 and allocation letters will be posted on that date.
4. The scheme does not affect the duty of voluntary aided, foundation and trust schools to determine their own admissions policies.
5. 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
6. North Yorkshire Local Authority (LA) will work with other admission authorities, including our thirteen neighbouring Local Authorities, voluntary aided, community and foundation / trust schools within North Yorkshire, to ensure the co-ordinated scheme operates as smoothly as possible for parents. Our 13 neighbouring admission authorities, six aided and three foundation / trust secondary schools are listed below:

Foundation / Trust 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

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 Authorities

Bradford

Pupil Access Manager
Education Bradford
Future House, Bolling Road
BRADFORD
BD4 7EB

Tel No: 01274 385604

Darlington

Children's Information Service
Town Hall,
Feethams
DARLINGTON
DL1 5QT

Tel No. 01325 380651

Cumbria

Corporate Director – Children
Services
5 Portland Square
CARLISLE
CA1 1PU

Tel No. 01228 606877

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

Lancashire

Director of Education
PO Box 61,
County Hall
PRESTON
PR1 0LD

Tel No. 01772 254868

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

Stockton on Tees

School Admissions
Stockton-on-Tees Borough Council
PO Box 228,
Municipal Buildings, Church Road
STOCKTON ON TEES
TS18 1XE

Tel No. 01642 526605

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

East Riding of Yorkshire

Admissions Team
Children, Family & Adult Services
County Hall,
BEVERLEY
HU17 9BA

Tel No. 01482 392130/392131/392132

Leeds

Admissions & Transport Team
Leeds Education
10th Floor West
Merrion House
LEEDS LS2 8DT

Tel No. 0113 2475729

Redcar and Cleveland

School Admissions
Redcar and Cleveland Borough
Council, Council Offices
PO Box 83, Kirkleatham Street
REDCAR
TS10 1YA

Tel No. 01642 444108

Wakefield

School Admissions
County Hall,
WAKEFIELD
WF1 2QL

Tel No. 01924 305616/305617

Applying for a school place

7. Details of our admission scheme and policy can be found in the 2010-11 Guide for Parents. Parents of North Yorkshire Year 5 children who will be in Year 6 in September 2009 will receive a common application form and a Guide for Parents explaining our procedures in early June 2009. 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.
 8. Preferences will be requested for all transfers at Year 7 as well as 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.
 9. Parents will be able to provide up to five preferences.
 10. 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.
 11. 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 by the deadline of 31 October 2009.

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 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 on the common application form because we have to make sure a school 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 on the common application form. 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 21 August 2009.

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 31 October 2009.

14. In accordance with the requirements of the School Admissions Code we will maintain a waiting list for one term in the academic year of admission for every over subscribed school. Children will be ranked on the waiting list in the same order as the published over subscription criteria. For 2010/11 admissions the waiting list will close on the last day of term in December 2010.

Late Applications

14. If a common application form is received after the closing date of 23 October 2009, 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 not be allowed to change their preferences after 31 October 2009 without a genuine reason for doing so, for example, if they move home after this date. This restriction will continue until the end of September 2010 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 2009 and the results of selection testing will be sent out to parents on 16 October 2009.
17. After the closing date of 31 October 2009 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, foundation and trust schools within North Yorkshire and neighbouring LAs.
18. Preferences for aided schools within another LAs boundary will be sent to that LA for them to administer according to their co-ordinated scheme.
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, trust and foundation 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 1 March 2010 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, foundation or trust 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 1 March 2010.
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 2010. 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 last day of term in December 2010. 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 2010/2011

Date	Activity
12 June 2009	Literature and Common Application Forms to North Yorkshire parents.
21 August 2009	Closing date for all in-area pupils to withdraw from selection testing. Closing date for all out-of-area applications for selection testing.
8 September 2009	Familiarisation selection test in selective areas.
11 September 2009	First actual selection test for both in and out-of-area pupils.
15 September 2009	Second actual selection test for both in and out-of-area pupils.
16 October 2009	Results of selection testing posted to all parents.
31 October 2009	Closing date for return of Common Application Forms.
13 November 2009	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.
20 November 2009	Details of all children who have expressed preferences for North Yorkshire aided and Foundation schools to the schools for consideration.
8 January 2010	Information to be returned to us by aided/foundation schools on which places they can allocate.
11 January 2010	Non statutory selection reviews commence.
19 January 2010	Send first round of allocation information to other authorities identifying potential offer(s).
26 January 2010	Confirmation of allocations with neighbouring admission authorities including voluntary aided and foundation.
1 February 2010	Input information from first cycle of exchange of allocation information.
8 February 2010	Second allocation cycle preference information sent to other authorities
12 February 2010	Input allocation information from second cycle and send final allocation information to other authorities of school place offers to be made
19 February 2010	Input final allocation preference information and produce final allocation letters.
1 March 2010	Allocation Day. Send out allocation letters to all parents applying for a school place. Inform schools of final allocation.
W/C 5 April 2010 to 7 June 2010	Statutory admission appeals.
W/C 5 April 2010 to 23 August 2010	Manual adjustments to allocation and communicating those results to other authorities.
Last day of term December 2010	Closure of waiting lists.

**CO-ORDINATED ADMISSION
ARRANGEMENTS
PRIMARY TRANSFER 2010/2011**

January 2009

Primary Schools Introduction

1. The content, including key dates, of the North Yorkshire Coordinated Primary School Admissions Scheme for 2010/11 may have to be reviewed and amended in the light of the content of the proposed 2009 School Admissions Code.
2. 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 on the last day of term December 2010.
3. The offer of a single school place in a North Yorkshire primary school to North Yorkshire children will be made by us on 23 April 2010.
4. The scheme does not affect the duty of voluntary aided, foundation and trust schools to determine their own admissions policies.
5. 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.
6. North Yorkshire Local Authority will work with voluntary aided, foundation and trust 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 2010/2011 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 Authorities

Bradford

Pupil Access Manager
Education Bradford
Future House, Bolling Road
BRADFORD
BD4 7EB

Tel No: 01274 385604

Darlington

Children's Information Service
Town Hall,
Feethams
DARLINGTON
DL1 5QT

Tel No. 01325 380651

Durham

School Admissions
Education Offices
County Hall
DURHAM
DH1 5UJ

Tel No. 0191 383 3115

Lancashire

Director of Education
PO Box 61,
County Hall
PRESTON
PR1 0LD

Tel No. 01772 254868

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

Stockton on Tees

School Admissions
Stockton on Tees Borough Council
PO Box 228,
Municipal Buildings, Church Road
STOCKTON ON TEES
TS18 1XE

Tel No. 01642 3526605

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

Cumbria

Corporate Director – Children Services
5 Portland Square
CARLISLE
CA1 1PU

Tel No. 01228 606877

Doncaster

Director of Education & Culture
The Council House
College Road
DONCASTER
DN1 3AD

Tel No. 01302 737204/727234

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

Leeds

Admission and Transport Team
Leeds Education
10th Floor West
Merrion Centre
LEEDS
LS2 8DT

Tel No. 0113 2475729

Redcar and Cleveland

School Admissions
Redcar and Cleveland Borough Council, Council Offices
PO Box 83, Kirkleatham Street
REDCAR
TS10 1YA

Tel No. 01642 444108

Wakefield

School Admissions
County Hall,
WAKEFIELD
WF1 2QL

Tel No. 01924 305616/305617

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

7. Details of our admission scheme and policy can be found in the 2010-11 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.
8. Preferences will be requested for all Reception age children. We will have regard to any reasons given by parents for their preferences when applying our oversubscription criteria.
9. 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 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, foundation or trust schools or non-North Yorkshire schools will be referred to the appropriate admissions authority.
12. Filling in common application forms
Parents must do this and return their form to the Local Authority or apply on-line by the deadline of 15 January 2010.
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. This is 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 on their common application form 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 their common application form because we have to make sure a school place is available for every North Yorkshire child.

13. The closing date for receipt of Common Application Forms will be 15 January 2010.

Late Applications

14. If a common application form is received after the closing date of 15 January 2010, 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 not be allowed to change their preferences after 15 January 2010 without a genuine reason for doing so, for example, if they move home after this date. This restriction will continue until the last day of term December 2010 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, foundation and trust schools within North Yorkshire and

neighbouring Local Authorities.

17. Preferences for aided schools within another LA's boundary will be sent to that LA for them to administer according to their co-ordinated scheme.
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, foundation and trust 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, foundation and trust 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.**
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.

The offer of a place

27. No places will be held in reserve for any school.
28. We will write to all parents of children who we have been able to allocate a place at a North Yorkshire school on 23 April 2010, 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, foundation or trust 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 23 April 2010 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 is 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. Places accepted as a result of successful admission appeals, which take place after the allocation date, will lead to further changes 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 neighbouring authorities to check for 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 2010.

Waiting Lists

36. A waiting list will be maintained for all oversubscribed community and voluntary controlled North Yorkshire schools until the end of September 2010. Voluntary aided, foundation or trust schools will 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 2010/11**

Date	Activity
5 October 2009	Literature and Common Application Forms to North Yorkshire parents.
15 January 2010	Closing date for return of Common Application Forms.
22 January 2010	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.
22 January 2010	Local education offices send out details of all children who have expressed preferences for North Yorkshire aided/foundation schools to the schools for consideration.
12 February 2010	Information to be returned to us by aided/foundation schools on which places they can allocate
12 March 2010	Send first round of allocation information to other authorities identifying potential offer(s).
19 March 2010	Input information from first cycle of parental preferences
26 March 2010	Send second allocation cycle information to other authorities
31 March 2010	Input preference information from second cycle and send final allocation information to other authorities
23 April 2010	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 2010	Admission Appeals
9 June 2010 to 27 August 2010	Manual adjustments to allocation and communicating those results to other authorities by local education offices
The last day of term December 2010	Closure of waiting list

