The Report of the Executive

The Executive met on Tuesday, Tuesday, 22 February 2011. County Councillor John Weighell in the Chair. County Councillors Gareth Dadd, Carl Les, Caroline Patmore, John Watson OBE, and Clare Wood.

Also in attendance: County Councillors John Batt, John Blackburn, Liz Casling, Jim Clark, Tony Hall, David Ireton and David Jeffels

The Executive met on Tuesday, 8 March 2011. County Councillor John Weighell in the Chair. County Councillors Gareth Dadd, Carl Les, Chris Metcalfe, John Watson OBE, and Clare Wood.

The Executive met on Tuesday, 22 March 2011. County Councillor John Weighell in the Chair. County Councillors Gareth Dadd, Carl Les, Chris Metcalfe, John Watson OBE, and Clare Wood.

Also in attendance: County Councillors John Blackie and Melva Steckles

The Executive met on Tuesday, 5 April 2011. County Councillor John Weighell in the Chair. County Councillors Gareth Dadd, Carl Les, Chris Metcalfe, John Watson OBE, and Clare Wood.

The Executive met on Tuesday, 10 May 2011. County Councillor John Weighell in the Chair. County Councillors Gareth Dadd, Carl Les, Chris Metcalfe, John Watson OBE, and Clare Wood.

 Also in attendance: County Councillors David Blades and John Clark

The Executive will meet again on 17 May, 2011.

1. **Revenue Budget and Medium Term Financial Strategy 2011–15.** At its meeting on 16 February 2011, the County Council approved a Revenue Budget for 2011/12 and Medium Term Financial Strategy (MTFS) for 2011/15. For reasons that were explained at the time, certain matters were unresolved. This report now addresses these issues. Also, since February 2011, a number of notifications have been received regarding various specific grants and details are provided in this report of how the Executive has allocated these funds to the appropriate Directorate.

The report considered by the County Council in February, 2011, presented the following year by year savings requirement, offset by savings identified.

Year	Savings requirement (i)	Savings identified (ii)	Shortfall (iii)
	£m	£m	£m
2011 / 12	36.9	26.5	10.4
2012 / 13	15.4	15.9	−0.5
Sub-total (a)	**52.3**	**42.4**	**9.9**
2013 / 14	8.2	7.6	0.6
2014 / 15	8.7	4.7	4.0
Sub-total (b)	**16.9**	**12.3**	**4.6**
Overall (a + b)	**69.2**	**54.7**	**14.5**

The report also identified a number of "turn-off / turn-on" items that could further offset the shortfall shown in individual years (**see column (iii) above**), and ameliorate the pressure that would otherwise fall on the General Working Balance (GWB) until such time as recurring savings were identified. If these turn-off / turn-on items are applied, the situation reported in February 2011 was -

	2011/12 £m	2012/13 £m	Sub-Total £m	2013/14 £m	2014/15 £m	Total £m
Savings Requirement	36.9	15.4	52.3	8.2	8.7	69.2
- Recurring Savings	-26.5	-15.9	-42.4	-7.6	-4.7	-54.7
= Recurring Shortfall	10.4	-0.5	9.9	0.6	4.0	14.5
- Turn off/turn on						
Roads	-3.0 -3.0	+3.0	-3.0	+3.0		0
Repair/Mtnce	-0.5	+0.5	0			0
On-street	-1.0	+1.0	0			0
= Residual Shortfall	5.9	1.0	6.9	3.6	4.0	14.5

Proposals to permanently address these shortfalls are detailed below. The proposals are split into two 2-year periods – this reflects the fact that the Government grant figures for 2011/12 and 2012/13 are now fixed, whereas the figures for 2013/14 and 2014/15 will not be

announced until the Government has carried out a further Comprehensive Spending Review in 2012. It is, however, prudent to recognise that there are still risks surrounding the delivery of the "Budget package" approved in February 2011. In summary, these risks can be identified as follows -

➜ non delivery of planned savings
- ↳ in absolute £ terms
- ↳ on time
- ↳ due to response to consultation feedback

➜ redundancy costs exceeding provision

➜ underestimation of key sensitivities
- ↳ 'specific' inflation factors
  (home to school / care packages / Baxters)
- ↳ continuing demand (eg ACS)
- ↳ Waste Strategy / PFI / waste volumes)

These risks will be monitored alongside the delivery of the various savings proposals agreed in February 2011 and reported to the Executive via the Quarterly Performance and Budget monitoring reports.

Based on the analysis provided above, the combined shortfall for these 2 years is £6.9m. It is proposed to address this by –

(i) **Convert the £1m for on-street parking income from a turn-off / turn-on item into a recurring annual contribution**

As set out in the Budget report to the Executive on 8 February 2011, the surplus generated by the on-street parking account operated in Harrogate must be spent on transport related issues, including concessionary fares, in line with relevant legislation. It is now anticipated that the budgeted surplus for 2011/12 that enabled a one-off contribution towards Concessionary Travel will continue into the foreseeable future, and therefore an annual (rather than one-off) contribution can now be built into the base budget

(ii) **Response to demographic demand in Adult and Community Services**

The County Council has supported ACS with upfront investment from the PIP for telecare and the transitional and parallel running costs associated with converting the in-house domiciliary service in order to create a reablement service. Both investments have already delivered positive results, both for those clients requiring care services from NYCC and, financially, for the Budget / MTFS. In addition, the number of people being supported by the Directorate has reduced relative to the anticipated demand, which has presented an opportunity to review the £3m level of commitment to ACS incorporated into the MTFS and approved as part of the Budget in February 2011. Given the financial climate, it is appropriate to revisit these assumptions and reflect them in this further Budget report. However, ongoing monitoring is required to ensure this is not a short-term "blip" and that the long-term trend does not re-establish itself. Also, discussions have taken place with the York and North Yorkshire PCT in relation to the Government's

provision of funding for Adult Social Care, to be routed through the PCT, to develop services which will further assist reduce the support being required from traditional social care services. Through a combination of these approaches a further budget reduction of £3m from ACS can be delivered.

(iii)   Since the February 2011 report, **CYPS has received confirmation of final grant allocations and funding** for sustainable transport and extended rights to free transport. There is also an anticipated contribution towards the Social Care workforce development budget, as part of a national settlement of £43.9m for the Social Work Improvement fund. As a result of these, and further rigorous work in finalising its Budget, CYPS can increase its recurring savings target for 2011/12 and following years by £0.5m.

(iv)   The Budget agreed in February included a residual provision of £0.5m for a possible **pay award settlement in 2011/12**. Given developments at national level, it is no longer necessary to retain this provision.

(v)   The **Corporate Miscellaneous Budget** includes the "income" estimates for interest on cashflow / balances and the "expenditure" estimates for the cost of debt financing. Based on a combination of

−   investment / borrowing performance in 2010/11 that will carry through into 2011/12

−   potential debt rescheduling opportunities

−   reduced capital borrowing requirement and / or a continued use of internal cash balances rather than borrowing to finance the Capital Plan

−   reduced Audit fees, increased YPO dividend, etc, and various other "miscellaneous" items

it is proposed that the remaining £1.9m be found from the Corporate Miscellaneous budget.

In summary, therefore, the proposal is to fund the £6.9m recurring shortfall for 2011/12 and 2012/13 as follows -

				£m
(i)	BES	−	on-street parking / concessionary travel	1.0
(ii)	ACS	−	demographic demand and related issues	3.0
(ii)	CYPS	−	utilisation of additional grants	0.5
(iv)	Pay award provision not required			0.5
(v)	Corporate Miscellaneous			1.9
			£	6.9

Notwithstanding the uncertainty regarding the level of Government grants for these two years, it is considered prudent to have a plan to address the shortfall of £7.6m shown using the assumptions used in the MTFS. At this stage it is proposed to address this shortfall through the One Council change programme. Details of this programme are provided below. The One Council change programme is not the only way in which any savings requirement can be achieved for these later years of the MTFS. Therefore, Management Board will continue to try to identify, and then pursue, any other opportunities that may arise that can release resources to either achieve a necessary savings target, and / or be available to recycle at some point back into front-line services.

The aim of the One Council change programme is to identify and maximise further opportunities to deliver savings which do not impact on front-line service delivery. Savings are likely to be greatest in functions which operate across the County Council where it is noted that -

- support functions are currently fragmented and spread across the organisation so there is duplication of effort and a proliferation of local systems, which results in inconsistency and higher costs

- no single view is taken of the customer across the organisation, so the customer experience remains highly dependent on the service they require

- the fragmented arrangements for business and administrative support lead to duplicated management and supervisory arrangements across directorates and the County Council

The challenge is to reduce the costs of delivering services, regardless of where those costs arise, and to do this in a way that improves the customer experience and ensures continued service excellence. The aim of the One Council change programme is to create a future organisation which focuses on customers (external and internal customers in the case of support services) and maximises resources for frontline service delivery. It will do this by adopting a one council approach, with clear expectations of staff and managers and a continuing focus on ensuring high performance, an area where the County Council has a proud record.

Following a review of the way in which 6,325 full time equivalent staff (excluding school based staff) have been deployed, nine areas of particular opportunity have been identified –

(i)   Business support (ie administration, clerical, data entry)

(ii)   Management & supervision

(ii)   Customer access

(iv)   ICT

(v)   Property management

(vi)   HR / training / workforce development

(vii)   Financial management

8.6

(viii)   Procurement & contract management

(ix)   Strategic core (eg information reporting, communications & consultation, policy, strategy)

These areas offer significant scope to reduce costs by -

- simplifying current approaches across the County Council

- standardising functions, systems and approaches across the County Council

- sharing functions and systems across the County Council

Work has now begun to pull together detailed project plans for each of these 9 areas of opportunity and some structural changes have already been announced in order to underpin some of these plans.   More detailed project plans are now vital, in order to determine the optimal design of future support services and to provide greater confidence about the scope for cashable savings.   There will be clear inter-dependencies and challenges amongst the 9 areas. An overall programme plan will therefore be produced which will identify key milestones, including the points at which estimated savings can be realised to support the MTFS.   Further information can be found in the document *One Council – Vision and Approach* (a copy of which is attached as Appendix 1).   At this stage, and without producing detailed business plans, it is difficult to estimate the level of savings that can be achieved through the One Council programme. It is anticipated, however, that the programme will make a significant contribution to the estimated deficit of £7.6m that currently exists in the MTFS for 2013/14 and 2014/15.   Although the level of opportunity is tempered by the relatively low cost base of the County Council, every effort will be made to maximise returns from the programme to help protect the resources available for front-line services.

A key feature of the Local Government Finance Settlement for 2011/12 and 2012/13 included many former specific Grant funding streams being merged into General Formula Grant; reflected in the new Dedicated Schools Grant (DSG) baseline; or incorporated into a new Education Intervention Grant; or being discontinued altogether. A number of 'specific grant' funding streams do continue, however, with final allocations being notified to the County Council on a periodic basis after the Final Settlement announcement. Details of these Grant allocations and their proposed utilisation are:

(i)   **Council Tax Freeze grant (£6.149m)**

Confirmation of this grant was received on 18 April 2011, with the final allocation being the same as initially expected and reflected in the 2011/12 Revenue Budget/MTFS process. The Government had previously indicated that this grant would continue (at the same level) throughout the Spending Review period (i.e. to 2014/15).   Following concerns expressed by Local Authorities they have, however, now confirmed their intention to provide similar funding in subsequent years of the Spending Review. This grant will be held corporately to fund the overall Revenue Budget, in lieu of what would have been received from a 2.5% Council Tax increase.

(ii)   **Pot Hole Funding (one off grant of £6.632m)**

The County Council's share of this £200m national allocation for extra road maintenance funding, following abnormal damage caused by the 2010/11 severe winter, (£100m announced in February 2011, plus a further £100m announced as part of the Chancellor's Budget on 23 March 2011) is £6.632m. This allocation is based on the Department for Transport's Highways Maintenance Capital Funding formula, which takes into account road length and condition. The grant is to be allocated directly to BES for the intended purpose and will be prioritised to those roads with the most severe damage across the County Council's area.

(iii)   **Community Transport grant (one off £416k)**

This new grant was announced on 9 March 2011, with a national £10m of new transport funding for 2011/12 to be distributed to rural Transport Authorities to kick start community transport in rural areas. The County Council's allocation is £416k and it is to be allocated directly to BES for the intended purpose. The funding will be used to develop ways to increase capacity, encourage greater use and enhance and establish Community Transport Services across the County Council's area.

(iv)   **New Burdens Grant - Habitats Regulations Assessments (one off £17k)**

The County Council has been allocated £17k in relation to new burdens resulting from 'Habitats Regulations Assessments and Climate Change Planning Policy Statement' which is to be allocated to BES. The funding will be used to ensure that the County Council does not prejudice the integrity of International Nature conservation sites and to address climate change considerations in the preparation of the Minerals and Waste Development Framework.

(v)   **New Homes Bonus Grant (£382k for 2011/12)**

This allocation for 2011/12 was confirmed on 4 April 2011 and will be paid at the same level for a six year period. There will also be further allocations in each subsequent year, each of which will also be paid for a six year period. Thus, grant for 2013/14 will become £383k plus an additional allocation (assuming additional homes come on stream) for 2013/14. The aim of the funding is to provide Local Authorities with an incentive to deliver housing growth and is provided as a fixed sum of about £1,439 for each additional 'Band D' Council Tax home in the authority's area. The total allocation for the North Yorkshire area is £1,910k, but 80% (£1,528k) is to be paid to the District Councils, based on the Government's views that lower tier Authorities are better placed to understand local needs and concerns in relation to housing development. The County Council's 20% allocation is £382k.

This grant is to be held corporately, for the time being, pending further discussion with the District Councils on the most appropriate utilisation of the funding. The original estimate for this grant was treated as income in Corporate Miscellaneous. Pending the outcome of the discussions with District Councils, it is proposed to take no further action until the utilisation of the grant is resolved.

(vi) **Local Services Support Grant (£1,303k for 2011/12)**

This new Local Services Support Grant (LSSG) brings together several residual former specific grants into a single funding stream, with the County Council's recently notified allocation of £1,303k for 2012/13 consisting of:

Grant	Actual allocation 2011/12 £000	Indicative allocation 2012/13 £000	Allocation to Directorate
(a) Community Safety Grant Young People Substance Misuse Stronger Safer Communities fund Adult Call for Action	72 460 13	36 234 6	CYPS CEG CEG
Total	545	276	
(b) Inshore Fisheries This funding is needed to pay a matched increased levy from the North Eastern Inshore Fisheries and Conservation Authority arising from new burdens and responsibilities following the recent 'Marine Bill'	55	?	Corporate Miscellaneous
(c) Lead Local Flood Authorities – Managing Flood Risk The allocation is in support of putting into place and carrying out the new responsibilities as the Lead Local Flood Authority (LLFA) under the Flood and Water Management Act 2010. The funding will be used to address the risk of flooding across the County Council's area and will include producing a local strategy and associated risk management plans, maintaining a register of assets relevant to flooding, supporting Community Flood Awareness Groups and investigating flooding.	168	372	BES
(d) DFE – Extended Rights and the General Duty to promote sustainable travel This allocation is slightly higher than expected and will enable CYPS to offer up additional savings to help close the funding gap as reported in **paragraph 4.2(iii)**	535	667	CYPS
Total Grant notification	**1,303**	**?**	

(vii) **Various CYPS Grant Allocations**

A number of grant allocations have now been notified and confirmed as follows:

	Grant	2011/12 £000	2012/13 £000
(a)	Early Intervention Grant This Grant brings together a number of former predecessor Grants as reported to Executive on 21 December 2010 and is marginally higher than the earlier indicative allocations of £18,612k and £19,761k.	18,693	19,845
(b)	Schools Grant (DSG) and Young Persons' Learning Agency	412,558 estimate	?
(c)	Pupil Premium Grants Earmarked for Schools	3,602	?
(d)	Other Grants A number of other smaller grant allocations have been confirmed which are broadly in line with expectations		

All these Grants should be allocated directly to CYPS

An outstanding grant notification relates to the Children's Workforce Development Council Social Work Funding. The support for local authorities has been increased significantly with a National Pot of £43.9m in 2011/12.

(ix) **Highways Capital Grant (£29.087m for 2011/12)**

This grant was confirmed on 30 March 2011(consisting of £3.835m for Integrated Transport and £25.252m for Highways Capital Maintenance) and is already reflected in the BES Capital Plan, which was approved by the Executive on 22 February 2011. This funding was previously allocated as a mix of supported Borrowing approvals and Capital Grant, but is now wholly Capital Grant.

None of the grant notifications referred to above, other than the CYPS 'Extended Rights and the General Duty to sustainable travel' allocation, have an impact on the 2011/12 Budget / MTFS shortfall position. Their continuation and value in future years will be monitored carefully, however, on the basis that any unexpected reductions (or increases) will have to be reflected in the 2012/13 and subsequent years' Revenue Budget / MTFS processes.

The Executive RECOMMENDS

That the shortfall in funding for the Revenue Budget 2011/12 and MTFS 2011/15 be addressed as follows -

(a)   for 2011/12 and 2012/13 the additional savings proposals totalling £6.9m summarised below and set out in detail in the report be approved;

				£m
(i)	BES	−	on-street parking / concessionary travel	1.0
(ii)	ACS	−	demographic demand and related issues	3.0
(ii)	CYPS	−	utilisation of additional grants	0.5
(iv)	Pay award provision not required			0.5
(v)	Corporate Miscellaneous			1.9
			£	6.9

(b)   for 2013/14 and 2014/15 the savings arising from the One Council change programme be used to offset the shortfall

2.   The Council Plan. The Council Plan, a copy of which is attached marked Appendix 2, is a key component of the County Council's policy framework, setting out the Council's objectives and how its resources are to be used to deliver those objectives. Ensuring the Council Plan 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. The Council Plan, which is revised annually, sets out the Council's long-term corporate ambitions and priorities for action for the next year (2011/12).

In previous years this process has been closely allied to the budget setting process, as this clearly demonstrates the golden thread running through the Council's objectives, priorities and allocation of resources. Due to the lateness of the announcement by the Government of the Final Settlement figures, however, and the complexity of that settlement, the decision was made to delay the agreement of the Council Plan until a clearer picture could be discerned. For this reason the Council Plan is being submitted to the Council on 18 May 2011, in tandem with the Budget 2 report. The Council Plan will have significant financial implications as it outlines the key programmes of work that will be carried out, all of which have been identified during development of the MTFS.

As before, a cross directorate project team has been established to co-ordinate the development of the draft Council Plan. This team reported progress to the Informal Executive on 29 March 2011. A 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, although this has predominantly concentrated on the budget. 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 in all seven districts. The Council Plan has a number of audiences including elected members, officers, partners, the public, and the Department of Communities and Local Government (DCLG). Efforts have been made to ensure that, as far as possible, the Council Plan is accessible, and of use, to all these audiences.

Given the altered local government environment and the need to reduce costs and drive efficiencies, it was felt a pared down and more focussed Council Plan was appropriate. To this end the structure used for the previous two years has been modified. A document the size of the Council Plan cannot 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.

The vision statement of the Council Plan is aligned to that of the North Yorkshire Sustainable Community Strategy and the core priority areas, agreed upon for the refresh of that strategy, have been incorporated. This does not mean that the Council's objectives have changed or that other areas of work will not be progressed but that, in these difficult times, most effort must be focussed on a small number of vital service delivery areas. The Council Plan includes more detail on the Council's contribution to these core priorities, the key issues for North Yorkshire, the services the Council provides, and the major challenges faced by the Council over the next four years. It also details the Council's plans to achieve savings through efficiencies and organisational change, and how resources will be allocated to the Council Plan priorities through the Medium Term Financial Strategy (MTFS), revenue resources, and capital plan.

While external inspection has been scaled back, the Council's performance in many areas is still subject to a range of external assessments. These provide evidence of performance improvement and how the Council is performing compared to other councils. The Council also benchmarks its own performance against other county councils and will continue to do so. There is strong evidence that the Council's performance continues to improve. The Care Quality Commission's Adult Social Care Performance Grading (November 2010) rated the authority as 'performing excellently' and the unannounced Ofsted Annual Assessment of the authority's children's services showed that North Yorkshire now meets all of the minimum requirements for the 'performs excellently' rating, the highest possible rating. As well as this, the Youth Justice Service scored the top category for all categories within its recent (December 2010) inspection.

There are a number of major performance challenges facing all the Council's directorates over the period of the MTFS. As it has in the past, the Council will continue to review its performance systematically and assess three key areas, using a range of comparative data:
- areas where performance is currently relatively low,
- opportunities exist for movement to upper quartile performance, and
- areas identified where there are significant and real risks of declining performance.

The Council has been consistently ranked as one of the top performing county councils in the country and will seek to retain this status. However, the severity of the public sector finances is likely to be such that there will be areas where maintaining current levels of performance will be difficult, let alone improving performance. Further details on these performance challenges can be found in the MTFS report. It should be noted, however, that this will prove to be a challenge across the country and the Council is well placed, as a relatively high performance authority, to respond to this challenge. The Council has selected measures and targets so that we can monitor our progress towards the priorities in the Council Plan. In particular we have 'Key Performance Indicators (KPIs)', which provide headlines on performance against particular activities. These are reported on a quarterly basis and scrutinised in detail to ensure our performance against the Council Plan priorities is effectively managed. The Council Plan reflects the legal requirement on local authorities under Section 3 of the Local Government Act 1999 to secure continuous improvement in the way in which it exercises its functions.

Under equality legislation, the Council County must demonstrate that it pays due regard in its decision-making process to the need to eliminate unlawful discrimination, harassment and victimisation; to advance equality of opportunity; and to foster good relations between people who share a protected characteristic and those who do not share it. Impact assessments have been undertaken in respect of all relevant proposals contained in the draft Council Plan and made available to the Executive and County Council as part of the budget setting process.

The Executive RECOMMENDS

That the draft Council Plan be approved and that the Chief Executive be authorised to make any necessary changes to the text, including reflecting decisions made by the County Council on the Medium Term Financial Strategy and updated performance data.

3.   Motion – closure of libraries. At the meeting of the County Council held on 16 February 2011, County Councillor John Clark formally moved and County Councillor John Savage seconded the following motion:

"*Free access to books and other sources of information is a cornerstone of a civilised society. The Library Consultation has caused immense unease and foreboding throughout North Yorkshire. In the present financial climate this has to be balanced with the totally unreasonable reduction in government grants to Local Authorities and hence the need for cuts.*

The Consultation proposals have left many residents of North Yorkshire with the justified view that the 'we are all in it together' approach does not apply.

Those in the smaller communities are going to bear the brunt of the 'cuts' while those in the larger towns are to be left unscathed. This Council therefore resolves that:

i)   6 of the 10 Mobile Libraries will be retained
ii)   All the smaller Libraries will be kept open, albeit with reduced hours.
iii)   There will be a reduction in the opening hours of the main Libraries.
iv)   The proposed Super Mobile Library will not be proceeded with."

The motion, having been formally moved and seconded without comment, was referred to the Care and Independence Overview and Scrutiny Committee and the Executive for consideration and report back to the Council. The Care and Independence Overview and Scrutiny Committee will be meeting to consider the motion on 11 May, after this agenda has been circulated, and will then decide whether to express a view to the Executive on whether the motion, should be supported; should be supported subject to some amendment; or should be opposed. The Executive will meet again on 17 May to consider the motion and any views expressed by the Care and Independence Overview and Scrutiny Committee.

The views of the Care and Independence Overview and Scrutiny Committee and of the Executive, including any recommendations it may make, will be reported to the County Council at its meeting.

4.   **Review of Contract, Financial and Property Procedure Rules.** Under its terms of reference, one of the functions of the Audit Committee is to review and recommend to the Executive changes to the Finance, Contract and Property Procedure Rules and, at its meeting in December 2009, that Committee agreed the following framework for how these Procedure Rules might be amended:

(a) a review of Financial Procedure Rules to be reported to the March 2011 meeting, along with

(b) any minor changes required to the Contract and Property Procedure Rules, and that thereafter

(c) the major review of Procedure Rules be carried out on a rolling 3 year cycle, accepting that minor changes can still be proposed as part of that report.