APPENDIX 6D

APPENDIX 4

DCSF number [815-]	School	Published Admission Limit 2009/10	2nd consultation LEA proposed MAL 10/11	Full Time Equivalent Nursery places	Full Time Equivalent Pre reception places
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		
3616	All Saints Roman Catholic Primary School, Thirsk	14	14		
3361	All Saints, Church of England School, Kirkby Overblow	12	12		
2245	Alne Primary School	15	15		
2242	Alverton Infant School	45	45	26	
2246	Amotherby Community Primary School	25	25		
2080	Applegarth Primary School	40	40		
2301	Appleton Roebuck Primary School	12	12		6
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	7		
3289	Askrigg Voluntary Controlled Primary School	14	14		
2302	Askwith Community Primary School	13	13		2
3350	Austwick Church of England (V.A.) Primary School	10	10	13	
3008	Bainbridge Church of England Primary and Nursery School	9	9	6.5	
3009	Baldersby St. James Church of England Voluntary Controlled Primary School	8	8		
3369	Barkston Ash Catholic Primary School	20	20		
2400	Barlby Bridge Community Primary School	22	22	13	
2401	Barlby Community Primary School	45	42	26	
3223	Barlow Church of England Voluntary Controlled Primary School	12	12		
2108	Barrowcliff Nursery & Infant School	80	60	19.5	
3133	Barton Church of England Primary School	10	12		
2348	Beckwithshaw Community Primary School	9	9		
3010	Bedale Church of England Primary School	50	50		
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		
3301	Bolton-on-Swale St Mary's Church of England Primary School	14	14		
2309	Boroughbridge Primary School	40	40		
2310	Bradleys Both Community Primary School	20	19		
3231	Brayton Church of England Voluntary Controlled Infant School	60	60		15
2379	Brayton Community Junior School	60	60		
2250	Brompton & Sawdon Community Primary School	10	10		
2249	Brompton Community Primary School	22	20	10	
3015	Brompton-on-Swale Church of England Primary School	25	25		
2225	Broomfield School	35	35		
2311	Brotherton & Byram Community Primary School	30	30	26	
2218	Bullamoor Junior School	37	33		
3337	Burneston Church of England (Voluntary Aided) Primary School	19	19		
3352	Burnsall Voluntary Aided Primary School	12	12		
3356	Burnt Yates Church of England Primary School	8	8		
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		
3354	Carleton Endowed School	20	20		
3306	Carlton and Faceby Church of England Voluntary Aided Primary School	11	11		
2252	Carlton Miniott Community Primary School	25	27		
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	13	
2173	Catterick Garrison, Le Cateau Community Primary School	58	58	39	
2189	Catterick Garrison, Wavell Community Infant School	72	72	23	
2188	Catterick Garrison, Wavell Community Junior School	60	60		
3355	Cawood Church of England Voluntary Aided Primary School	25	25	13	
2224	Cayton Community Primary School	30	30		7.5
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	45	39	
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		
3357	Dacre Braithwaite Church of England Primary School	10	10		
3025	Danby Church of England Voluntary Controlled School	10	10		
2347	Darley Community Primary School	20	20		
2165	Dishforth Airfield Community Primary School	14	16		

DCSF number [815-]	School	Published Admission Limit 2009/10	2nd consultation LEA proposed MAL 10/11	Full Time Equivalent Nursery places	Full Time Equivalent Pre reception places
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	6	7		
3308	Egton Church of England Voluntary Aided Primary School	8	8		
3236	Embsay Church of England Voluntary Controlled Primary School	28	28		
3034	Eppleby Forcett Church of England Primary School	6	8		
3153	Escrick Church of England Voluntary Controlled Primary School	20	17		
2320	Fairburn Community Primary School	8	8		
3632	Farnley Church of England Voluntary Aided Primary School	15	15		
3154	Filey Church of England Voluntary Controlled Infant and Nursery School	76	76	26	
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	8		
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	47	26	
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		7.5
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	6.5	
2328	Harrogate, Bilton Grange Community Primary School	50	48		
2383	Harrogate, Coppice Valley Community Primary School	30	30		
2329	Harrogate, Grove Road Community Primary School	56	56	26	
2368	Harrogate, Hookstone Chase Community Primary School	45	42		
2330	Harrogate, New Park Community Primary School	53	53		
2376	Harrogate, Oatlands Community Junior School	70	75		
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	40	40		
2332	Harrogate, Starbeck Community Primary School	60	40	26	
2334	Harrogate, Woodlands Community Junior School	90	90		
2056	Hawes Community Primary School	16	17	7	
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	23	23	13	
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		6.5
2305	High Bentham Community Primary School	25	25	13	
3053	Hipswell Church of England Primary School	24	24		
2340	Hirst Courtney & Temple Hirst Community Primary School	7	7		
3284	Holy Trinity Church of England Infant School	75	70	26	
3263	Holy Trinity Church of England Junior School	75	74		
3358	Horton-in-Ribblesdale Church of England Voluntary Aided Primary School	15	10	6.5	
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		
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		
3336	Ingleby Arncliffe Church of England Voluntary Aided Primary School	11	11		
3060	Ingleby Greenhow Church of England Voluntary Controlled Primary School	10	10		
2391	Ingleton Primary School	28	28	26	

DCSF number [815-]	School	Published Admission Limit 2009/10	2nd consultation LEA proposed MAL 10/11	Full Time Equivalent Nursery places	Full Time Equivalent Pre reception places
3076	Kell Bank Church of England Primary School	5	5		
2422	Kellington Primary School	19	19	13	
2321	Kettlesing Felliscliffe Community Primary School	8	8		
2343	Kettlewell Primary School	7	7		
3287	Kildwick Church of England (Voluntary Controlled) Primary School	16	17		
3248	Killinghall Church of England Primary School	15	15		
3062	Kirby Hill Church of England Primary School	17	17	13	
3251	Kirk Fenton Parochial Church of England Voluntary Controlled Primary School	27	27	13	
3252	Kirk Hammerton Church of England Primary School	12	12		
3253	Kirk Smeaton Church of England (Voluntary Controlled) Primary School	15	15		
3315	Kirkby & Great Broughton Church of England Voluntary Aided Primary School	18	18		
3065	Kirkby Fleetham Church of England Primary School	9	9		
3360	Kirkby in Malhamdale United Voluntary Aided Primary School	12	12		
3249	Kirkby Malzeard Church of England Primary School	15	15		
2064	Kirkbymoorside Community Primary School	30	30	13	
2377	Knaresborough, Aspin Park Community Primary School	60	60		
2389	Knaresborough, Meadowside Community Primary School	29	30		
3068	Knayton Church of England Voluntary Controlled Primary School	15	15		
2404	Langton Primary School	15	15		
2042	Leaholm 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		
3362	Long Preston Endowed Voluntary Aided Primary School	13	13		
2346	Lothersdale Community Primary School	14	15		
2406	Luttons Community Primary School	12	13		
3069	Lythe Church of England Voluntary Controlled Primary School	15	15		
2074	Malton Community Primary School	42	42	13	
3317	Manfield Church of England Primary School	5	5		
3256	Markington Church of England Primary School	12	12		
3363	Marton-cum-Grafton Church of England Voluntary Aided Primary School	14	14		7
3042	Marwood Church of England Voluntary Controlled Infant School, Great Ayton	21	21		
3319	Masham Church of England VA Primary School	20	20		
3208	Melsonby Methodist Primary School	10	10		
3307	Michael Syddall Church of England (Aided) Primary School	36	36		
3320	Middleham Church of England Aided School	13	13		
3079	Middleton Tyas Church of England Primary School	19	25		
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	14	15		
2076	Newby and Scalby Primary School	60	60		
2081	North & South Cowton Community Primary School	8	7		
2407	North Duffield Community Primary School	25	25		
3260	North Rigton Church of England (C) Primary School	12	13		
3258	North Stainley Church of England Primary School	8	8		
2163	Northhallerton, Mill Hill Community Primary School	42	40		
2408	Norton Community Primary School	60	60	26	
5200	Nun Monkton Primary School	4	4		
2060	Oakridge Community Primary School	10	10	6.5	
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	75		
3088	Pickhill Church of England Primary School	9	9		
3365	Rathmell Church of England (Voluntary Aided) Primary School	10	10		5
3090	Ravensworth Church of England Primary School	10	10		
2096	Reeth Community Primary School	8	8	13	
2410	Riccall Community Primary School	30	30		
3368	Richard Taylor Church of England Primary School	39	39		
3353	Richard Thornton's Church of England (Voluntary Aided) Primary School	15	15		
3092	Richmond Church of England Primary School	45	45	26	
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	26	
2388	Ripon, Greystone Community Primary School	33	33		
3264	Roecliffe Church of England Primary School	12	12		2.5
2097	Romanby Primary School	40	40		

DCSF number [815-]	School	Published Admission Limit 2009/10	2nd consultation LEA proposed MAL 10/11	Full Time Equivalent Nursery places	Full Time Equivalent Pre reception places
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		
3902	Sacred Heart RC Primary, Northallerton	13	13		
2425	Saltergate Infant School	60	58	42	
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	60		
2161	Scarborough, Braeburn Community Junior School	70	70		
2112	Scarborough, Braeburn Infant & Nursery School	70	70		
2114	Scarborough, Friarage Community Primary School	65	60	26	
2118	Scarborough, Hinderwell Community Primary School	45	44	26	
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	56		
3268	Selby Abbey Church of England Voluntary Controlled Primary School	51	51		
2351	Selby Community Primary School	48	48	26	
2390	Selby, Barwic Parade Community Primary School	35	35	26	
2418	Selby, Longman's Hill Community Primary School	25	25		12
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	9	9		
3161	Sherburn Church of England Voluntary Controlled Primary School	8	12		11+
2421	Sherburn in Elmet, Athelstan Community Primary School	39	39	26	
2380	Sherburn in Elmet, Hungate Community Primary School	42	42	19.5	
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 of England Voluntary Controlled Primary School	50	50		
2365	Skipton, Greatwood Community Primary School	37	37	20	
2355	Skipton, Ings Community Primary and Nursery School	15	15	6.5	
2356	Skipton, Water Street Community Primary School	30	30		
3035	Sleights Church of England Voluntary Controlled Primary School	20	15	6.5	
2132	Slingsby Community Primary School	7	7		
3108	Snainton Church of England Voluntary Controlled Primary School	10	10		
2133	Snape Community Primary School	6	7		
3109	South Kilvington Church of England Voluntary Controlled Primary School	10	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	11		
3275	Spofforth Church of England (Controlled) Primary School	15	15	6.5	
3903	St John's CE Primary School, Knaresborough	40	40		
3600	St. Benedict's Roman Catholic Primary School, Ampleforth	15	15		
3225	St. Cuthbert's Church of England Primary School, Pateley Bridge	22	22	6.5	
3631	St. George's Roman Catholic Primary School, Scarborough	14	14	26	
3602	St. Hedda's Roman Catholic Primary School	7	7		
3005	St. Hilda's Ampleforth Church of England Voluntary Controlled Primary School	7	7	6.5	
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	13	
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	24	24		
3609	St. Mary's Roman Catholic Primary School, Malton	14	14		
3614	St. Mary's Roman Catholic Primary School, Richmond	30	30		
3124	St. Nicholas Church of England Primary School, West Tanfield	7	7		
3607	St. Peter & St. Paul Roman Catholic Primary School, Leyburn	7	8		
3304	St. Peter's Brafferton Church of England Voluntary Aided Primary School	10	10		
3615	St. Peter's Roman Catholic Primary School	30	30		
3377	St. Robert's Catholic Primary School, Harrogate	40	40		
3375	St. Stephen's Catholic Primary School, Skipton	28	28	13	
3372	St. Wilfrid's Catholic Primary School, Ripon	20	20		
2061	Staithe, Seton Community Primary School	15	15	13	
2358	Staveley Community Primary School	10	10		
2138	Stillington Primary School	12	12		
2139	Stokesley Community Primary School	75	75	39	
2335	Summerbridge Community Primary School	10	10		

DCSF number [815-]	School	Published Admission Limit 2009/10	2nd consultation LEA proposed MAL 10/11	Full Time Equivalent Nursery places	Full Time Equivalent Pre reception places
3276	Sutton in Craven Church of England Voluntary Controlled Primary School	16	13		
2359	Sutton in Craven Community Primary School	30	29		
3113	Sutton on the Forest Church of England Voluntary Controlled Primary School	13	13		
3335	Swainby and Potto Church of England Voluntary Aided Primary School	12	12		
2392	Tadcaster East Community Primary School	30	30	13	
2427	Tadcaster, Riverside Community Primary School	54	54	26	
3331	Terrington Church of England Voluntary Aided Primary School	9	9		
3351	The Boyle & Petyt Primary School	8	8		
2237	Thirsk Community Primary School	45	42	26	
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	6.5	
2364	Wedderburn Infant and Nursery School	60	60	39	
2151	Welburn Community Primary School	12	12		
3016	West Burton Church of England Primary School	7	7		
2197	West Cliff Primary School	38	34		
3165	West Heselton Church of England Voluntary Controlled Primary School	14	14		7
2333	Western Primary School	52	52	39	
2206	Wheatcroft Community Primary School	35	35		
2190	Whitby, Airy Hill Community Primary School	30	30		
2154	Whitby, East Whitby Community Primary School	45	40	39	
2217	Whitby, Stakesby Community Primary School	34	34		
2363	Whitley & Eggborough Community Primary School	36	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 6E

DCSF number [815-]	School	MAL 2009/2010	Sixth Form Limit 2009/2010	Proposed Maximum Admission Limit 2010/2011	Proposed 6th form limit 2010/2011
4208	Aireville School	167	N/A	167	N/A
4074	Allertonshire School	315	N/A	315	N/A
4232	Barlby High School	165	N/A	165	N/A
4052	Bedale High School	182	N/A	182	N/A
4221	Boroughbridge High School	124	10	128	15
4224	Brayton College	240	N/A	240	N/A
4059	Caedmon School	184	N/A	184	N/A
4005	Easingwold School	210	75	220	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	200	N/A	200	N/A
4070	Graham School Science College	260	N/A	260	N/A
4200	Harrogate Grammar School	256	30	256	100
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	246	35
4054	Lady Lumley's School	162	30	162	30
4077	Malton School	125	80	125	50
4223	Nidderdale High School & Community College	94	N/A	94	N/A
4503	Northallerton College	307	65	325	65
4152	Norton College	145	30	145	45
4071	Raincliffe School	173	N/A	168	N/A
4076	Richmond School	245	80	250	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	133	N/A	133	N/A
4073	Scalby School	212	N/A	180	N/A
4225	Selby High School	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 High School Specialist Science College	210	0	210	0
4518	Skipton Girls' High School	112	20	112	30
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	96	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	222	20	230	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	25

Information to help you complete the attached common application form

October 2008

Admission to Primary School 2009/2010

This is information for you as the parent or guardian of a child who is eligible to start primary school during the academic year 2009/2010 (i.e. a child born between 1 September 2004 and 31 August 2005 inclusive).

You will find enclosed a copy of the local authority's (LA) 'Guide for Parents' booklet. The guide explains the authority's arrangements for the admission of pupils to schools. Information pages at the back of the guide give details of arrangements that specifically apply to schools in your area. The guide also contains other relevant information including eligibility for home-to-school transport.

It is essential that you complete the common application form attached to this letter and return it to the education office, as soon as possible and no later than 9 December 2008, in the pre paid stamped addressed envelope enclosed with this guide. Alternatively you may apply online at www.northyorks.gov.uk/primaryadmissions no later than 9 December 2008.

This will enable us to allocate a school place to your child. The Guide for Parents contains essential information to enable you to complete the common application form, including the criteria used by the authority to allocate school places. You are strongly advised to read the guide thoroughly before completing the form.

If you need further information about individual schools before expressing your preference, a prospectus can be obtained direct from the school.

Please note that if you are expressing a preference for admission to a religious school classified as voluntary-aided or foundation/trust, you will need to **include it on the common application form or your online form and return it to us**. The school will need further information to enable them to consider your application. Please contact the school direct to provide this.

The authority will write to parents on 24 April 2009 to confirm the allocation which has been made. If we are unable to allocate a place at your preferred school, the LA (where it is the admissions authority) will offer an appeal under the School Standards and Framework Act 1998 as amended by the Education Act 2002 and the Education and Inspections Act 2006.

In the case of voluntary-aided and foundation/trust schools, the appeals arrangements will be explained in the allocation letter.

We hope that you will find the Guide for Parents useful but if you need any further help with completing the form, please do not hesitate to contact the admissions team at your the education office; details are on the back cover of the guide.

Home-to-school transport policy for primary school pupils age 5-11

We will provide free transport for primary school pupils from the term in which they are five until the end of year 6, who go to:

- The school we have said is the normal school for your child's home, as long as it is over two miles (the minimum distance) from your child's home; or
- the preferred school, if that school is over two miles, but nearer to your child's home than the normal school.

If your child goes to a school that is on split sites, we will take the measurement of the walking distance to the site your child normally goes to.

We will provide free transport for children going to a middle school up to the end of year 6, if the walking distance is two miles or more from school. After the end of year 6, we will provide free transport if the walking distance is over three miles (but only if it is the normal or nearest school, as described above).

Transport to a school because of your religion or belief

If your child goes to a school (other than the normal school) because you want them to receive education according to your religion or belief, we may be able to help with transport in the following ways:

- A. Provide free transport to a religious school that is outside the appropriate statutory walking distance if this school is nearer to your child's home than the normal local school.
- B. Help with transport to the nearest religious school by either:
 - Issuing a travel permit for an existing service; or
 - paying a travel allowance.

If we issue a travel permit, it will normally be to or from a point no further than 5 miles from the school. You will normally be responsible for the arrangements and cost of any transport to this point (the permit will be issued from the nearest existing pick-up point to your home address). If we pay an allowance, it will normally be at a fixed rate for each mile, up to 5 miles (this is for one return journey per school day).

Other schools

If your child goes to a school that is not the nearest or the normal school, you are responsible for the travel arrangements and costs.

However, you may not have to pay the full transport costs. We may also be able to offer help in the following ways:

• Equivalent cost allowance

If your child had gone to their normal school and would have been given a ticket on commercially operated public transport to school, we may decide from the following options:

- Offer transport on a contracted vehicle for a journey equivalent to the journey to the normal school (you will be responsible for the arrangements and cost of transport for taking your child to the nearest pick-up point).

- Pay you an allowance (at a present mileage rate but no greater than the cost we would have had to pay).

• Spare places

If there are spare places available on a vehicle hired for children who are entitled to free transport, we can offer these places at a special rate. However, if more pupils want to use the vehicle than there are spaces, leaving no space available for your child, you will be responsible for making the necessary arrangements. We set the fee each year and there are reductions for single journeys and part-term travel.

We may withdraw transport at short notice if spare places are needed for entitled pupils. You should not make any decisions about preferences based on current availability.

Passes and permits

The education office will decide if your child is entitled to transport in line with our policy. Integrated Passenger Transport will then make the travel arrangements. We usually send out passes and permits for September starters or transfers in mid August, and two weeks before the start of term for January and Easter starters.

If you have not received a pass or permit one week before the start of term, please contact:

Integrated Passenger Transport
Business and Environmental Services
County Hall
Northallerton
North Yorkshire
DL7 8AH

Phone: 0845 872 7374

or e-mail: schooltransport.services@northyorks.gov.uk

If you have any other questions, please contact the education office.

Transport for early admissions to primary schools and children going to nursery schools or units

Normally, transport will not be available for children who are admitted early to primary schools, before the term in which they are five, or children attending nursery schools or units maintained by the local authority. However, these children may travel free on existing hired transport if they live more than two miles from home to school, as long as there is space on the vehicle. We may withdraw transport at short notice if we need spare places for other pupils of compulsory school age who are entitled to the service.

We will only make transport arrangements for pupils under the age of five who need to travel on hired transport with the agreement of the child's parent or guardian, the school and the transport operator.

Admission of pupils to primary schools

Common application form September 2009

Please complete the form in BLOCK CAPITALS/BLACK INK and return before 9 December 2008 to the education office at the address overleaf. Or you can apply online at www.northyorks.gov.uk/primaryadmissions

A) Pupil details

Surname

Forename

Middle names

Date of birth..... Gender: Male Female

Address

.....Postcode

Home tel no.

Name and address of current school.....

.....School postcode

Does the child have a statement of special educational needs (SEN)? (please tick)Yes No

Is the child undergoing statutory assessment for SEN? (please tick).....Yes No

Is the child in the care of a local authority? (please tick).....Yes No

If yes, please state which local authority

B) School preferences – please name up to five schools in order of preference

Think carefully about your preferences as they can only be changed in genuine circumstances.

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C) Reasons for choice of school: see page 14 of the guide

If you consider that there are special reasons, including social or medical, why your child should be given special consideration for allocation to a particular school, please give brief details here. Please submit evidence in support of your reasons for your choice of school (eg letter from GP or other relevant professional person, demonstrating unequivocally that your child should attend the preferred school and no other).

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D) Brothers and sisters - siblings attending primary school in September 2009: see page 22 of the guide

Forename	Middle name(s)	Surname	Date of birth	Gender (M/F)	School attending at Sept 09
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E) Home-to-school transport

The authority's home-to-school transport policy for primary aged children is set out on the attached sheet.

If you think your child will not qualify for free transport but there are individual or special reasons why you think we should provide it, please tick the box and enclose further information. You will then be informed of the authority's decision following the allocation to a school. If you live outside North Yorkshire, please contact your home local authority for information about home-to-school transport.

If you have any further queries please contact the education office on 0845 0349421.

F) Free school meals

If you are in receipt of certain benefits when your child starts school, he/she may be eligible for free school meals and, if so, may become entitled to free home-to-school transport.

If you require an application form please tick the box.

For further information contact the education office on 0845 0349422.

G) Parent's/Guardian's details – The application should be made by the parent(s)/guardian(s) the child normally lives with.

Parent/Guardian 1

Title Mr Mrs Miss Other

Forename(s)

Surname

Relationship to pupil

Do you have parental responsibility for this child?

(please tick) Yes No

Religious affiliation or denomination of parent

.....

Home tel no.

Daytime tel no.

Mobile no.