The report considered by the Audit Committee on 3 March, 2011 recommended significant changes to the Financial Procedure Rules, although at this stage it has not been possible to complete the full review to cover the sections on the Medium Term Financial Strategy, the Revenue Budget and the Capital Plan. The report also proposed minor changes to the Contract and Property Procedure Rules.

The key changes recommended to the Financial Procedure Rules are set out in Appendix 4A and include:

- new clauses to deal with financial instruments

- a full review of the section on income

- an update to the section on Treasury Management to reflect decisions already taken on the reporting regime

- an update to the section on Voluntary Funds, to take account of changed arrangements at the Charity Commission

- an update on the section on Internal Audit to reflect the provision of that service by Veritau, and in particular the specific role of the Head of Internal Audit at

Veritau, rather than the Corporate Director – Finance and Central Services on a number of aspects of the audit governance regime.

- a number of small drafting changes to tidy up the document. This includes updating the terminology on Business Units to Service Units, revised job titles and arrangements relating to Veritau, as well as a range of typographical issues. These small items have not been highlighted explicitly in Appendix 4A unless these impact on a clause with a more fundamental change.

As a consequence of the above there are also a number of consequential changes to paragraph numbering and cross referencing. The proposed changes to the section of the rules dealing with income arise from the completion of work on an income policy and related procedures. This work draws on a number of recent national publications setting out best practice guidance, together with local experience in respect of various procedural matters. A full review of the sections of the Procedure Rules dealing with the Medium Term Financial Strategy, the Revenue Budget and the Capital Plan will be undertaken and reported to a future meeting of the Audit Committee. The Audit Committee supported the proposed changes, subject to an amendment to Financial Procedure Rule 13.4 to require that petty cash purchases, which must not exceed £100 per item, must always be supported by authenticated receipts, other than in exceptional circumstances.

A full review of the Contract Procedure Rules was carried out in 2009, since when a number of relatively minor changes have been identified. These are highlighted in Appendix 4B. The key changes recommended are:-

- clarification that the Contract Procedure Rules do not apply to financial instruments such as shares (because they do not involve a procurement in a legal sense).

- more robust text relating to the need to ensure there is legal power to enter into contracts and that larger scale contracts are properly recorded as Key Decisions.

- updated text to reflect the increased use of framework agreements (as opposed to the old "select list" arrangement which is inappropriate for most procurements).

- a new threshold of £10k for Forward Procurement Plan purposes

- a number of small drafting changes to tidy up the document and update cross references.

A full review of the Property Procedure Rules was completed in 2010. The only change recommended is to reflect the effect of the Academies Act 2010, which will require the County Council to transfer property at zero value. The proposed wording is highlighted in Appendix 4C.

The Executive supported the recommendations made to it by the Audit Committee.

The Executive RECOMMENDS

> That the changes to the Financial Procedure Rules detailed in Appendix 4A; the changes to the Contract Procedure Rules detailed in Appendix 4B; and the changes to the Property Procedure Rules detailed in Appendix 4C be approved; subject to Financial Procedure Rule 13.4 being amended to read: "Individual petty cash purchases must not exceed £100 per item and must always be supported by authenticated receipts, other than in exceptional circumstances."

5. **Appointments to Committees and other bodies.** The Executive sets out below recommendations relating to appointments to Committees, including the usual recommendations to allow political groups to put forward, at the meeting, nominations for appointments to seats on Committees and other bodies allocated to those groups and for the re-allocation of seats, if necessary, to achieve political proportionality.

A Regional Joint Health Scrutiny is to be established for the Yorkshire and the Humber Region, to look into the proposals/recommendations arising from the Children's Congenital Cardiac Services review. Because more than nine local authorities are expected to participate in the joint scrutiny exercise, under the agreed protocol for joint healthy scrutiny across the region, each participating local authority is entitled to one representative - the Chairman of the Scrutiny of Health Committee or their representative. The Executive recommends to the County Council that County Councillor Jim Clark be appointed as this Council's representative on the Regional Joint Committee.

The Executive RECOMMENDS

> a) That County Councillor Jim Clark be appointed as this Council's representative on the Regional Joint Health Scrutiny Committee to look into the proposals/recommendations arising from the Children's Congenital Cardiac Services review.
>
> b) That County Councillor Geoff Webber be appointed to the Chief Officers Appointments Committee in place of County Councillor Keith Barnes.
>
> c) That Mr Graham Richards be appointed to the Young People's Overview and Scrutiny Committee as the representative of the Church of England in place of the Reverend Adrian Judd.
>
> d) That any proposals for the re-allocation of seats, if necessary, to achieve political proportionality or for 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 May 2011

North Yorkshire County Council

North Yorkshire County Council

One Council - Vision and Approach

Contents

1. Why we need the One Council change programme

There are many reasons why we need this One Council change programme. These include:

The local government financial settlement for the next 2 years is particularly challenging and we need to plan for further significant savings in years 3 and 4. In response, many local authorities are looking at fundamentally reshaping their structures and approaches to service delivery. Salami-slicing alone is neither sustainable nor desirable. The County Council's savings programme still leaves a significant gap which needs to be filled. The challenge is to identify and maximise any **further opportunities to deliver savings** which do not impact on frontline service delivery. Savings are likely to be greatest by looking at opportunities and functions which operate across the council.

Whilst the council's budget is reducing, the demand for its services is still increasing. We face a situation where the council will employ fewer staff and managers but needs to deliver more service. This will only work if the council's workforce is given the tools to do the job. This means empowering staff to respond flexibly to the needs of our customers, underpinned by good quality support services and systems. We will encourage an **enhanced culture of customer excellence**.

Expectations and obligations change on a regular basis. We need to embrace our new responsibilities, such as leading in public health and working alongside other health partners, and demonstrate how we make a difference to the people of North Yorkshire. This means being able to work **responsively with people in their own local communities** (however customers define them) rather than expecting the customer to fit in with our way of doing things.

A successful organisation has a sense of common purpose and of team. This helps to bind people together and improves the chances of successfully delivering the priorities and objectives of the council. The aim of the council is to deliver high performing services for the benefit of its customers where all staff see the value of their contribution. We need to ensure that there is a **strong focus on performance** at individual, team and council level. To achieve this staff will work to secure the best outcomes for customers using innovative means of delivery.

The County Council is high performing and delivers good value for money when compared to similar councils. However, the changing environment and the desire to improve further mean that it is simply not possible to preserve the status quo. The One Council change programme aims to deliver the positive attributes identified above, and as a result will make the council more fit to meet future challenges.

What do we do well and what are the issues with the way the council operates now?

Many of our services are rated as good or excellent by external inspection - "focus on service delivery is excellent".[1]

The council has a good record of delivering service change and innovation - "project/programme delivery capability is strong"[1] and we are therefore well placed to deliver a change programme.

However, the way in which support functions are currently fragmented and spread across the organisation means that there is a lot of duplication of effort and a proliferation of local systems which results in inconsistency and higher costs. There are a large number of small and/or bespoke technology solutions which have taken up development time and resources, which require knowledge and ongoing technical support, and often do not talk to each other.

There is no single view taken of the customer across the organisation so the customer experience remains highly dependent on the service they require. There is no single record of the customer that the customer service centre and services can access, far less the customer themselves.

The fragmented arrangements for business and administrative support lead to duplicated management and supervisory arrangements across directorates and the geography of the county. This adds cost and works against the adoption of streamlined best practice systems.

The case for change

All staff within the Council work to either deliver frontline services or to support that delivery. It is important that the right level of support is provided to frontline services whether that be from the "front office", "back office" or the "strategic core"[2] of the Council. Without such support the impact of frontline services would be diminished.

The challenge is to reduce the costs of delivering services, regardless of where those costs arise, and to do this in a way that improves the customer experience and ensures continued service excellence. The change programme aims to create a future organisation which focuses on customers (external and internal customers in the case of support services) and maximises the resources for frontline service delivery. It does this by adopting a one council approach with clear expectations of staff and managers and a continuing focus on ensuring high performance.

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[1] PwC comments when reporting back from review of organisation (Oct 2010)
[2] See pages 9 – 11 for further information

2. Overarching design principles for the future organisation

This set of design principles builds on and develops the common principles agreed by Management Board. They are needed both to underpin the design of the future organisation and to evaluate the proposals as they are developed by the individual workstreams.

The principles are clustered around five key themes:

Focus on customers

- Customers are provided with consistency in terms of customer service regardless of the type of service request. This includes standards covering quality and speed of initial response, information about what will happen next and the ability to track the progress of a service request.

- Appropriately skilled and joined up customer access arrangements enable as many enquiries as possible to be fulfilled at the first point of contact

- Services are structured to provide a fast and responsive customer service

- Self service options are easy to access and use and are promoted for those that want and can access them.

- Support service functions seek to deliver fast and responsive customer service to internal customers.

Support to the delivery of front line services

- Skilled professional staff focus on their core professional functions by having appropriate and responsive support arrangements

- Support service functions are managed as part of a shared service across directorates

- Maximum resources are devoted to delivering services to the public

- Structures are lean with management and supervision minimised where functions can be aggregated

- Support functions are standardised wherever possible so that there is less requirement for knowledge and support of multiple systems

- Fewer key systems are in place to underpin service delivery

- Managers and staff use self service options whenever possible.

A one council approach

- Corporate standards in terms of customer service, levels of business support, sound governance arrangements and expectations of managers and staff apply across the whole council

- Processes and systems are standardised across the organisation

- Support functions provided on a one council basis are designed to deliver a customer focused service (principally to services)

- A one council view is taken of all assets and ICT systems

- All services use the common support functions, processes and systems unless the case for a specific opt out is made and agreed

- Each support function has a single accountable manager in order to ensure that uniformity is maintained where appropriate

- Some functions may be delivered by a fully centralised team in a single location, while for other functions a 'hub and spoke' model (see box below) may be more appropriate because the function needs to be outposted to a location or service

- When a 'hub and spoke' model is used for a particular function it is understood that the hub and the spokes are part of the same function, use the same corporate standards and have the same line of accountability to a single manager.

Hub and spoke model

This provides a way of combining the benefits of standardisation and adoption of best practice with the need to cater for diversity in services' support needs. It is a shared service model in which all staff are part of the same team with accountability to a single manager.

Generally staff in the 'hub' offer a centralised pool of resource and expertise to support the council as a whole and ensure the maintenance of standard processes and systems. The hub can also develop common solutions to meet new requirements for business support. Some staff are assigned to services or locations and form the 'spokes' which offer specialist advice and knowledge which may be service specific or may be related to the issues in specific locations.

Expectations of staff and managers

- Knowledge of the front line shapes the delivery of services

- Staff are well motivated, well trained and are empowered to be responsive to customer needs

- Shorter chains of command mean that decisions are taken more quickly and are taken lower down the organisation

- Staff have space for greater autonomy, self management and innovation at every level of the organisation

- Managers are effective leaders and good communicators so that staff are clear about priorities and service standards

- Managers and staff use and comply with the agreed one council approach and use self service options whenever possible

- Flexible ways of working are used fully to maximise the resources available to meet the needs of customers.

Ensuring high performance

- A strong performance culture is maintained across the council with a focus on service excellence, customer satisfaction and value for money

- There is a robust and systematic approach to performance management

- The performance framework is focused on the council's key objectives and on customer outcomes

- Teams and staff can readily see how their contribution fits in and are clear about their own criteria for assessing performance

- There is support for improvement, innovation and the sharing of best practice

- Performance management systems monitor what is important, they are simple, avoid duplication and bureaucracy, and support accurate and timely reporting.

3. The future organisation

The future organisation model (or operating model) is designed to deliver the organisational vision in the most efficient and effective way. It shows the 'big picture' of how the council will operate. It describes the relationship between the business functions of front office, service delivery, back office and strategic core and the processes and structures that support these.

The future organisation model provides the framework within which efficiencies can be delivered based on common and standardised processes. It also provides the unifying mechanism to deliver a one council approach to customers, to support the delivery of front line services, and to ensure high performance across the council.

How does the council operate now?

Currently the way the council operates is based largely around a service dominated structure. This results in much duplication and fragmentation of non frontline activity. The organisational review analysis of how 6,325 FTE staff (non schools) spend their time found that 47% of all FTEs are engaged in delivering core frontline services. The remainder are supporting service delivery, with 30% enabling the delivery of front line service (including front office) and a further 23% in the back office.

There is a customer service centre handling customer contact for some but not all services, and to varying levels of depth ranging from signposting through to simple service delivery. Generally the level of service depth is shallow, with little service assessment or service approval carried out in the customer service centre. There is also a range of face to face customer access points across the county, with variable levels and breadth of customer service offered.

For services not handled by the customer service centre, the service area deals directly with incoming customer contact, which can result in an inconsistent customer experience. As many customers are managed within specific services this means that if they have a need for more than one service it is difficult to respond to all service needs via a single contact.

Back office support services are currently delivered in various ways. Some back office activities are delivered by corporate teams, some are carried out within services, and many are a mixture which sometimes leads to confused or unclear lines of accountability.

HR and finance activities are delivered by corporate teams, with a significant amount of outposting to service directorates. The majority of business support and administrative staff are located and managed in directorates, using a variety of delivery models and being geographically dispersed.

Common functions and activities

The organisational review carried out in 2010 looked at those activities of the council that are not about direct service delivery and how many staff were involved in each. It also looked at the number of ICT systems currently supporting these activities. They are spread across front office support, back office services, and the strategic core.

It goes without saying that effective supporting services play a crucial role in enabling the successful delivery of direct front line services, but the organisational review has helped identify opportunities to:

- Simplify
- Standardise
- Automate
- Provide a more consistent level of service
- Optimise the use of resources.

The future organisation model places emphasis on standardisation across the activities that support service delivery and covers:

- Front office support
- Back office services
- Strategic core.

These activities can be standardised and made available across the organisation as shared service in support of service delivery. Where necessary for reasons of geography or because of the specialist nature of the support this may be delivered as the spoke of a hub and spoke model.

Front office - customer service

The front office (customer service) function will focus on interactions with customers using a range of channels and mechanisms. The front office is a shared resource that supports service delivery across all services. All initial customer contact is handled by the front office and as much as possible of that contact is resolved at first contact without being handed off to service delivery professionals.

The front office includes self service options (via the website and potentially via automated telephone services), a customer service centre (handling telephone calls, emails and written correspondence), and locally based face to face centres that provide access to a range of services from one location. There are also a range of dedicated service delivery points that focus on the delivery of specific services, which are not part of the front office, but are subject to the same standards and expectations.

The common activities that are within the front office are:

- Enquiry handling
- Processing requests and applications

- Appointment taking and booking
- Eligibility checking (against agreed eligibility criteria)
- Taking payments.

These activities do not require service professionals to be involved, although they do need some service knowledge.

In addition, the following activities may be carried out within the front office, depending on the service they relate to:

- Assessment
- Service approval.

The assessment and service approval processes can vary significantly from simple rule based assessments and approvals to very complex processes. The simpler processes will be carried out whenever possible in the front office while the more complex processes will often be an integral part of delivering services and will be carried out within the services. However, even in more complex cases information can be captured once, at the initial enquiry stage.

Simple services to customers may be arranged or provided by the front office. More complex service delivery is supported by the customer service activities handled by the front office and the shared support service activities pooled in the back office.

It will be necessary to take a joined up approach for those customers who need services provided by more than one directorate or who are in transition from one service to another.

Service delivery

Frontline service delivery will continue to be the responsibility of specific service directorates. Each directorate will be charged with buying-in and / or delivering services on behalf of its customers. In practice this will mean:

- Identifying the key priorities for action by assessing customer needs, expectations and requirements
- Determining outcomes rather than determining the means of delivery
- Generating solutions in partnership with others to address key priorities
- Commissioning activity from a mixed economy to deliver agreed outcomes
- Determining the most effective means of performance managing activity and then monitoring against agreed success criteria
- Learning from what works and making changes when it doesn't
- Ensuring that all staff understand their individual and team contribution and how it contributes towards delivering the council's objectives.

In the future it is envisaged that directorate staff will therefore consist of:

1. Strategic planners / commissioners for the areas of service responsibility
2. Professionals engaged in specific disciplines, and

3. Delivery staff where there has been an explicit decision that in-house provision is the ideal.

Such staff will be able to focus on their core tasks as support services focus on delivering a customer focused service to directorates through use of simplified, robust systems and processes.

Back office

The back office functions will adopt common processes to standardise and simplify support processes within the council. The functions and processes included within the back office are:

- Business support
- General administration
- Business information and reporting
- Financial management
- HR processes
- ICT processes
- Property and assets
- Procurement and managing contracts
- Legal and Democratic services.

Many of these functions will be delivered using a hub and spoke model to provide a wider range of shared and common services. Systems will also support self service options which will be used by managers and staff whenever possible.

Strategic core

The future organisation also includes a range of other functions and processes grouped as the strategic core. These are:

- Strategy, policy and partnerships
- Research and consultation
- Performance management and improvement
- Marketing, PR and communications

These functions provide the strategic direction, framework for operation and vision for much of what the council does. They also provide some support to day to day service delivery, such as by providing accurate and timely management information which directly supports service managers.

Most of these functions lend themselves to a hub and spoke model of delivery.
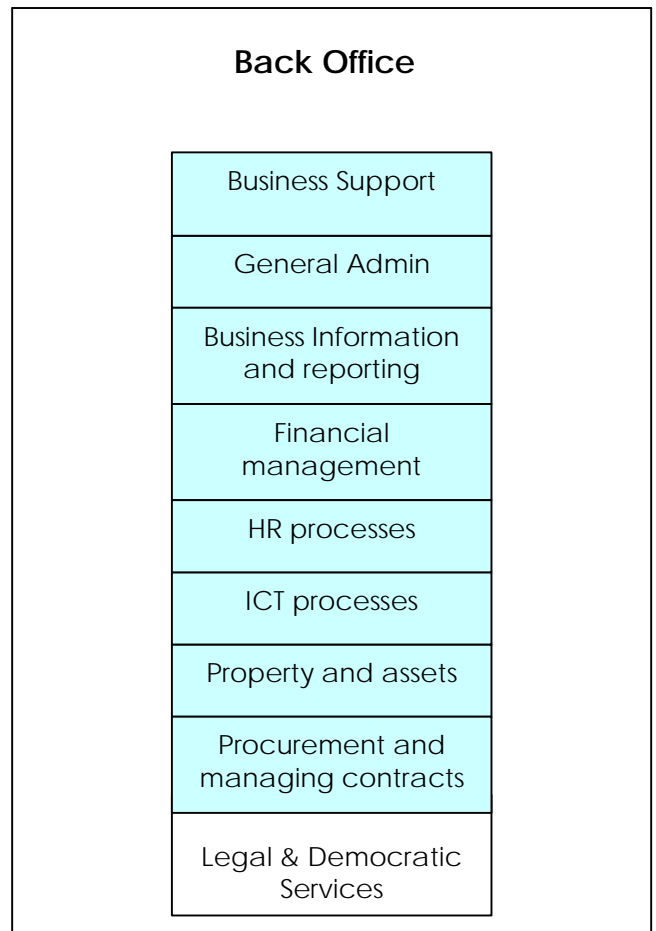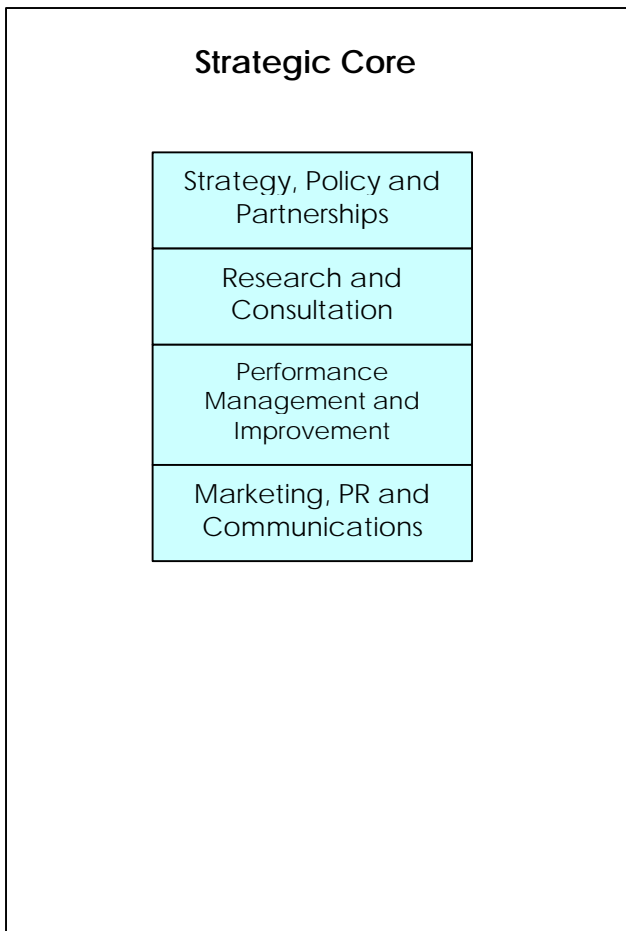
4. Map of the future organisation

The functions and processes listed above are shown as a diagram on the next page. Those that are within the scope of the nine organisational change workstreams are highlighted in blue.

Each of the workstreams will need to develop its own vision statement clarifying the aims and objectives of its part in the One Council programme and how it contributes to the overall vision of the future organisation. This should include a description of the tangible differences/outcomes that will be delivered from a customer (external or internal) perspective.

These will form a suite of more detailed chapters which describe how the future organisation will look and operate.

Map of Future Organisation

with functions within scope of the One Council programme highlighted

Customer Service

Enquiry Handling	Processing requests and applications	Appointment taking and booking	Eligibility checking

Assessment		Service Approval
ACS	BES	CYPS

Service Delivery

Strategic Core

- Strategy, Policy and Partnerships
- Research and Consultation
- Performance Management and Improvement
- Marketing, PR and Communications

Back Office

- Business Support
- General Admin
- Business Information and reporting
- Financial management
- HR processes
- ICT processes
- Property and assets
- Procurement and managing contracts
- Legal & Democratic Services

5. Desired benefits

The desired benefits from the One Council programme are as follows:

Benefit	How the future organisation enables the benefit
Operating efficiencies	Removal of duplication of processes across directorate service delivery functions Economies of scale where similar functions can be pooled Leaner management and supervision structures Use of ICT for more effective automation of routine operations
Customer service excellence	A customer focused organisation based on standardisation of the processes required to support front line services results in consistency of approach to serving the customer ICT enables increased efficiency and effectiveness and better management of performance in terms of customer outcomes Emphasis on well enabled customer self service leads to further savings as use of online services matures
Improved performance	Standardisation and automation of processes and removal of duplication of information improve performance management capability The COUNT principle – Capture Once Use Numerous Times - leads to improved confidence in quality of data
Shared ICT infrastructure	Standardisation of ICT support across the organisation reduces duplication brought about by local solutions hence reducing the overall cost
Sharing of future developments and innovation	New requirements for common business services can be developed once and made available across the whole organisation

6. Customer experience in three years' time

By 2014, customers will have one 'front door' through which they can get the full range of services they need from the council and willing partners. Information, and expert advice if required, will enable the customer to quickly access the right service. Most enquiries will be resolved in one contact. Customers will only have to provide personal details and information about their situation once.

The 'front door' will be accessible in person, by phone, via the website, email and smart phones. Self service will be chosen by many customers because of its ease of use. The customer will be able to use self service to access information, check eligibility, carry out a self assessment, make appointments and request simple services. Customers will be able to check the progress of their service request for themselves. They will be able make all payments online. They will be able to check the accuracy of their own personal data and update it if necessary.

In some circumstances, because of customer needs or the nature of the assessment, customers may be seen in their own homes. Staff making such visits will have the technology on which they will have customer details which can be updated on the spot. They will be able to carry out assessments, including financial, using expert systems. They will be able to check availability and arrange services all in the one visit. In all but the most complex cases, they will be able to confirm the outcome of the assessment, any services arranged, and any charge, before leaving the house. Staff seeing people in hospital will use the same technology.

Some arrangements may take a little longer because of complexity, or the need for additional specialist assessment. If this is necessary the customer will be given choice over when they see people, and will be given a guarantee of how long the whole process will take.