E-mail

Home address

.....

If you would like correspondence to be sent to a parent/guardian who the child does not normally live with, please provide a name and address below.

Title Mr Mrs Miss Other

Forename(s)

Surname

Relationship to pupil

Home address

.....

Home tel no.

Mobile no.....

Parent/Guardian 2

Title Mr Mrs Miss Other

Forename(s)

Surname

Relationship to pupil.....

Do you have parental responsibility for this child?

(please tick) Yes No

Religious affiliation or denomination of parent

.....

Home tel no.

Daytime tel no.

Mobile no.

E-mail

.....

Postcode

H) DECLARATION

I have read the 'Guide for Parents' before completing this form, and I:

1. Certify that, to the best of my knowledge, the details I have provided are correct.
I understand that a place offered on the basis of inaccurate information may be withdrawn.
2. Certify that I have parental responsibility for this child.

Signed Date.....

Name (please print)

If you have any further queries please contact the Admissions Team, phone: 0845 0349420 at The Education Office, Ainsty Road, Harrogate, HG1 4XU.
The information provided on this form will be used in accordance with the Data Protection Act 1998.
Information may be shared with other local authorities under co-ordinated admission arrangements and health personnel where appropriate.

E) Home-to-school transport

The authority's home-to-school transport policy for secondary aged children is set out on the enclosed sheet.

If you think your child will not qualify for free transport but there are individual or special reasons why you think we should provide it, please tick the box and enclose further information. You will then be informed of the authority's decision following the allocation to a school. If you live outside North Yorkshire, please contact your home local authority for information about home-to-school transport.

If you have any further queries please contact the education office (see back of the guide).

F) Free school meals

If you are in receipt of certain benefits when your child transfers school, he/she may be eligible for free school meals and, if so, may become entitled to free home-to-school transport.

If you require an application form please tick the box.

For further information contact the education office (see back of the guide).

G) Clothing grants

If you are in receipt of certain benefits when your child transfers to secondary school, he/she may be eligible for a clothing grant. If you require an application form please tick the box.

If you are in receipt of the maximum level of working tax credit please tick the box (we will need to see your Tax Credit Awards Notice).

For further information contact the education office (see back of the guide).

H) Parent's/Guardian's details – The application should be made by the parent(s)/guardian(s) the child normally lives with.

Parent/Guardian 1

Title Mr Mrs Miss Other

Forename(s).....

Surname

Relationship to pupil

Do you have parental responsibility for this child?

(please tick) Yes No

Religious affiliation or denomination of parent

Home tel no.

Daytime tel no.

Mobile no.

E-mail

Home address.....

Parent/Guardian 2

Title Mr Mrs Miss Other

Forename(s)

Surname

Relationship to pupil

Do you have parental responsibility for this child?

(please tick) Yes No

Religious affiliation or denomination of parent

Home tel no.

Daytime tel no.

Mobile no.

E-mail.....

Postcode

If you would like correspondence to be sent to a parent/guardian who the child does not normally live with, please provide a name and address below.

Title Mr Mrs Miss Other

Forename(s)

Surname

Relationship to pupil

Home address

Postcode

Home tel no. Daytime tel no.

Mobile no. E-mail.....

I) DECLARATION

I have read the 'Guide for Parents' before completing this form, and I:

1. Certify that, to the best of my knowledge, the details I have provided are correct.
I understand that a place offered on the basis of inaccurate information may be withdrawn.
2. Certify that I have parental responsibility for this child.

Signed Date.....

Name (please print)

If you have any further queries please contact the education office, details are on the back cover of the Guide for Parents 2009/2010
The information provided on this form will be used in accordance with the Data Protection Act 1998.
Information may be shared with other local authorities under co-ordinated admission arrangements and health personnel where appropriate.

Information to help you complete the attached common application form

June 2008

Transfer of pupils from primary to secondary schools 2009/2010

This is information for you as the parent or guardian of a child eligible to transfer to secondary school in September 2009 (ie a child born between 1 September 1997 and 31 August 1998 inclusive).

You will find enclosed a copy of the local authority's 'Guide for Parents' booklet. The guide explains the authority's arrangements for the admission of pupils to secondary schools. The guide gives details of arrangements that apply to particular schools in your area, and it also contains other relevant information including eligibility for home-to-school transport.

It is essential that you complete the common application form attached and return it to the head teacher of your child's present school as soon as possible, regardless of whether you are applying to a North Yorkshire maintained school, a voluntary-aided school, a foundation school, trust school or one belonging to another local authority (LA).

The application form must be returned no later than 24 OCTOBER 2008. Any applications received after this date will be considered late and dealt with after those received on time.

Alternatively, you may apply online at www.northyorks.gov.uk/secondaryadmissions no later than 24 October 2008.

This will enable us to allocate a school place to your child in accordance with our agreed scheme for co-ordinated admissions. The Guide for Parents contains essential information to enable you to complete the common application form, including the criteria used by the authority to allocate school places. You are strongly advised to read the guide thoroughly before completing the form.

If you need further information about individual schools before expressing your preference, a prospectus can be obtained direct from the school.

Please note that if you are expressing a preference for admission to a religious school classified as voluntary-aided, the school will need further information to enable them to consider your application. Please contact the school direct to provide this. If you wish to seek a place at a school in another LA area you will need to include this information on your common application form or your online form and return it to us.

The authority will write to parents on 2 March 2009, including those who have applied for places at North Yorkshire voluntary-aided schools, foundation schools, trust schools and schools in other authorities areas, to confirm the allocation that has been made. If we are unable to allocate a place at the school of your preference, the LA (where it is the admissions authority) will offer an appeal under the School Standards and Framework Act 1998 as amended by the Education Act 2002 and the Education and Inspections Act 2006. In the case of voluntary-aided schools, foundation schools, trust schools and schools in other authorities areas, the appeals arrangements will be explained in the allocation letter.

We hope that you will find the Guide for Parents useful but if you need any further help with completing the form, please do not hesitate to contact the admissions team at the education office. Details are on the back cover of the guide.

Home-to-school transport policy for secondary school pupils age 11-16

We will provide free transport for secondary school pupils in years 7-11 who attend:

- The school we have said is the normal school serving your child's home, providing it is over three miles (minimum distance) from your child's home; or
- your preferred school if that school is over three miles, but nearer to your child's home than the normal school.

And from September 2008:

For children who are entitled to free school meals or whose parents are in receipt of their maximum level of Working Tax Credit, we will provide transport for secondary aged pupils in years 7-11 who attend:

- One of their three nearest qualifying schools if that school is more than two miles but less than six miles from your child's home.

This will be assessed on an annual basis and may be withdrawn if your benefits change. If your child goes to a school that is on split sites, we will take the measurement of the walking distance to the site your child normally goes to.

We will provide free transport for eligible children going to a middle school up to the end of year 6, if the walking distance is two miles or more from school. After the end of year 6, we will provide free transport if the walking distance is over three miles.

Transport to a religious school

If your child goes to a religious school because you want them to receive education according to your religion or belief, we may be able to help with transport in the following ways:

- A. Provide free transport to a religious school that is outside the appropriate statutory walking distance if this school is nearer to your child's home than the normal local school.
- B. Help with transport to the nearest religious school by either:
 - Issuing a travel permit for an existing service; or
 - paying a travel allowance.

If we issue a travel permit, it will normally be to or from a point no further than 12 miles from the school. You will normally be responsible for the arrangements and cost of any transport to this point (the permit will be issued from the nearest existing pick-up point to your home address). If we pay an allowance, it will normally be at a fixed rate for each mile, up to 12 miles (this is for one return journey per school day).

For children who are entitled to free school meals or whose parents are in receipt of their maximum level of Working Tax Credit, we will provide transport to the nearest suitable

school preferred on grounds of religion or belief where the distance from home is more than two miles but not more than 15 miles from that school (this additional requirement will apply from September 2008).

This will be assessed on an annual basis and may be withdrawn if your benefits change.

Other schools

If your child goes to a school that is not the nearest or the normal school, you are responsible for the travel arrangements and costs (please see opposite for exceptions).

However, you may not have to pay the full transport costs. We may also be able to offer help in the following ways:

- **Equivalent cost allowance**

If your child had gone to their normal school and would have been given a ticket on commercially operated public transport to go to school, we may decide from the following options:

- Offer transport on a contracted vehicle for a journey equivalent to the journey to the normal school (you will be responsible for the arrangements and cost of transport for taking your child to the nearest pick up point)
- Pay you an allowance (at a preset mileage rate but no greater than the cost we would have had to pay)

This is not available for students over the age of 16.

- **Spare places** If there are spare places available on a vehicle hired for children who are entitled to free transport, we can offer these places at a special rate. However, if more pupils want to use the vehicle than there are spaces, leaving no space available for your child, you will be responsible for making the necessary arrangements. We set the fee each year and there are reductions for single journeys and part-term travel. We may withdraw transport at short notice if spare places are needed for entitled pupils. You should not make any decisions about preferences based on current availability.

We usually send out passes and permits before the end of the summer term for pupils moving from primary or middle school to secondary school.

If you have not received a pass or permit one week before the end of term, please contact:

Integrated Passenger Transport, Business and Environmental Services, County Hall, Northallerton, North Yorkshire, DL7 8AH. **Phone** 0845 8727374 or e-mail schooltransport.services@northyorks.gov.uk
If you have any other questions, please contact the education office.

Transfer of pupils from primary to secondary schools

Common application form September 2009

Please complete the form in BLOCK CAPITALS/BLACK INK and return before 24 October 2008 to the head teacher at your child's current primary school (or to the education office at the address on the back of the 'Guide for Parents', if your child does not attend a North Yorkshire primary school). Or you can apply online at www.northyorks.gov.uk/secondaryadmissions

A) Pupil details

Surname

Forename.....

Middle names

Date of birth..... Gender: Male Female

Address

.....Postcode.....

Home tel no.

Name and address of current school.....

.....School postcode.....

Does the child have a statement of special educational needs (SEN)? (please tick)..... Yes No

Is the child undergoing statutory assessment for SEN? (please tick)..... Yes No

Is the child in the care of a local authority? (please tick)..... Yes No

If yes, please state which local authority

B) School preferences – please name up to five schools in order of preference

Think carefully about your preferences, it may not be possible to change them. See page 9 of the guide.

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If you have asked that your child be considered for a place at Ripon Grammar School, you should indicate whether you prefer a day or boarding place. Please tick as appropriate: Day placement Boarding placement

If you have entered a tick in the boarding placement box please indicate whether you prefer weekly or termly boarding:
Weekly boarding Termly boarding

C) Reasons for choice of school: see page 13 of the guide

If you consider that there are special reasons, including social or medical, why your child should be given special consideration for allocation to a particular school, please give brief details here. Please submit evidence in support of your reasons for your choice of school (eg letter from GP or other relevant professional person, demonstrating unequivocally that your child should attend the preferred school and no other).