Opportunities for customer feedback will be available at every stage and will be used to make service improvements. Web-based, postal and telephone surveys will be used to sample and monitor customer experience.
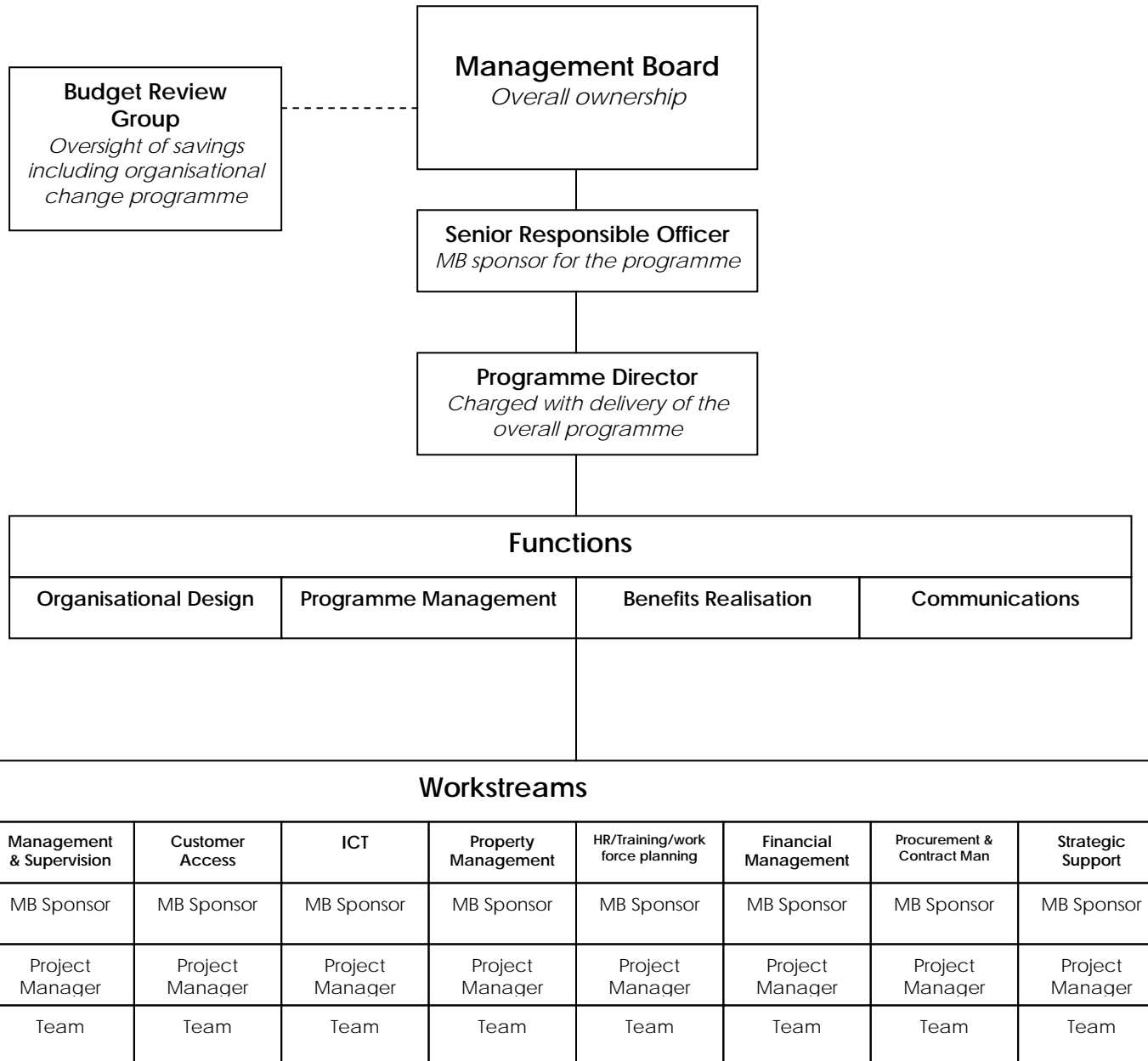
7. Outlines of the projects

Each of the project teams will need to develop early on a project brief confirming the design principles that apply to the project and how the activities that fall within the project will be delivered in compliance with the overarching design principles and the future organisation model. The brief should also identify the key dependencies on other parts of the One Council programme. The potential overlaps between projects and the interdependencies will need to be managed by the programme director and the project managers.

The project briefs will be submitted to the Organisational Design team who will check compliance with the design principles and advise the Programme Director accordingly. The Programme Director needs to approve each project brief.

The sections which follow set out for each project the proposed objectives, design principles and the main activities that will contribute towards making savings. These are at different stages of development and will need to be refined. There may also be scope for some rationalisation between the projects as the programme is implemented.

An outline of the individual projects and how they feature in the overall One Council Change Programme can be seen in the following representation:-

Organisational Change Programme Governance

Budget Review Group
Oversight of savings including organisational change programme

Management Board
Overall ownership

Senior Responsible Officer
MB sponsor for the programme

Programme Director
Charged with delivery of the overall programme

Functions

Organisational Design	Programme Management	Benefits Realisation	Communications

Workstreams

Business Support	Management & Supervision	Customer Access	ICT	Property Management	HR/Training/work force planning	Financial Management	Procurement & Contract Man	Strategic Support
MB Sponsor	MB Sponsor	MB Sponsor	MB Sponsor	MB Sponsor	MB Sponsor	MB Sponsor	MB Sponsor	MB Sponsor
Project Manager	Project Manager	Project Manager	Project Manager	Project Manager	Project Manager	Project Manager	Project Manager	Project Manager
Team	Team	Team	Team	Team	Team	Team	Team	Team

7.1 Business support

<u>Objective:</u>

Design and implement a shared service for business support and administration across the whole council.

<u>Design principles:</u>

- Roles and responsibilities of admin staff and managers are clear across general administration, HR administration and finance administration.

- Business support/administration resources should be shared across all directorates and within teams where appropriate.

- We need to have common managerial processes and systems across the organisation (from approving leave requests upwards), supported by excellent systems and reliable ICT.

- Managers do not need to be based on site – flexible working applies for managers as well as staff.

- A larger span of control would generally require staff who are able to work more autonomously (link to management and supervision).

- Staff can work from anywhere for anyone.

- We need to have standard automated processes across the council.

- Systems and technology support efficient and easy direct input of data by service delivery staff so this does not need to be handed on to administration staff.

- Management processes should be completed by managers and not delegated to administration staff.

<u>Main activities to realise savings</u>

It is considered that the following activities will contribute towards realising significant savings throughout the council:

Rationalising structures and roles:

- Sharing of general administration resources across teams / directorates within buildings / area locations.

- Pooling of more specialist administration resources to create virtual teams, for example case conference minute taking skills, room booking and finance.

- Centralising common functions within buildings, for example, stationery supplies, post, building management administration and reception facilities.

- Review structures across services to reduce numbers of managers at each tier and move away from the expectation that your line manager will work on the same site or for the same service (link to management and supervision business case).

- Clearer and more consistent guidance on roles and responsibilities of administration staff and managers (link to management and supervision business case).

- Standardise job descriptions and person specifications and review the current pay bands for posts.

Increasing consistency and standardisation of processes:

- Review processes that impact across the organisation to create a 'shared resource' approach to generic systems – agreeing a process corporately, identifying any notable exceptions to it, and then actively ensuring that all staff adhere to it.

- Removal of 'workaround' systems which have built up over time to make up for deficiencies / perceived deficiencies in corporate processes.

- Use of ICT systems to ensure consistency – from standard spreadsheets for flexi time recording to bespoke systems where needed, such as room booking.

- Reducing the geographical location of business support/administration staff.

ICT as an enabler for processes and management information:

- Use of ICT and integrate to simplify processes and capture data once and then reuse it.

- Consider automation of financial administration processes, ordering, paying invoices and maintaining commitment records.

- File management including EDRMS.

7.2 Management and supervision

Objective:

Review management structures across the organisation and implement the spans of control and management tiers agreed by Management Board as a minimum. Use the creation of shared support services across the organisation to further reduce the number of managers needed in support services functions.

Design principles:

- As few tiers as feasible.

- Define what is a reasonable span of control, and the circumstances under which it may be acceptable to have exceptions to this.

- Recognise that limits for spans of control will be dependent on the nature of supervision required. For example, there are specific requirements for supervision of social workers which are more complex than managing, for example, administrative staff. Also, there are some managers who have large number of staff but all of them are performing the same role, e.g. care workers, cleaning staff. It is likely to be acceptable for managers in this situation to have a larger span of control.

- A larger span of control would generally require staff who were able to work more autonomously.

- Some service areas and localities are too small to justify a separate manager and need to be included in a larger span of control.

- Consider the gap between tiers - too small a gap can create issues re accountability - a minimum gap may need to be specified.

- Some functions will be managed as part of a 'one council' shared service across directorates. This will include business support and administration, as well as human resources, finance and ICT.

- Managers do not need to be based on site – flexible working applies for managers as well as staff.

- Need to have common managerial processes and systems across the organisation (from approving leave requests upwards), supported by excellent systems underpinned by reliable ICT.

Main activities to realise savings

- Move to a 'one council' shared service approach by merging business support and administration, and some other functions, across directorates and geographic areas (links other projects).

- Review planned directorate changes to identify any potential overlaps with the 'one council' approach to agreed functions.

- Where directorate organisational changes do not overlap, review changes to ensure that proposed structures will meet management tiers/spans of control standards. Enforce robust criteria for exceptions.

- Implement rigorously the agreed standards for spans of control and management tiers in directorate service areas not impacted by any of the above.

- Put in place a means of ensuring consistent implementation of the standards.

- Ensure greater automation and consistency of management processes supported by 'one council' systems, particularly relating HR and Finance – with link to Business Support/Administration and to ICT business cases.

7.3 Customer access

<u>Objective:</u>

Further develop a single approach to customer service in order to:

- Implement a single view of the customer across the organisation
- Implement a single record of the customer
- Accelerate the move to self serve through the website
- Simplify and standardise the processes that link front office to back office
- Increase the resolution of issues at first point of contact
- Implement common and defined eligibility criteria for assessment

<u>Design principles:</u>

Customer services must be:

- Easily accessible
- Simple to use
- Streamlined
- Convenient
- Cost effective
- Robust

Customer services will:

- Resolve the enquiry at the first point of contact whenever possible

- Encourage those who can serve themselves to do so

- Design avoidable demand out of the system

- Adopt a whole council approach

- Provide a website which is both an informational and a transactional site where those who can serve themselves do so or screen themselves out

- Provide telephone contact via the customer service centre where the advisors will seek to satisfy the request or screen the customer out of the process

- Provide face to face contact via a network of sites where the access will be mediated using the website.

<u>Main activities to realise savings:</u>

- Improve the website so it becomes the channel of choice for customers for information and for transactions including e-payments.

- Change the existing customer service centre to a fulfilment centre where more requests are fulfilled at first point of contact rather than passed through to services or back offices.

- Transfer more of the processes of determining eligibility, assessment and approval of service from service areas to the customer service centre.

- Withdraw most of the current 60 separate telephone lines used for contacting the council.

7.4 ICT

<u>Objective:</u>

Provide and support best practice ICT solutions to support the one council approach. Rationalise and significantly reduce the number of different ICT systems across the council.

<u>Design principles:</u>

- Implement a one council approach to providing and supporting ICT across the organisation using a consistent hub and spoke model.

- Systems support a single view of the customer and a single customer record.

- Systems support self service by customers, staff and managers.

- Best practice ICT systems are adopted and mandated across the whole council.

- As few different ICT systems are used as possible.

- Systems are integrated and able to talk to each other whenever this provides a business benefit.

- The use of bespoke and local solutions is minimised and tightly controlled.

- The need for ICT support to systems is minimised.

7.5 Property management

<u>Objectives:</u>

Consolidate the current corporate team delivering services related to property and estates, standardising processes and ICT to release efficiencies.

Further reduce and maximise the use of the operational estate.

Accelerate the current approach to flexible working across the council using flexible and mobile working technology to support customer interactions.

<u>Design principles:</u>

- There is a one council approach to the management of property across the council including capital planning and project delivery with standard corporate processes and systems.

- Property, estates and facilities processes are managed centrally with services involved in commissioning the work.

- There is a defined council-wide governance framework for property services.

- Assets can be shared across the council so, as far as possible all properties should accommodate multiple services.

- Where service planning takes place property implications are always considered.