.....

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D) Brothers and sisters - siblings attending secondary school in September 2009: see page 20 of the guide

Forename Middle Name(s) Surname Date of Birth Gender (M/F) School attending at Sept 09

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Schools' comments on proposed Admissions policies

South Craven School

The Governing Body does not believe that the Adjudicator's comments in relation to referral ADA001076 have been fully or properly addressed. The Governing Body noted that 'the published policy makes no reference to Selection.

Comment: The Authority 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. Information about the Selection Scheme is set out within the Co-ordinated Admissions document which is issued as part of the admission arrangements consultation. A report from the Ombudsman addressing the same issue is expected shortly.

South Craven also state that 'there is no definition of the selective area in the policy or the co-ordinated admissions arrangements'

Comment: We thank the Governing Body of South Craven School for drawing this to our attention. The co-ordinated admission arrangements will be amended to include a definition of the selective area.

Croft CE Primary School

Governors noted in regard to admissions to Primary schools that 'we really need cross border admission dates to be the same. Darlington often issues places before not after Easter. April is very late.

Comment: We do liaise with our neighbouring LA regarding the allocation of school places but currently there is no national offer date for primary admissions. However, there is an increasing possibility that a national date will be set in years to come.

Hemingbrough CP School

Governors noted that it 'would be useful if schools could be informed earlier regarding numbers, especially where restructure may be required'.

Comment: Governors are aware in advance of the MAL for the appropriate year group. Generally this limit will be upheld by the LA as admissions authority unless there are exceptional reasons to admit over MAL. In such circumstances this will be agreed in consultation between Governors and LA. However in some cases admission appeals panels will uphold appeals and in those circumstances all parties are bound by the decision and the school must admit. Unfortunately it is not possible to predict in advance the outcome of any appeal since each case is decided upon its individual merits.

Western Primary School

'Governors feel that there is ambiguity in the wording of the admissions policy'. Governors highlighted the following note within the admissions policy which states: Children in higher numbered priority groups will be offered places ahead of those in lower numbered priority groups. All applications within each priority group will be considered equally (i.e. all applications, regardless of order of preference).

Comment: The purpose of this note is to explain that all applications are dealt with on an equal basis in compliance with the School Admissions Code.

West Heselton CE VC Primary School

The Governing Body state that they are not in agreement with the proposed admission policy, they argue that Priority Group 3 within the admissions policy for 2010/11 should be Priority Group 1.

Comment: The School Admissions Code of Practice states that 'Children in care are among the most vulnerable children in society and it is of paramount importance... All admission authorities must give highest priority in the oversubscription criteria to these children as required by Part 3 of the Admission Arrangements Regulations'. Thus the Authority would be challenged if we failed to give highest priority to children in care.

Saltergate Junior School

The Governing Body stated they are not in agreement with the proposed policy for 2010/11. 'We believe that the current arrangements do not offer children in our catchment area effective choice for secondary school placement, particularly when compared with children living in the adjacent rural areas. We believe that the current arrangements should be subject to review. In our catchment area parents and children are caught between the operation of the officially recognised preferential treatment afforded to children from village schools and the unofficial preference acquired by Harrogate residents who live close by the secondary schools on the south side of town (at present this is particularly with reference to Harrogate Grammar School but could potentially apply to Rossett School as well).

We do not believe it is for individual schools or governing bodies to submit alternative arrangements. We believe the NYCC should review and consult with all interested parties and then in light of that review put forward alternative arrangements for transfer to secondary schools.

Brayton College

The College notes that a local consideration is mentioned for the Selby Area in that there is a 'designated rural area' for each of Brayton College and Selby High School.

Brayton College would endorse the maintenance of such an arrangement so that clarity of planning is possible for links between phases.

Competition between the schools for the Selby Town area is intense and further consideration of establishing clarity on choice would be welcome. The suggestion that 'there is no such thing as a catchment school any more' has been made in area meetings. If indeed there is a designated catchment, this should be made clear. This would enable some clarification at local level of the degree of 'recruitment' that each secondary school carries out in different primary schools.

Braeburn Infant & Nursery School

The Governing Body is not in agreement with the proposed Nursery Admissions Policy they state that 'as LA nursery provision will be funded by numbers of children per term and as the funding/counting will be the same for PVI and maintained settings our schools should be able to generate their own nursery places to ensure they are in the same position as PVI settings'.

Comment: With effect from April 2009 at the latest LA's will be required to introduce consistent pupil counting between the maintained and PVI sectors. Currently there is no guarantee of a specific amount of funding. The PVI sector is funded on a 'head count' basis. Additionally, from April 2010 at the latest LA's will be required to introduce a single local formula for funding early years provision in the maintained and the PVI sector.

The Authority as admissions authority for community and voluntary controlled schools determines the admissions criteria for such schools and admissions must be made within the terms of the nursery admissions criteria. However the Authority has delegated responsibility for making decisions on nursery admissions to the headteachers of its nursery schools and schools with nursery and pre reception classes.

A working group has been set up to consider the implications of the changes to funding and pupil counting within the Early Years sector. Further work is required however it is clear that following the implementation of these changes the allocation of places is an issue of concern for many schools. However, Officer views are that at this stage, it is the practical administration of the policy rather than the policy itself which may require change.

Pickering Community Infant and Nursery School

The Governing Body agrees with the proposed policy 'but feel strongly that the youngest children should be able to have a place in school if we are able to increase the size of our nursery (currently 52 part time places, 67 children registered).

Comment: Many schools would like to be in a position to admit all children whose parents request a place within the nursery class. Currently each school with a nursery class is funded on the basis of an agreed number of places which is generally based upon the accommodation available within the school and in line with the size of the school. Where a nursery class is oversubscribed i.e. there are more applications than places available, places are allocated in line with the nursery admissions policy thus it tends to be the youngest children who cannot be allocated places. However, it is important to note that schools nursery places are but a part of the wider Early Years Development and Childcare Partnership and there are many other providers who may be able to offer a place.

West Heslerton CE VC Primary School

The Governing Body state that within the proposed nursery admissions policy the fourth priority (children living within the normal area of the school) should be the first priority.

Comment: The Authority has a duty to ensure that the needs of our most vulnerable children are met. As admissions authority we recognise the need to afford priority to such children within our admission arrangements. Additionally the law requires that children with a statement of special educational needs are allocated a place at the school named in their statement. Generally the number of children allocated places within priorities 1-3 of the nursery admissions policy are low. The majority of children admitted to nursery classes are likely to be those living within the normal area of the school.

Schools' comments on proposed admissions limits

Ripon Cathedral CE Primary School

IAL is 35. Governors requesting 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.

Comment: Officer views are that a MAL of 30 would be appropriate in these circumstances for all of 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.

Norton CP School

IAL is 73. In 2008 Governors requested a MAL of 60 for 2009/10 to assist their class organisation. It is proposed that MAL should remain at 60 for 2010/11. Governors agree with this proposal.

Officer views are that a MAL of 60 is appropriate for this school and 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.

Romanby Primary School

IAL 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.

Officer views are 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.

Brayton College

IAL is 242 Governors have requested a MAL of 240. The reason for this request is to enable the school to plan for 8 classes.

Officer views are 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.

Scalby School

The Indicated Admission Limit (IAL) is 212. Governors requested a MAL of 180. They argue that due to falling pupil numbers a MAL of 180 will ease planning, especially financial planning.

Comment: Officer views are that in light of falling pupil numbers a MAL of 180 is appropriate for this school and it will enable the school to plan class organisation. The school is able to satisfy demand for places.

Upper Wharfedale School

The IAL is now 70. This is due to increased accommodation. Governors requested that the MAL remain at 58.

Comment: Officers views are that a MAL of 58 is appropriate for this school, which operates a two-form entry.

All Saints CE Primary School, Kirkby Overblow

IAL is 15. The Governing Body has requested a MAL of 12. Governors state 'there are insufficient toilet facilities for more than 90 children. The physical size of class 1 is too small for 15 children. Cloakroom facilities are only adequate for our current numbers'.

Comment: Officer views are that a MAL of 12 is appropriate for this school. This figure is sufficient to meet forecast demand for places from pupils within the normal area of the school.

Barrowcliff Nursery and Infant School

IAL is 80. On the basis of forecast pupil numbers Officers proposed a MAL of 60 which will enable all in-area applications to be met. The Governing Body are in agreement with the proposed MAL.

Dishforth CE VC Primary School

IAL is 14. The Governing Body has requested a MAL of 10. Governors state 'We would be unable to accommodate 95 pupils (14x7) in the school hall for PE, lunchtimes, performances, etc.

Comment: Officer views are that a MAL of 10 is appropriate for this school. The figure is sufficient to meet forecast demand for places from pupils within the normal area of the school.

Water Street CP School, Skipton

IAL is 34. Officer views are that a MAL of 30 is appropriate for this school in order to ensure compliance with the infant class size duty. Governors are in agreement with this proposal.

East Whitby CP School

IAL is 49. Officer views are that a MAL of 40 is appropriate for this school and will satisfy demand for places from pupils living within the normal area of the school. Governors are in agreement with this proposal.

Starbeck CP School, Harrogate

IAL is 46. On the basis of forecast pupil numbers Officer views are that a MAL of 40 is appropriate for this school, and will satisfy demand for places from in-area pupils. Governors are in agreement with this proposal.

Mill Hill CP School, Northallerton

IAL is 45. On the basis of forecast pupil numbers Officer views are that a MAL of 40 is appropriate for this school, and will satisfy demand for places from in-area pupils. Governors are in agreement with this proposal.

Barrowcliff Community Junior School, Scarborough

IAL is 70. On the basis of forecast pupil numbers and in order to ensure compliance with the Infant class size duty, Officer views are that a MAL of 60 is appropriate for this school. Governors are in agreement with this proposal.

Friarage CP School, Scarborough

IAL is 65. On the basis of forecast pupil numbers and in order to ensure compliance with the Infant class size duty, Officer views are that a MAL of 60 is appropriate for this school. Governors are in agreement with this proposal.

5 schools disagreed with the proposed maximum admission limit for their own school: Appleton Wiske CP School

IAL is 12. The proposed MAL is 12 in line with IAL. Governors requested an increase to 13. Governors state 'We are a local school for local people and need to react to demand, accepting schoolchildren who wish to attend'. Governors suggested that LA should 'make MAL variable dependent on circumstances'.

Comment: Officer views are that on the basis of forecast pupil numbers the proposed MAL is appropriate for this school. In exceptional circumstances where there are more in-area applicants than places available, the LA will consult with the Governing Body of the school and agree to admit over MAL. From February 2009 when the new School Admissions Code is due to be implemented all schools will have an opportunity to make representations to the LA to admit above MAL. For the 2010/2011 admissions schools should submit their requests before 31 January in the offer year.

Additionally, requests can be made after the offer day. The LA as the strategic commissioner of school places has the final decision over whether a school can admit above its MAL. Admitting above the MAL does not amount to an increase in the school's MAL which can only be enlarged via the determination of admission arrangements or, once determined, for a maintained school, via referral to the Schools Adjudicator.

Drax CP School

IAL is 10. Governors requested an increase in MAL to 15.

Comment: Officer views are that on the basis of forecast pupil numbers the proposed AL of 10 is appropriate for this school. Please refer to comment at 4.19 above.

Longman's Hill CP School

IAL is 25. Following their budget forecast, Governors requested an increase in MAL to 30.

Comment: Officer views are that the proposed AL of 25 is appropriate for this school. Please refer to comments at 4.19 above.

Roecliffe CE Primary School

IAL is 11. The MAL for 2009/2010 was 12. The proposed MAL for 2010/2011 is 12. Governors requested an increase in MAL to 14 citing 'funding, increased peer groups, 12 children admitted in 2009/10 on appeal, class size would still be under 30 when roll over to Year 1'.

Comments: Officer views are that the proposed MAL is appropriate for this school and will satisfy the demand for places from children within the local area. Please refer to comment at 4.19 above.

Sicklinghall CP School

IAL is 9. Governors requested an increase in MAL to 13. Currently four of the seven year groups at school have less than 9 pupils. Governors believe that an increase in MAL will enable them to redress this balance.

Comment: Officer views are that a MAL of 9 is in line with the capacity calculation and demand for places from local pupils.

Wedderburn Infant and Nursery School

IAL is 54. Governors requested an increase in MAL to 80.

One parent responded she is not in agreement with proposed MAL and suggests a MAL of 80 and stated her reasons for disagreement as:

1. There may be more children in the nursery than can be accommodated in the infant school.
2. Only 60 children would be able to move from Wedderburn to Woodlands so Woodlands Junior would almost certainly not ever fill its places.
3. Wedderburn can accommodate up to 80 children in each year group so having the MAL set at 60 seems to make no sense given point 1 and 2.

Comment: The MAL was reduced from 80 to 60 in 2009/10 at the request of Governors. The school has had a steadily declining roll for the last few years. Previously the IAL was 80. A new Children's Centre for the Wedderburn/Woodlands area utilised three temporary classroom units at the school. This has reduced the net capacity at the school. Officer views are that a MAL of 60 is currently appropriate for this school. Please refer to comment at 4.19 above.

One school disagreed with the proposed MAL for another school:

South Craven School

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'. Governors also stated their opposition to the proposed 'increase in sixth form admission numbers of Skipton Girls' High School from 20-30'.

Comment: 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.

Following consultation Skipton Girls' High School have withdrawn their proposal to increase their Sixth Form Admission Limit. It will remain at 20 for 2010/11.

Amotherby Parish Council

Amotherby Parish Council state that they disagree with the proposed Maximum Admission Limit for Amotherby CP School. They state 'current maximum admission numbers are not adhered to, due to parents from outside the normal area appealing rejections and winning these appeals. The current admission limit is 25, and the school was built to hold 100, but now has 182'. Governors suggest that the Maximum Admission Limit be reduced to 20 or we do not allow appeals from parents outside the normal area.

Comment: The net capacity of the school is now 175. This produces an Indicated Admission Limit of 25. The Authority has proposed a MAL of 25 in line with the capacity of the school.

Where a school is over subscribed parents (regardless of where they live) have a statutory right to appeal against a decision by an Admission Authority not to allocate a place to their child. Appeals are heard by independent admission appeal panels, each case is decided on its own merits. Where the panel to decide to uphold an appeal the Local Authority and the school are bound by this decision and a place must be allocated.

**FPR, CPR and PPR
PROPOSED AMENDMENTS**

FINANCIAL PROCEDURE RULES

Rule	Current Wording	Proposed Amendment	Reason
FPR Contents Page		<p><i>Include new entry:</i></p> <p>8. Grants</p> <p><i>and then re-number subsequent entries on FPR Contents Page.</i></p>	Consequential amendment to reflect new FPR 8 approved by Council on 20/2/08 and included in FPR.
2.2	<p>Reference in these Rules to a Director or the CDFCS shall be taken to include such Officers as are designated by those Directors to undertake the duties and responsibilities set out in these Rules, except in the case of the following Rules:-</p> <p>(i) Director - Rules 6.10, 6.11, 6.16, 7.9, 7.13 and 18.6</p> <p>(ii) CDFCS - Rules 4.3, 4.4, 4.5, 4.6, 4.7, 4.16, 5.1, 6.16, 14.4, 14.7, 18.6 and 19.1</p> <p>where delegation is not permitted. A record of all duties and responsibilities as delegated under these Rules is to be maintained, as appropriate, by each Director and the CDFCS.</p>	<p>Reference in these Rules to a Director or the CDFCS shall be taken to include such Officers as are designated by those Directors to undertake the duties and responsibilities set out in these Rules, except in the case of the following Rules:-</p> <p>(i) Director - Rules 6.10, 6.11, 6.16, 7.9, 7.13 and 19.6</p> <p>(ii) CDFCS - Rules 4.3, 4.4, 4.5, 4.6, 4.7, 4.16, 5.1, 6.16, 15.5, 15.6, 19.6 and 20.1</p> <p>where delegation is not permitted. A record of all duties and responsibilities as delegated under these Rules is to be maintained, as appropriate, by each Director and the CDFCS.</p>	Consequential cross-referencing amendments to reflect new FPR 8 approved by Council on 20/2/08 and included in FPR.
6.16	<p>In accordance with Rule 6.1(i), budgetary control during a financial year shall be undertaken by a Director as follows:-</p> <p>(i) a Director shall maintain an ongoing review of all aspects of the budget (including income - see Rules 12.1/12.2) under his control; this review to be undertaken in conjunction with Business Unit Heads and/or Budget Holders and the CDFCS</p> <p><i>[rest of text to stay same]</i></p>	<p>In accordance with Rule 6.1(i), budgetary control during a financial year shall be undertaken by a Director as follows:-</p> <p>(i) a Director shall maintain an ongoing review of all aspects of the budget (including income - see Rules 13.1/13.2) under his control; this review to be undertaken in conjunction with Business Unit Heads and/or Budget Holders and the CDFCS</p> <p><i>[rest of text to stay same]</i></p>	Consequential cross-referencing amendments to reflect new FPR 8 approved by Council on 20/2/08 and included in FPR.

Rule	Current Wording	Proposed Amendment	Reason
7.1	<p><i>[earlier text to remain same]</i></p> <p>(v) any scheme specific funding proposed by a Director must be compatible with the Treasury Management Policy Statement of the Council (see Rules 14.3 and 14.5)</p>	<p><i>[earlier text to remain same]</i></p> <p>(v) any scheme specific funding proposed by a Director must be compatible with the Treasury Management Policy Statement of the Council (see Rules 15.3 and 15.5)</p>	Consequential cross-referencing amendments to reflect new FPR 8 approved by Council on 20/2/08 and included in FPR.
7.7	<p>Approval of the Capital Plan by the Council shall provide the following authorisations to Directors: -</p> <p>(i) <u>Current Year</u></p> <p>(a) to continue to incur expenditure on each scheme in progress at the start of the financial year, and/or to begin to incur expenditure on any approved new scheme starting in that year, providing that total expenditure on either type of individual scheme does not exceed the sum contained in the approved Plan for that scheme by more than 5% or £10,000 (whichever is the greater) and all necessary approvals have been received, where appropriate, from Government Departments and/or any external funding agencies (see Rule 7.16/7.17).</p> <p><i>[rest of text to stay same]</i></p>	<p>Approval of the Capital Plan by the Council shall provide the following authorisations to Directors: -</p> <p>(i) <u>Current Year</u></p> <p>(a) to continue to incur expenditure on each scheme in progress at the start of the financial year, and/or to begin to incur expenditure on any approved new scheme starting in that year, providing that total expenditure on either type of individual scheme does not exceed the sum contained in the approved Plan for that scheme by more than 5% or £10,000 (whichever is the greater) and all necessary approvals have been received, where appropriate, from Government Departments and/or any external funding agencies (see Rule 8.0).</p> <p><i>[rest of text to stay same]</i></p>	Consequential cross-referencing amendments to reflect new FPR 8 approved by Council on 20/2/08 and included in FPR.
7.16	<p>Outturn</p> <p>With the assistance of all Directors, the CDFCS shall report to the Executive on the outturn of expenditure (and funding if appropriate) of each scheme, as soon as practicable after the end of the financial year.</p>	<p><i>Need space between sub-heading and text.</i></p>	Consistency in style of document.
8.1	<p>The CDFCS shall be consulted, and certify if necessary, any application for grant or external funding.</p>	<p>The CDFCS shall be consulted on, and certify if necessary, any application for grant or external funding.</p>	Improvement in drafting of original FPR 8.

Rule	Current Wording	Proposed Amendment	Reason
8.2	<p>The CDFCS to</p> <p>(i) agree the terms and conditions of all grant offers made to the County Council, and</p> <p>(ii) accept such grant offers and sign appropriate documentation on behalf of the County Council, provided</p> <p>(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 he Head of Legal Services.</p>	<p>The CDFCS to:</p> <p>(i) agree the terms and conditions of all grant offers made to the County Council, and</p> <p>(ii) accept such grant offers and sign appropriate documentation on behalf of the County Council,</p> <p>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 the Assistant Chief Executive (Legal and Democratic Services).</p>	Improvement in layout and interpretation and amendment of post title.
9.4	<p>A Director for whose service any assets have been acquired under a leasing agreement shall adhere to the terms and conditions of the relevant leasing agreement particularly as this relates to wear and tear, or residual condition of the asset at the end of the leasing period. A full inventory of all leased assets worth more than £250 must also be maintained by the Director (see Rule 9.1)</p>	<p>A Director for whose service any assets have been acquired under a leasing agreement shall adhere to the terms and conditions of the relevant leasing agreement particularly as this relates to wear and tear, or residual condition of the asset at the end of the leasing period. A full inventory of all leased assets worth more than £250 must also be maintained by the Director (see Rule 10.1)</p>	Consequential cross-referencing amendments to reflect new FPR 8 approved by Council on 20/2/08 and included in FPR.
9.6	<p>Disposal of Assets</p> <p>9.6 Prior to the disposal of any asset, a Director must:-</p> <p>(i) ensure that the property or asset is of no use to any other Directorate ;</p> <p>(ii) for assets subject to a leasing agreement consult the CDFCS (see Rule 8.5);</p>	<p>Disposal of Assets</p> <p>9.6 Prior to the disposal of any asset, a Director must:-</p> <p>(i) ensure that the asset is of no use to any other Directorate ;</p> <p>(ii) for assets subject to a leasing agreement consult the CDFCS (see Rule 9.5);</p>	<p>Consequential cross-referencing amendments to reflect new FPR 8 approved by Council on 20/2/08 and included in FPR.</p> <p>Also to remove the reference to “property” in (i) as such matters relating to property are dealt with in the Property Procedure Rules.</p>