- There is recognition that service quality is not proportional to the number of facilities. Services should explore alternative channels to property to provide services.

- Properties that support face to face interaction should only be provided in locations where there is a high dependency for face to face communication.

- There is one core ICT system for management of assets.

- Council buildings are always be used for internal meetings and courses.

- A single, consistent approach to flexible working is applied across the council.

<u>Main activities to release savings:</u>

- Implement a one council approach to property, estates and facilities management.

- Challenge the operational estate and reconfigure it so that the council estate is rationalised and reused across services.

- Implement a consistent and standardised approach to flexible working, supported by the appropriate technology.

7.6 HR/Training/Workforce planning

Objective:

Further develop the existing HR shared service model to:

- Further automate and standardise core HR processes such as recruitment and selection, payroll and timesheet submission.

- Better utilise capacity across HR advisors and administrators through greater sharing of tasks.

- Grow the shared service centre through including training activities within the central team.

Develop a council wide approach to workforce planning and scheduling supported by a small number of core systems.

Design principles:

- There is a one council approach to HR and training.

- HR processes are delivered and co-ordinated from one central hub where resources are shared across directorates.

- There is one core HR and training system. All processes are automated and managers can input into them electronically.

- A single performance management framework for staff is implemented across the council.

- There is one centralised learning and development function.

- Where practical, training courses are delivered via e-learning.

- There is a defined suite of HR reports that are fully automated and meet the needs of managers and staff.

- There is a single, council-wide approach to workforce planning and scheduling.

- Where practical workforce planning and scheduling takes place centrally with directorates involved in commissioning the work. Where not possible, specialist teams are created to manage the specific needs of a service, still using standard processes and ICT systems.

- There are a small number of core systems for workforce planning and scheduling across the authority.

- These systems would link with HR systems and processes, such as payroll and annual leave.

- Staff are allocated to tasks according to their skills and capacity.

- Workloads are forecast several months into the future.

Main activities to release savings:

- Implement a shared service centre that serves the whole council for both HR and training activities.

- Implement online self service arrangements for all transactional HR activities.

- Support directorates by assigning a dedicated HR representative to each directorate who will be part of the strategic HR team and also provide support to the directorate to which they are assigned.

- Support automated processes through a defined number of ICT systems and applications. The use of automated systems is mandatory.

- Implement an organisation wide approach to learning and development with directorates commissioning through the shared service centre.

- Clarify exactly which activities the shared service centre will carry out and which activities managers will undertake.

- Develop a 'hub and spoke' model for workforce planning and scheduling where the hub offers a centralised pool of resource to support the council as a whole and the spokes offer specialist advice and knowledge of services to inform the commissioning of activity from the hub.

7.7 Financial management

Objectives:

Further consolidate finance teams to remove the duplication and fragmentation of processes that exists at present.

Standardise core finance processes such as budget management to provide an efficient, consistent approach across the council.

Implement self service for managers to enable them to manage their budgets effectively.

Improve and rationalise ICT applications to improve self service and access to financial information.

Better utilise specialist finance resources by adopting a risk-based approach to financial management. This will allow finance resources to focus on high value areas for the council.

Design principles:

- There is a one council approach to the delivery of financial management with standard corporate processes and systems including the roles and responsibilities for managers.

- Information is gathered once and used many times with a coherent, consistent single process for recording data with less time spent developing / reporting on individual spreadsheets.

- Consistent and standard processes are adopted for financial management, such as budgeting activities being standardised using fewer systems to provide greater control and visibility of cash flow.

- While financial management is coordinated by the centre, managers self serve and are empowered to manage their budgets and expenditure using timely and accurate information.

- A risk based approach to financial management support is adopted, concentrating on key issues.

- Resources and best practice are shared across the council, such as by introducing standard reports.

7.8 Procurement and contract management

<u>Objectives:</u>

Further consolidate procurement and contract management teams to remove the duplication and fragmentation of processes that exists at present.

Adopt a council wide approach to strategic commissioning.

Standardise procurement processes such as ordering and payments.

Improve and rationalise ICT applications to improve procurement related information.

Improve category management, applied to all areas of the addressable spend of the council.

<u>Design principles:</u>

For procurement:

- There is a one council approach to procurement underpinned by appropriate ICT systems, guided by a corporate procurement strategy and associated policies.

- There is a one council approach to the delivery of category management with standard corporate processes and systems.

- 'On-contract' purchasing is increased to enable improved visibility of expenditure and contract management and to drive volume discounts.

- 'Off-contract' and localised purchasing is reduced, with directorates encouraged to use corporate contracts and the centralised procurement team.

- Become a centre of procurement excellence.

- Move away from a directorate-based approach and, where appropriate, engage cross functional teams in procurement decisions.

For strategic commissioning:

- There is a one council to strategic commissioning.

For contract management:

- All large contracts are reviewed and setup in a manner that allows ongoing management and tracking.

- Consistent and standard processes are adopted for contract management with suppliers and contracts tracked on an ongoing basis to ensure value for money and performance against key metrics.

For all areas:

- Information is gathered once and used many times with a coherent, consistent single process for recording data with less time spent developing / reporting on individual spreadsheets.

- Resources and best practice are shared across the council.

Main activities to release savings:

Develop and implement a 'hub and spoke' model with the following attributes:

Activity in the "hub" to include:

- Centralised procurement activity and governance to rein in buying power to a central team, ensure policies are adhered to e.g. sustainability, maximise the buying power of the council and centralise procurement data.

- Developing the corporate framework for strategic commissioning.

- Oversee effective and efficient category management to ensure that the relevant professionals are aligned to areas where they can generate greatest benefit.

- Establish a centralised and electronic contract management process

- Ongoing tracking of benefits to ensure that savings are realised through demand management and tracking on-contract and off-contract expenditure.

- Undertake a retrospective analysis of current contracts to establish whether any unclaimed rebates exist.

Activity in the "spokes" will include:

- Responsibility for contract management within the service area.

- Working with the hub to identify needs, develop requirements and input into procurement processes.

- Ensuring that relevant supplier / procurement data is maintained in a timely and accurate manner.

7.9 Strategic core

Management Board agreed that 'Strategy and Policy' should be explored further at a later stage as there were felt to be particular issues that needed to be worked through. However, it was also agreed that other opportunities within the 'Strategic Support' areas could be pursued more quickly. It is felt that there are such opportunities in relation to research and consultation, performance management and improvement, and marketing, PR and communications.

Objectives:

Design and implement a shared service 'hub and spoke' model in the areas of research, intelligence and consultation.

Design and implement a shared service 'hub and spoke' model for performance management and improvement.

Develop a single council approach to marketing, PR and communications delivered by a single team.

Design principles:

- There is a corporate approach to research, intelligence and consultation.

- All research and consultation activity is located in the shared service which approves and manages any activities carried out in services.

- There is one performance framework for the council.

- Each indicator has a clear owner and defined process for collecting the data.

- Information is gathered once and used many times.

- There is a corporate approach to marketing, PR and communications delivered by a single team.

Main activities to release savings:

- Map in greater detail the current level and nature of activity that takes place across the processes identified above.

- Map current performance frameworks, business critical measures and targets currently collected within directorates.

- Design a single framework and cycle for managing the whole strategic support cycle – from setting strategies, through monitoring performance, conducting research and delivering results – including business planning processes, financial reporting and individual performance management.

- Identify key success criteria and performance measures related to key strategies.

- Identify core systems to support each of the strategic support process and underpin the new operating model.

- For each key performance indicator within the framework identify who will own it and that the process for collecting the data.

- Design the hub and spoke model and define what activities / processes will be in the hub and what activities will be in the spokes.

- Restructure and redesign the organisation structure to create a hub and the appropriate spokes.

- Pull together all marketing, PR and communications staff into a single team.

Council Plan
2011 – 2014

Facing the challenge

Index

Foreword

In the last 12 months we have witnessed some tremendous changes. We have a new coalition government which has introduced an emergency budget and further announcements on a whole range of funding reductions within the public sector. Whilst significant reductions in funding were expected, the pace with which those savings need to be made and the depth of savings are more severe than originally anticipated. We are therefore in a position where the country is pulling out of recession but the County Council, along with other public sector organisations, is having its funding very tightly squeezed. This situation may not be of the Council's making but we must live with the consequences and ensure we make the right decision, even where these are difficult decisions.

So how are we responding? Having less money means that the County Council needs to become smaller. That means that we will employ less staff, have less money to spend with the private and voluntary and community sectors, and that ultimately means that we will provide less services. We understand that the public value the services which the council provides, and that is why more than half the savings being made do not impact upon front line services. But let us be frank, the sheer scale of savings required means that some services will have to cease, and / or charging will be increased or introduced for others. Wherever possible we will work with local communities in order to develop alternative approaches to help us deliver our savings yet maintain all, or part, of the services previously provided by the County Council.

Whilst the need to deliver financial savings is of the utmost importance, the County Council will continue to deliver key services that look after local people and help people to go about their daily business. We have consistently been regarded as a high performing council and we must continue to deliver our services in the most effective way possible. Whilst we may have fewer priorities, those areas of priority will be delivered to the best possible standard.

This Council Plan sets out our priorities for the next three years. As well as facing some significant financial challenges, we are charged with new and exciting opportunities. The new Local Enterprise Partnerships will see the County Council and other councils working hand in hand with local business to help promote economic growth in the county. The County Council also has an enhanced role to work

with partners in the health service to promote the health and wellbeing of local people. The County Council has also been successful in securing pilot status to roll out super fast broadband to the market towns and rural villages, where private sector investment alone will not deliver. We believe these new opportunities together with our core responsibilities mean that we will come through these difficult times stronger as both a County Council and as communities within North Yorkshire.

We hope you find this plan useful and interesting as it sets out the key priorities through the next three years. It is more important now than ever that we keep you informed about the County Council's activities so we welcome your views and comments on this plan and the whole range of council services.

John Weighell
Leader of the Council

Richard Flinton
Chief Executive

Our county

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, arguably, most beautiful county. With a population of 597,700, the County is sparsely populated.

In general this population is increasing and getting older. By 2021 the number of people who are 65 and over will increase from about 121,700 to an estimated 160,800. This group will then represent around 25% of the total population. By contrast, young people under 19 account for only 21% of the population.

The geography of the county, its rurality, the sparse nature of the population and the increasing age of the population, all present challenges for service delivery, even at times of less restricted resources.

North Yorkshire has a varied and diverse economy. It is characterised by significantly high levels of self employment and very small businesses. There is a growing manufacturing sector especially in food and drink, a strong tourism, cultural and creative sector, a significant financial and business services sector, and an emerging green energy sector.

Although the county's economy suffered during the recession its businesses have been resilient so it has sustained itself well. However it now faces some significant challenges over the coming years:

- coping with the forthcoming reduction in public sector jobs. Some parts of the county have around 30% of all jobs in this sector,
- supporting a growing health and social care sector,
- maximising the opportunities for jobs and businesses from the emerging green economy,
- addressing connectivity, such as Broadband, as a barrier for growing rural businesses,
- further developing the economy of North Yorkshire, particularly in areas of high unemployment and deprivation.

Our services

We serve almost 600,000 residents in North Yorkshire 24 hours a day, seven days a week, 365 days a year. Visitor numbers can boost this figure considerably at certain times throughout the year. We recognise that different sections of our community have different needs and aspirations and this affects how we provide services to them.

Services which we are responsible for include:

- **schools** – *387 schools serving 138,000 children and young people*
- **children's centres**
- **social care services** – *including services for 10,900 older people and 4,500 adults with disabilities to help them to live at home.*
- **youth services**
- **libraries**
- **roads and public rights of way** – *responsibility for approximately 5,592 miles of roads, 2,000 highway bridges and over 6,214 miles of public rights of way.*
- **heritage and countryside management**
- **public transport** - *approximately 17.6 million bus passenger journeys every year, of which 4 million are on services contracted by us.*
- **street lighting**
- **trading standards**
- **consumer advice**
- **registration of births, deaths and marriages**
- **disposal and recycling of waste –** *19 household waste recycling centres, and a new centre opening in summer 2011*
- **emergency planning**

Our 72 councillors, elected by the people of North Yorkshire, are active in their local communities responding to the needs of the public and addressing important local issues.

Despite the difficult challenges ahead as resources are reduced, we remain committed to providing the best and most efficient level of service possible for our communities.