Rule	Current Wording	Proposed Amendment	Reason
9.8	A Director may dispose of any asset if its estimated disposal value is £10,000 or less (see Rule 8.9 and 9.3). If the estimated disposal value:- (i) is greater than £10,000 but less than £100,000 then a Portfolio Holder may authorise the disposal following consultation with the Director and with the approval of the CDFCS. (ii) is £100,000 or greater then the approval of the Executive is required.	A Director may dispose of any asset if its estimated disposal value is £10,000 or less (see Rule 9.9 and 10.3). If the estimated disposal value:- (i) is greater than £10,000 but less than £100,000 then a Portfolio Holder may authorise the disposal following consultation with the Director and with the approval of the CDFCS. (ii) is £100,000 or greater then the approval of the Executive is required.	Consequential cross-referencing amendments to reflect new FPR 8 approved by Council on 20/2/08 and included in FPR.
9.9	A Director may dispose of a number of assets simultaneously if their aggregate estimated disposal value is £10,000 or less. If the estimated aggregate disposal value exceeds £10,000 then the provisions of Rule 8.8 shall apply as appropriate.	A Director may dispose of a number of assets simultaneously if their aggregate estimated disposal value is £10,000 or less. If the estimated aggregate disposal value exceeds £10,000 then the provisions of Rule 9.8 shall apply as appropriate.	Consequential cross-referencing amendments to reflect new FPR 8 approved by Council on 20/2/08 and included in FPR.
10.1	A Director shall maintain a written inventory (in a form approved by the CDFCS) of all assets used in his Directorate which belong to the Council whose individual cost or value exceeds £250. This Rule also applies to any asset acquired under a leasing agreement (see Rule 8.4).	A Director shall maintain a written inventory (in a form approved by the CDFCS) of all assets used in his Directorate which belong to the Council whose individual cost or value exceeds £250. This Rule also applies to any asset acquired under a leasing agreement (see Rule 9.4).	Consequential cross-referencing amendments to reflect new FPR 8 approved by Council on 20/2/08 and included in FPR.
10.3	A Director may arrange for the disposal of unrequired stock or inventory items, up to a limit of estimated value of £10,000 in any period of three consecutive calendar months. Above that figure, Rules 8.8 and 8.9 shall apply.	A Director may arrange for the disposal of unrequired stock or inventory items, up to a limit of estimated value of £10,000 in any period of three consecutive calendar months. Above that figure, Rules 9.8 and 9.9 shall apply.	Consequential cross-referencing amendments to reflect new FPR 8 approved by Council on 20/2/08 and included in FPR.
11.4 and 11.5		<i>Space required between the two sections.</i>	Improvement in formatting.

Rule	Current Wording	Proposed Amendment	Reason
12.4	Income may NOT be used to directly offset payments due. All money received on behalf of the Council shall, as soon as practicable, be either banked for the credit of the Council's account or deposited with the CDFCS. The only exception to this arrangement is for LMS Schools as defined in Rule 13.3 .	Income may NOT be used to directly offset payments due. All money received on behalf of the Council shall, as soon as practicable, be either banked for the credit of the Council's account or deposited with the CDFCS. The only exception to this arrangement is for LMS Schools as defined in Rule 14.3 .	Consequential cross-referencing amendments to reflect new FPR 8 approved by Council on 20/2/08 and included in FPR.
12.7	Approval to write off a number of debts simultaneously may be agreed as set out in Rules 11.5 and 11.6 above, using the aggregate value of the amounts to determine the relevant threshold value.	Approval to write off a number of debts simultaneously may be agreed as set out in Rules 12.5 and 12.6 above, using the aggregate value of the amounts to determine the relevant threshold value.	Consequential cross-referencing amendments to reflect new FPR 8 approved by Council on 20/2/08 and included in FPR.
13.2	Any cash shall be kept in a safe place at all times (see also Rule 9.2).	Any cash shall be kept in a safe place at all times (see also Rule 10.2).	Consequential cross-referencing amendments to reflect new FPR 8 approved by Council on 20/2/08 and included in FPR.
13.3	All petty cash advances in excess of £100 shall have an Imprest Bank Account unless the CDFCS has given specific written approval to alternative arrangements. An Imprest Bank Account set up under these circumstances is subject to Rule 13.1 .	All petty cash advances in excess of £100 shall have an Imprest Bank Account unless the CDFCS has given specific written approval to alternative arrangements. An Imprest Bank Account set up under these circumstances is subject to Rule 14.1 .	Consequential cross-referencing amendments to reflect new FPR 8 approved by Council on 20/2/08 and included in FPR.
14.1	All arrangements for the operation and supervision of the Council's bank account(s) shall be made by the CDFCS. No alternative bank account(s) may be opened without the prior written approval of the CDFCS. The purpose of any new bank account and the identity of the bank and details of the account shall be recorded in writing and retained on an appropriate file by the CDFCS. This Rule also applies to Imprest Bank Accounts (see Rule 12.3).	All arrangements for the operation and supervision of the Council's bank account(s) shall be made by the CDFCS. No alternative bank account(s) may be opened without the prior written approval of the CDFCS. The purpose of any new bank account and the identity of the bank and details of the account shall be recorded in writing and retained on an appropriate file by the CDFCS. This Rule also applies to Imprest Bank Accounts (see Rule 13.3).	Consequential cross-referencing amendments to reflect new FPR 8 approved by Council on 20/2/08 and included in FPR.

Rule	Current Wording	Proposed Amendment	Reason
14.3	Any bank accounts operated under the terms of the 'Bank Accounts for Schools' (BAFS) arrangements, established under the approved LMS scheme, are a permitted exception to Rule 13.1 .	Any bank accounts operated under the terms of the 'Bank Accounts for Schools' (BAFS) arrangements, established under the approved LMS scheme, are a permitted exception to Rule 14.1 .	Consequential cross-referencing amendments to reflect new FPR 8 approved by Council on 20/2/08 and included in FPR.

CONTRACT PROCEDURE RULES

Rule	Current Wording	Proposed Amendment	Reason
Page 3 of the Constitution (Index)	Contracts Procedure Rules	Contract Procedure Rules	Accurate description of Rules.
Page 127 of the Constitution (Index to Part 4)	Contracts Procedure Rules	Contract Procedure Rules	Accurate description of Rules.
Contents Page - CPR	10. Tender Acceptance	10. Tender Evaluation and Acceptance	To reflect the provisions of the Rule relating to evaluation.
CPR 1.1 Introduction	<i>Delete:</i> HLS Head of Legal and Legal and Democratic Services	<i>At beginning of definitions list in 1.1 insert, alphabetically, the following:</i> ACE(LDS) Assistant Chief Executive (Legal and Democratic Services) <i>And then amend all references to "HLS" throughout document to "ACE(LDS)"</i>	To reflect changed post title.
3.1(c)	(c) Statutory Instruments	(c) Statutory Instruments including, but without limitation, the Public Contracts Regulations 2006.	To highlight the principal regulations which apply to public sector procurement.
7.10	Consultancy Contracts 7.10 Where the estimated value of a Consultancy Contract is £30,000 or less, at least one quotation should be invited, and up to three quotations should be invited where the Responsible Officer considers that better	<i>Insert a new 7.10.1.1 (after 7.10.1) as follows:</i> 7.10.1.1 Where the estimated value of a Consultancy Contract is £100,000 or more, then tenders must be sought.	For clarification purposes.

Rule	Current Wording	Proposed Amendment	Reason
	<p>value for money will be obtained by doing so.</p> <p>7.10.1 Where the estimated value of a Consultancy Contract exceeds £30,000 but is less than £100,000 at least three written quotations should be invited from suitable potential Contractors. The estimated value of the Contract shall be recorded in writing prior to quotations being sought.</p> <p>7.10.2 Rule 7.8 shall apply to Consultancy Contracts subject to the figure of £100,000 being substituted for the figure of £50,000 in that Rule.</p>		
8.1 (re Tenders)	8.1 If the estimated value of a contract is £50,000 or more written tenders must be invited in accordance with the following provisions of this Rule.	8.1 Subject to Rule 7.10 , if the estimated value of a contract is £50,000 or more written tenders must be invited in accordance with the following provisions of this Rule.	To make it clear that the obligation in CPR 8.1 to seek tenders is subject to the carve out for consultancy contracts in CPR 7.10 (which enables quotations to be sought for consultancy contracts up to a value of £100k).
8.4	<i>New sub-clause.</i>	<p>8.4(d) Framework Agreements</p> <p>If a Director (in consultation with the CDFCS) considers it appropriate to establish a framework agreement then the procedure prescribed by the Public Contracts Regulations 2006 shall apply to all aspects of the procurement and operation of the framework agreements including (but without limitation) :-</p> <ul style="list-style-type: none"> (i) the procurement methodology (ii) any orders placed under the framework agreement (iii) the reopening of competition between contractors who have been awarded a framework agreement (ie “mini competitions”) and 	To refer specifically to the new arrangements enabled by the Regulations re the creation and operation of framework agreements.

Rule	Current Wording	Proposed Amendment	Reason
		(iv) the duration of a framework agreement which shall not exceed four years.	
10.0 Title	10.0 TENDER ACCEPTANCE	10.0 TENDER EVALUATION AND ACCEPTANCE	For clarification purposes.
10.1	10.1 Where tenders are to be evaluated on the basis of MEA the Director shall record the evaluation model to be used to score the quality criteria referred to in Rule 8.2 prior to the tenders being opened. The evaluation model should not be communicated to tenderers without the approval of the CDFCS (in consultation with the HLS).	10.1 Where tenders are to be evaluated on the basis of MEA or price only the Director shall record the evaluation model to be used to score the quality criteria referred to in Rule 8.2 prior to the tenders being opened. The evaluation model should not be communicated to tenderers without the approval of the CDFCS (in consultation with the ACE(LDS). A copy of the evaluation model should be sent to Internal Audit.	For clarification purposes and to further good practice. Also to record the Head of Legal Services' change in post title.
18.1	When a procurement is to be undertaken which exceeds the financial value thresholds specified in Rule 18.2 then the Responsible Officer leading the procurement shall notify by email the Council's S151 Officer (ie the CDFCS) and its Monitoring Officer (ie Head of Legal Services) before an advertisement inviting tenders or expressions of interest (as the case may be) is published; such notifications shall include the estimated "whole life" financial value of the contract, the procurement methodology and any other relevant factors including, but without limitations, any TUPE implications.	When a procurement is to be undertaken which is expected to exceed the financial value thresholds specified in Rule 18.2 then the Responsible Officer leading the procurement shall notify by email the Council's S151 Officer (ie the CDFCS) and its Monitoring Officer (ie ACE(LDS)) before an advertisement inviting tenders or expressions of interest (as the case may be) is published, or any order is placed pursuant to a framework agreement or other arrangement; such notifications shall include the estimated "whole life" financial value of the contract, the procurement methodology and any other relevant factors including, but without limitations, any TUPE implications.	To reflect the fact that the Rule relates to a future procurement and to record the Head of Legal Services' change in post title to Assistant Chief Executive (Legal and Democratic Services). Also to reflect good practice in relation to framework arrangements.

Rule	Current Wording	Proposed Amendment	Reason
18.3	No advertisement shall be published for the procurement until five whole working days have elapsed since the email notification referred to in Rule 18.1 was sent.	No advertisement or order placed under existing framework arrangements, or any other action leading towards procurement shall be published or undertaken for the procurement until five clear working days have elapsed since the email notification referred to in Rule 18.1 was sent and confirmation to proceed has been given.	<p>Clarification that CPR 18 also applies to procurement where there is no advertisement (eg where a purchase is being made from a consortium or via a framework, standing list or similar arrangement) and clarification that the purpose of the Rule is not to give approval to advertisements themselves but to the procurement which is being advertised.</p> <p>Amendment also provides clarification of time limit by referring to "clear" working days and by requiring a positive response.</p>

PROPERTY PROCEDURE RULES

Rule	Current Wording	Proposed Amendment	Reason
PPR 1.1 Interpretation	<i>Delete:</i> HLS The Head of Legal and Democratic Services	<i>At beginning of definitions list in 1.1 insert, alphabetically, the following:</i> ACE(LDS) Assistant Chief Executive (Legal and Democratic Services) <i>And then amend all references to "HLS" throughout document to "ACE(LDS)"</i>	To reflect changed post title.
6.1.1	Whenever it is proposed that Property should be acquired by the Council, the CDFCS is responsible for seeking the approval which is necessary in accordance with this Rule 6.1 .	6.1.1 Subject to Rule 6.1.4(a) whenever it is proposed that Property should be acquired by the Council, the CDFCS is responsible for seeking the approval which is necessary in accordance with this Rule 6.1 .	To reflect the "carve out" in 6.1.4(a) re licences.
6.1.4	<i>N/A - new 6.1.4(a)</i>	6.1.4(a) a Director may approve a licence on a non-recurrent basis for the maximum term of one year and for the maximum payment of £5,000; <i>Previous 6.1.4(a) will now become 6.1.4(b), 6.1.4(b) will become 6.1.4(c) and 6.1.4(c) will become 6.1.4(d).</i>	To enable Directors to approve the acquisition of short term licences.
6.1.5(d)	the CDFCS may approve the exercise of any option within the limits set for leases in section Rule 6.1.4(a) or limits set for other Property Contracts set in Rule 6.1.3(a)	the CDFCS may approve the exercise of any option within the limits set for leases in Rule 6.1.4(b) or limits set for other Property Contracts set in Rule 6.1.3(a)	To rectify a drafting inconsistency and to reflect the inclusion of the new Rule 6.1.4(a).
6.1.5(e)	the Executive Member for Corporate Affairs may approve the exercise of any option within the limits set for leases in Rule 6.1.4(b) or the limits set for other Property Contracts set in Rule 6.1.3(b)	the Executive Member for Corporate Affairs may approve the exercise of any option within the limits set for leases in Rule 6.1.4(c) or the limits set for other Property Contracts set in Rule 6.1.3(b)	To reflect the inclusion of the new Rule 6.1.4(a).

Rule	Current Wording	Proposed Amendment	Reason
6.1.5(f)	the Executive may approve the exercise of an option and must approve any triggering of an option within the limits set for leases within Rule 6.1.4(c) or the limits set for other Property Contracts set in section in Rule 6.1.3(c)	the Executive may approve the exercise of an option and must approve any triggering of an option within the limits set for leases within Rule 6.1.4(d) or the limits set for other Property Contracts set in Rule 6.1.3(c)	To rectify a drafting inconsistency and to reflect the inclusion of the new Rule 6.1.4(a).
6.1.5 (a) to (e)	<i>The bulleted lettering has gone astray and requires correction.</i>		Correction of typographical error.
6.1.5 (e)	(e) The Executive may approve the exercise of an option and must approve any triggering of an option within the limits set for leases within Rule 6.1.4(c) or the limits set for other Property Contacts set in section in Rule 6.1.3(c)	(e) The Executive may approve the exercise of an option and must approve any triggering of an option within the limits set for leases within Rule 6.1.4(c) or the limits set for other Property Contacts in Rule 6.1.3(c)	Improvement in drafting.
8.1.1	Whenever it is proposed that Property should be disposed of by the Council, the CDFCS is responsible for seeking the approval which is necessary in accordance with this Rule 8.1.	8.1.1 Subject to Rule 8.1.3(a) whenever it is proposed that Property should be disposed of by the Council, the CDFCS is responsible for seeking the approval which is necessary in accordance with this Rule 8.1.	To reflect the “carve out” in 8.1.3(a) re licences.
8.1.3	N/A - new 8.1.3(a)	8.1.3(a) a Director may approve a licence on a non-recurrent basis for the maximum term of one year and for the maximum payment of £5,000; <i>Previous 8.1.3(a) will now become 8.1.3(b), 8.1.3(b) will become 8.1.3(c), 8.1.3(c) will become 8.1.3(d).</i>	To enable Directors to approve the granting of short term licences.

Rule	Current Wording	Proposed Amendment	Reason
8.1.6	<p>Variation of lease terms</p> <p>The CDFCS may approve any variation to the terms of an existing lease or licence (including the grant of a licence to assign or sublet) except that, if the variation would result in an increase to the rent or licence fee, Rule 8.1.3 shall apply.</p>	<p>Variation of lease terms</p> <p>The CDFCS may approve any variation to the terms of an existing lease or other agreement (including the grant of a licence to assign or sublet) except that, if the variation would result in a decrease to the rent or licence fee, Rule 8.1.3 shall apply.</p>	<p>To correct a prior administrative error in copying over the wording from another Rule re acquisitions.</p>
New 8.2.0	<p><i>[None].</i></p>	<p>The Surveyor is responsible for negotiating the terms for the Disposal of Property and for any subsequent rent reviews, if relevant.</p>	<p>A new rule to make the role of the Surveyor explicit in relation to this work.</p>

EXECUTIVE MEMBERS' DELEGATION SCHEME

Para	Current Wording	Proposed Amendment	Reason
Last (un-numbered)	To approve any release or variation of restrictive covenants up to £1,000,000 in value.	h) To approve any release or variation of restrictive covenants up to £1,000,000 in value.	Administrative - to include the missing letter (h) and bring the delegation within the bulleted list as it should be.

GRANT APPLICATION AND ACCEPTANCE PROCEDURES

**PROPOSAL TO ALTER THE EXECUTIVE MEMBERS' DELEGATION SCHEME
AND FINANCIAL PROCEDURES RULES**

1.0 External Funding – Submission of Bids and Acceptance of Funding

1.1 The current delegation scheme to Executive Members includes, at item 6, the following:

To authorise the submission of bids for external funding and the acceptance of any external funding, subject to the implications for the County Council being consistent with the budget and policy framework.

1.2 It should be noted that this clause does not set any de-minimis limit.

1.3 The Finance Procedure Rules (FPR) include at Section 8, the following:

8.0 GRANTS

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

8.2 *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 and Democratic Services.*

8.3 *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.*

8.4 *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.*

- 1.4 It will be noted that there is an inconsistency between these two separate sections of the Constitution in that the FPR does not reflect the nature of the Executive Members' Delegation Scheme, but is written in the context of an officer delegation to progress such matters.
- 1.5 Following a review of the processes in place to support the FPR, it is clear that the importance of clause 6 in the Executive Members' Delegation Scheme has not been widely understood across Directorates. So whilst a number of matters relating to grant submission and acceptance will have been shared with Executive Members because of their significance in policy, service delivery or budget terms, it is likely that a number of smaller and more routine applications for funding have not been dealt with in line with the Delegation Scheme.
- 1.6 As an interim measure, guidance has been issued to ensure that all such matters are drawn to the attention of Executive Members. It is considered, however, that it may be appropriate for the Delegation Scheme to be amended, with consequential amendments to the FPR, to allow for a de minimis level to be set within the Officers' Delegation Scheme to deal with lower value bids and acceptance of external funding, where this is within the context of current policy and consistent with the budget framework. Subject to those important provisos, a de minimis level of £100k is recommended.
- 1.7 If this approach is adopted, the following changes to the Constitution will be required:

In the Executive Members' Delegation Scheme

Replace the current Item 6 with the following:

6. *In respect of grant or other external funding:*

(a) *Following consultation with the relevant Corporate Director and the CDFCS, to authorise the submission of bids for grant or other external funding in excess of £100,000; and*

(b) *Following consultation with the relevant Corporate Director, the CDFCS and the ACE(LDS) to authorise the CDFCS to accept any offer of grant or other external funding in excess of £100,000 in line with the requirements of paragraph 8.4 of the Financial Procedure Rules;*

subject in both cases to the implications for the Council being consistent with the budget and policy framework.

In the Officers' Delegation Scheme

Amend paragraph 4.6(o) [specific delegations to the Corporate Director Finance and Central Services] as follows:
from the current wording of:

- (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 and Democratic Services.*

to the new wording of:

- (o) *To authorise the submission of bids for grant or other external funding, the acceptance of any grant or other external funding and the agreement of terms and conditions of grant/funding offers up to and including (but not exceeding) £100,000, in accordance with Rule 8 of the Financial Procedure Rules, and subject to the implications for the Council being consistent with the budget and policy framework.*

In the Financial Procedure Rules

Rename Rule 8 Grants and External Funding

Insert a new paragraphs 8.1 and 8.2:

- 8.1 *The necessary authorisation to submit a bid for grant or other external funding, or accept an offer of such funding, must be obtained in advance of bid documents or acceptance documents being signed.*
- 8.2 *The Executive Members' Delegation Scheme at Item 6 must be considered. In particular, this sets a financial limit of £100,000. Above this level, appropriate Member authorisation must always be obtained before documents are signed.*

Then renumber the existing 8.1 to 8.4 to be new paragraphs 8.3 to 8.6. In view of this renumbering, it should be noted that the reference in the proposed wording of the Executive Members' Delegation Scheme to para 4 is intended to link to what is the wording of paragraph 8.2 in the current FPR.