Our vision

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

Our vision for North Yorkshire is the same as that of the Sustainable Community Strategy which we have agreed with partners.

To achieve our vision we aim to:

- ensure good access for all;
- help people to live in safe communities;
- help all children and young people to develop their full potential;
- promote a flourishing economy;
- maintain and enhance our environment and heritage; and
- improve health and wellbeing and give people effective support when they need it.

We have a good track record of improving outcomes and delivering good value for money for local people. We also maintain rigorous corporate governance and high ethical standards to ensure sound decision making, which will be particularly important in the difficult times ahead. In common with other local authorities, we will need to find significant savings – in our case £69 million over the next four years.

Many of the savings made at national level will unfortunately impact on our own income and local services. In order not to simply pass that pressure onto local people however, we have promised to freeze our element of the council tax for one year. More information on our funding is included later in this plan.

At the same time as funding is decreasing, demands and pressures on our services are increasing, particularly the rise in the numbers of older people in our population and the costs of caring for the most vulnerable children and young people and of dealing with the county's waste.

We need to make sure that we are using our reduced resources as effectively and efficiently as we can, whether these are people, money or assets. More detail about how we are managing our service delivery and back office functions to achieve this is included later in the plan.

However, even given our track record, better efficiency will not be enough in the future. We will need to make changes to front line services, but, while this will be challenging, we are determined to see this as an opportunity not only to find new ways of doing things, but also to radically redefine our relationship with local communities. There will be areas where we need to step back from service provision in order to allow communities to take on a more active role, making it easier for local people to volunteer, to take community ownership of council buildings and to support each other.

This is why it was very important for us to ensure we asked you what you thought before we set our budget and decided our priorities.

What you told us

We carried out wide-ranging consultation on spending with you including surveys through the Citizens' Panel, public meetings around the county, discussions at parish and town council meetings and an online survey.

The responses indicate that you agree most with approaches that involve improved efficiency rather than changes or cuts to services. There was a more mixed response to options for service cuts, because you value local services and want to see them maintained. The most unpopular savings proposal was to reduce spending on winter maintenance and this has not been included in the current proposals.

There was agreement on:

- reducing spending on management, administration, meetings, travel and expenses;
- reducing the cost of buying goods and services;
- more pooling of resources;
- reducing costs by using a range of service providers to get good value for money;
- an increased role of volunteers; and

- increased use of the internet.

We will explain what we are doing in relation to these issues in the following sections of the plan.

Our priorities for service delivery

Taking on board what you have told us, our intention for the difficult years ahead therefore is to use the resources available to us to concentrate on four priority areas. These are:

- protecting and supporting vulnerable people
- supporting economic growth and employment
- improving accessibility for all our communities and supporting active communities
- managing our environment and promoting environmental sustainability

To achieve these priorities we will need to work with partner agencies in a way which is proportionate and which concentrates on outcomes rather than structures.

Protecting and supporting vulnerable people

We play a key role in supporting and encouraging vulnerable people to live 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 social care support. This means supporting people to stay physically active, providing facilities for life long learning through libraries and adult education and helping people with transport.

We provide a range of services for children and young people including schools, Sure Start children's centres, social care services including child protection and provision for looked after children, 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.

Where we provide services directly, we recognise that people have the right to choose when and how they access services and where appropriate, show them where to get help quickly in their local communities. We also have a duty to ensure that effective safeguarding arrangements are in place for the people of North Yorkshire, so that they are kept safe and live their lives free from the fear of abuse and neglect.

We will…..

- Ensure that people who need support with their personal care are enabled to maximise their independence. The Short Term Assessment and Reablement Team (START) will work with people to identify the outcomes they want to achieve, offer them equipment and telecare where appropriate, and support them to develop ways of successfully undertaking activities of daily living.

- Continue to work with our partners to safeguard and protect people at risk of significant harm; with a focus on empowering people to make their own choices about keeping safe.

- Continue with the implementation of the commissioning strategy and offer a range of choice to people in North Yorkshire for their accommodation with care needs. This includes working in partnership to facilitate the replacement of our Elderly Persons Homes with extra care housing. The County Council is currently exploring potential opportunities to meet current and future demand for extra care housing across the County.

- Continue to support carers by prioritising early identification and recognise their important role in preventing more intensive care packages. We will continue to identify the needs of carers through carers' assessments and the provision of appropriate services, in line with the Personalisation agenda. We will continue our commitment to providing breaks from caring for carers.

- Work with both older drivers (over 50) and young drivers who are over represented in road casualty statistics to reduce the number of accidents in which they are involved

- Protect communities from unfair, unsafe and criminal trading practices through tackling rogue traders and preventing doorstep crime.

- Reduce the impact on the County's communities from the sale of alcohol, tobacco and other age restricted products to minors.

Supporting economic growth and employment

The current economic climate poses significant challenges but there are also opportunities in tackling these challenges and in preparing ourselves for a brighter economic future. Some of the economic challenges and opportunities facing North Yorkshire include:

- A mixed economy which is reliant on a smaller working population than elsewhere in the region and the country;
- North Yorkshire's stunning natural environment and heritage which are key to its economic success, as well as encouraging creative industries and investing in a sustainable, year-round tourist industry;
- A need to overcome our access and connectivity issues through better transport links and high-speed broadband connections;
- The challenge of tackling potential large-scale unemployment in the next few years, particularly from the public sector.

We will…..

- Support people to engage in paid employment, volunteering opportunities, participating in social enterprises.

- Facilitate the development of alternative innovative care solutions through the stimulation of social care enterprise initiatives.

- Make maximum usage of local care provision employing local people through commissioning and use of personal budgets.

- Work in conjunction with the York and North Yorkshire Local Enterprise Partnership to deliver sustainable economic development with a focus on the following –
  - Key themes - the provision of next generation broadband, promoting enterprise and raising aspirations, a greener economy and reducing barriers restraining high growth businesses;
  - Geographical priorities – delivery of rural programmes, coastal regeneration and investing in York as an economic driver for the sub-region;
  - Key sectors – highly skilled jobs, food and agriculture, business tourism and the visitor economy and the care sector.

- Work in partnership with the District Councils to help deliver strategic development sites

- Concentrate on maintaining the highway network in a safe and suitable condition for the movement of people and goods.

- Seek to reduce congestion and its effects in our main urban areas

- Advise businesses on good trading practices and regulations

Improving accessibility for all our communities and supporting active communities

The predominantly rural nature of the county presents significant challenges to effective service provision for a dispersed population. Whilst, for example, car ownership is relatively high in North Yorkshire, not every household has access to a vehicle or easy access to services through public transport. However, making sure that people can access services is a priority for us. We work in partnership with district and borough councils and other services to make sure that no matter which organisation people approach, they are directed to the right person. We are also 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 delivery of high speed broadband across the county.

Supporting active communities to help us achieve service delivery is also a priority. An active community could be a self-governed school, a charity, local people volunteering, vibrant Town and Parish Councils or the collective action of good neighbours. We know that volunteers already make a huge difference to thousands of people's everyday lives in their neighbourhoods, towns and villages in North Yorkshire and we want to work more closely with the voluntary and community sector to make it easier to volunteer, and to match people who want to volunteer with the groups that need their help.

We recognise that some of the services we will have to stop or reduce are still important to local people, so we want to make it as easy as possible for communities to take over local centres or activities. This will include handing over buildings to community ownership and helping communities get their own ideas off the ground. We believe that not only is this approach more sustainable in the long-term, but that it will also make them more flexible to local needs

The government is taking steps to strengthen the autonomy and independence of schools. We will still continue to have an important strategic role in education but will focus our resources on ensuring access to high quality provision and helping those schools which need particular support. We will also continue to offer support and back-office services to schools on a business-like footing, working closely with the schools' community.

We will…..

- Continue to support preventative care initiatives offering early intervention delivered by the voluntary sector and community groups.

- Seek to further develop personalised care solutions supported by the local community, including the development of a range of information support and guidance.

- With communities and partnership groups, continue to explore alternative methods to develop, manage and deliver library services at local level. This will include maximising opportunities for active volunteering and expanding opportunities to develop libraries as community hubs with access to a wide range of services and information.

- Concentrate on maintaining the highway network (roads and footways) in a safe and suitable condition to allow people to access the services they need

- Promote development of public transport infrastructure and delivery of public transport information

- Maintain and, where possible, improve access to key services through support for non-commercial local bus services and community transport.

Managing our environment and promoting environmental sustainability

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

Improving the management of waste continues to be a priority, and we are working closely with district and borough councils to reduce waste and increase the amount recycled and composted.

Changes in our climate also bring challenges. Our focus is on both Council activity and on working in partnership to support the wider community of North Yorkshire to respond to the issues.

We will…..

- Ensure the safe and cost-effective management and disposal of waste

- Promote waste minimisation and re-use activity to reduce the amount of residual waste produced

- Conserve and manage the landscape and ecology

- Manage flood risk and take action to reduce the impact of climate change

- Develop a strategic minerals and waste planning framework

- Reduce our own carbon emissions and encourage others to do likewise.

How we will deliver these priorities

Delivering and co-ordinating our services requires us to have certain support systems in place, but we realise that every pound spent on running the council is a pound that is not spent on front-line services. We will continue to minimise and reduce the cost of running the council, do everything we can to be as efficient as possible and get the best value from our assets whilst continuing to deliver our services.

Living within our means

The County Council has assessed that it needs to make savings of £69m over the next four years. This represents the greatest financial challenge in a generation. Priority has been given to protecting front line services wherever possible. That is why the County Council has been very active in cost cutting across a whole range of activities. We understand that every pound saved on non front line services can be spent on the services which local people value. Areas that the County Council have addressed include –

- **Staff and Councillor costs** – staff numbers are reducing across all parts of the County Council whilst management costs are reducing at a higher proportion. We have a second year of pay freezes for staff and, in addition, staff have agreed a package including unpaid leave which secures £2m of savings per annum. In addition County Councillors have agreed a freeze in their expenses. The County Council is seeking to reduce the total number of business miles driven and staff and Councillors have also agreed to a reduction in mileage rates.
- **How we do our business** – the County Council has carried out an organisational review and has launched a "One Council" change programme. This programme will pull together activities across the council so that they are done in a consistent and more cost effective manner. As a result, we anticipate that we will deliver savings in management, administration, and a whole range of support services, whilst also enhancing the customer experience. Again, none of these areas will impact upon frontline service.
- **Partnership working** – whilst partnership working is an essential part of doing business across a whole range of issues, the County Council has reviewed all of its key partnerships. As a result, some have ceased, some have been streamlined, whilst other key partnerships continue. As new partnership arrangements emerge (such as the Local Enterprise Partnerships and Health and Wellbeing Boards with the Health Service) we need to be able to respond effectively whilst avoiding duplication and any waste. We will constantly review arrangements to make sure that our approach is proportionate and effective.
- **Property and Assets** – as the County Council reduces so will its need for buildings and other assets. We will therefore reduce the number of buildings that the County Council uses. We will also supplement this by introducing more innovative ways of working so that we can further reduce our office space requirements and, in the process, save more money.

Helping communities to help themselves

In the coming years we will have less money and will have to make sure we spend it where the need is greatest. Our role is to make sure local people get good outcomes from their services and we understand that it is the quality of the service that matters to local people, not who provides it. We will find the best, most efficient way of delivering services. If someone else can do a better job or make the money go further, then we should make use of their skill and expertise.

We are at our most effective when we are helping people to live successful lives as independently as possible and helping communities to help themselves. We believe that if you give power to local people you get better results and achieve better value.

We will

- Give individuals more say about the services they receive and the support they receive
- Empower communities to do more themselves and giving them the tools they need for community action

Being fair and listening

At times of great change such as this, it is even more important that we communicate clearly with, and listen to, our communities. Reductions in service provision by the Council are inevitable given the scale of savings which need to be made. However, these must be implemented fairly and in an open manner. Our decisions must be informed by the opinions of our communities as well as by financial pressures.
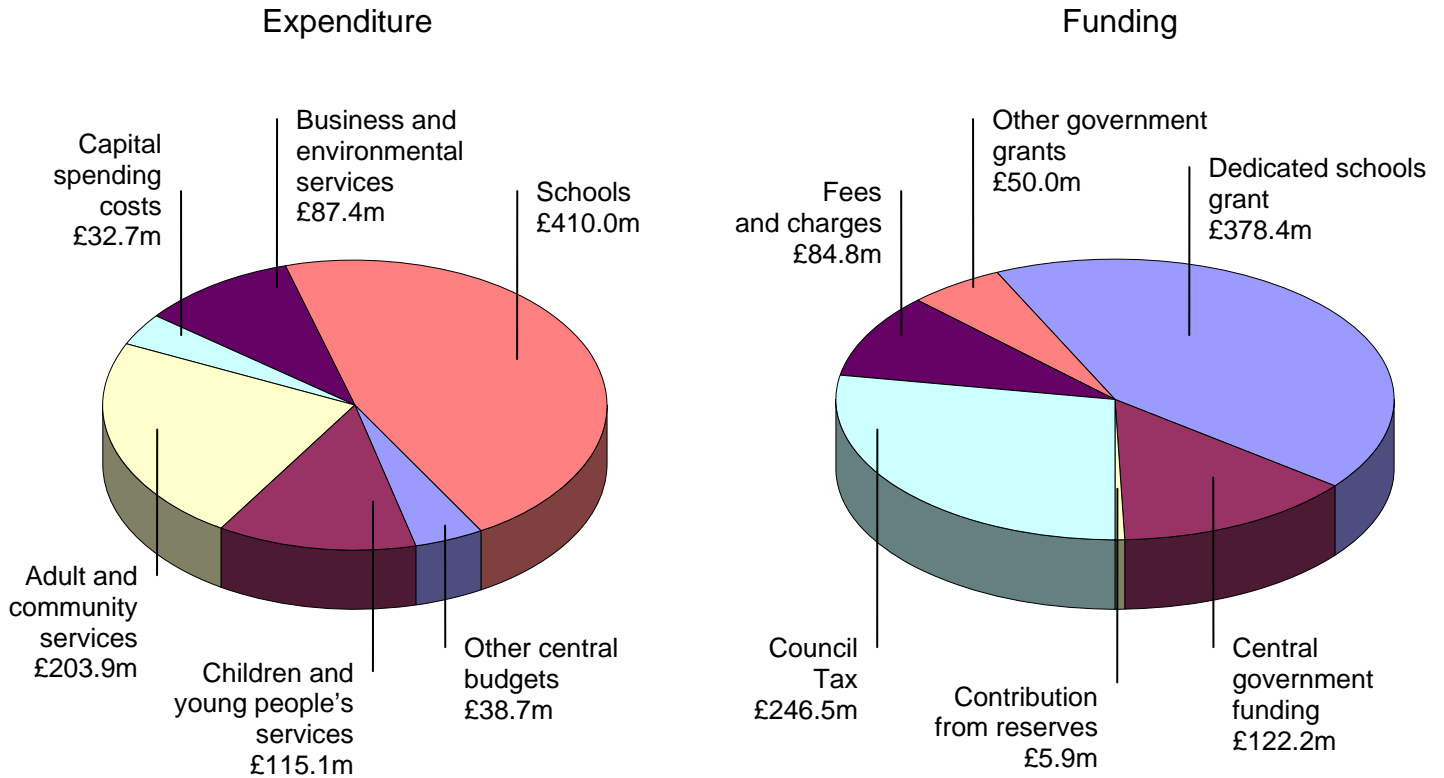
We will

- Explain clearly and in plain English what our proposals are, in line with our engagement promise
- Consult and engage our communities in a timely, proportionate and cost effective manner
- Communicate decisions effectively

Our Funding

Revenue Spending

The total cost of services North Yorkshire County Council provides will amount to £887.8m in 2011/12. A breakdown into our services and how it is funded is as follows:-

Expenditure

Capital spending costs £32.7m

Business and environmental services £87.4m

Schools £410.0m

Adult and community services £203.9m

Children and young people's services £115.1m

Other central budgets £38.7m

Funding

Other government grants £50.0m

Fees and charges £84.8m

Dedicated schools grant £378.4m

Council Tax £246.5m

Contribution from reserves £5.9m

Central government funding £122.2m

Council Tax

£246.5m of the revenue budget is met by council tax payers which results in a charge of £1,057.48 in 2011/12 for a band D property. The actual sum paid however, depends on which valuation band individual properties fall into. There are eight valuation bands, A to H.

The charge for 2011/12 is at the same level as for 2010/11. This is because our proposed increase of 2.5%, which would have added £26.44 for a band D property, is being picked up by the government under a scheme announced as part of the spending review, which effectively means that council tax rates can be frozen.
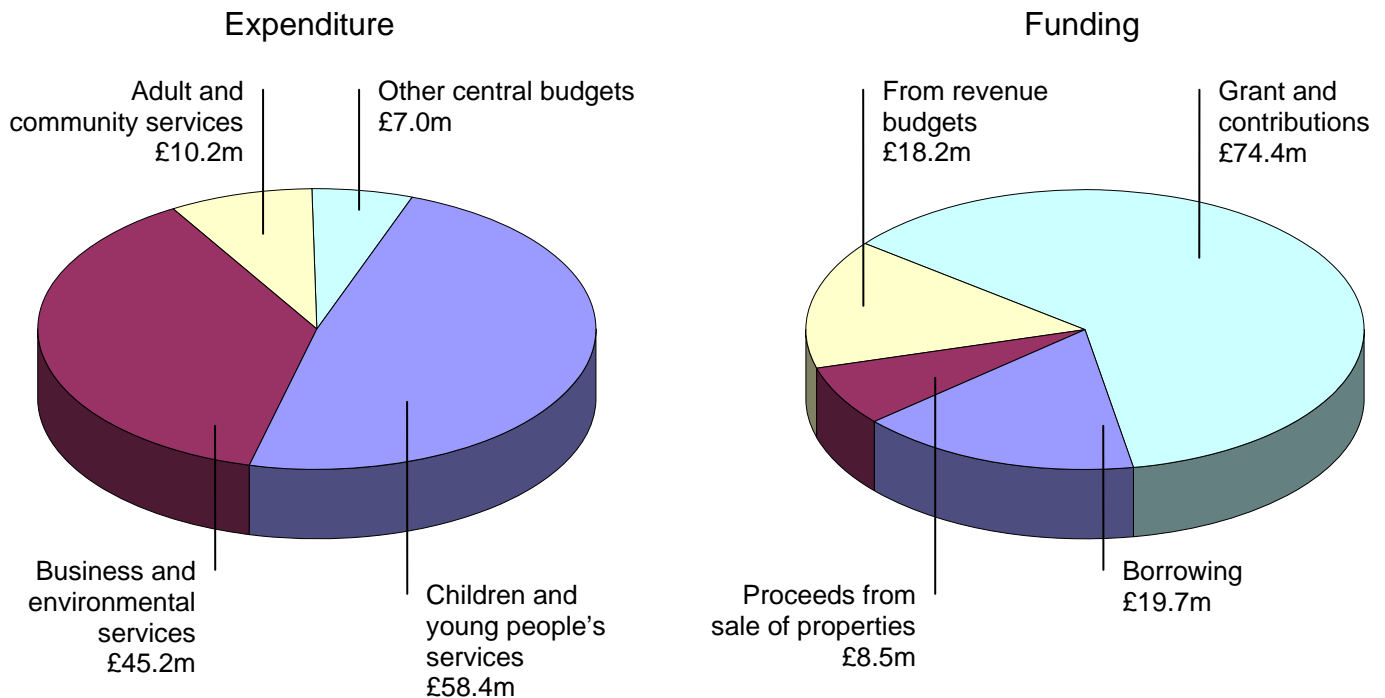
Savings and cost reductions to be found

The funding provided to local authorities to deliver their services has been significantly reduced as part of the government's spending review. This presents a considerable challenge and the county council face difficult decisions on spending and service provision over the coming years.

To compensate for these significant reductions in government funding together with managing inflation, tax increases, growth in the demand for our services and other additional spending, a comprehensive package of savings and cost reductions is being implemented as follows:-

Total savings required over a four year period are £69.2m
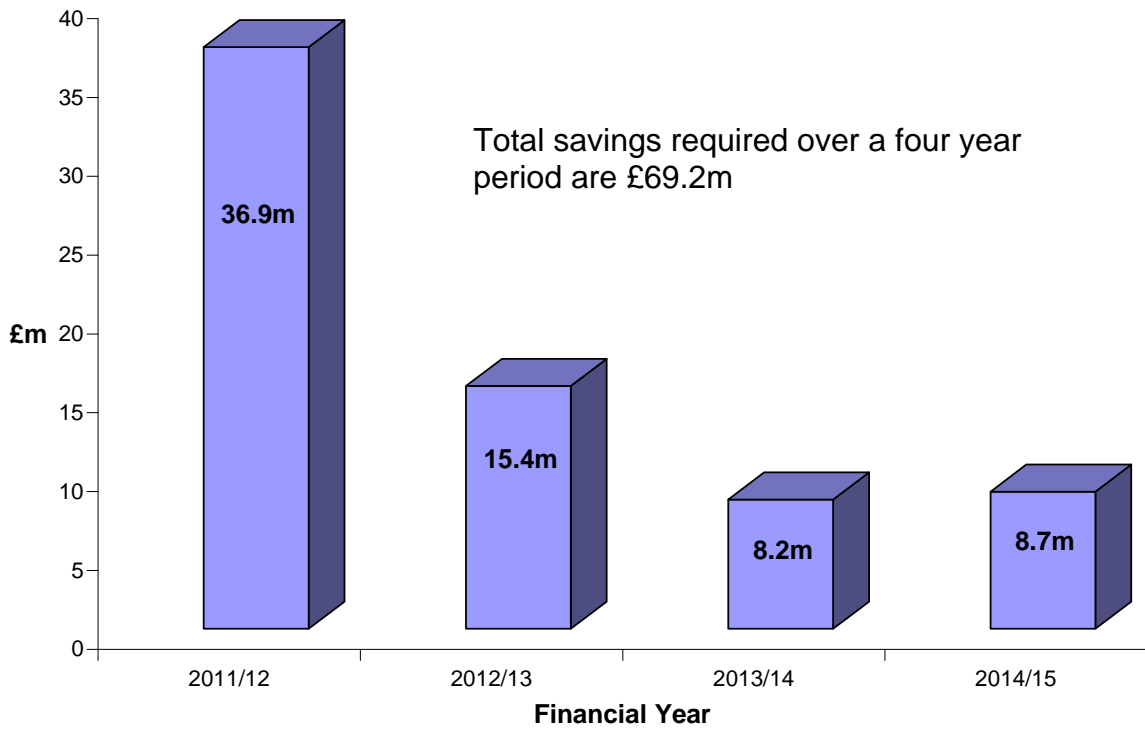
Capital Spending

In addition to the revenue budget, the county council also plans to spend £120.8m on capital projects in 2011/12. A breakdown into our services and how it is funded is as follows:-

Expenditure

Adult and community services £10.2m

Other central budgets £7.0m

Business and environmental services £45.2m

Children and young people's services £58.4m

Funding

From revenue budgets £18.2m

Grant and contributions £74.4m

Proceeds from sale of properties £8.5m

Borrowing £19.7m

FINANCE PROCEDURE RULES

SUGGESTED AMENDMENTS

Rule	Current Wording	Proposed Amendment	Reason
1.9	The application and content of these Financial Procedure Rules is constantly under review. The Corporate Director Finance and Central Services therefore welcomes feedback on the operation of these Rules, or any aspect of the Finance Manual, to ensure that they both remain effective and relevant to the day to day operational activities of the Council.	The application and content of these Financial Procedure Rules is reviewed regularly. The Corporate Director Finance and Central Services therefore welcomes feedback on the operation of these Rules, or any aspect of the Finance Manual, to ensure that they both remain effective and relevant to the day to day operational activities of the Council.	Drafting clarity
2.1		**Exchequer Services Officer** means the employee of the Council nominated to this post within the Finance and Central Services Directorate by the CDFCS	Defines officer involved in the proposed revision to the write off policy at clause 12.10.
2.1		**Financial Instrument** means a document such as a share, bond, bill of exchange, future or options contract) that has monetary value or evidences a legally enforceable agreement between two or more parties regarding a right to payment of money.	Definition for new clause on Financial Instruments at clause 9.12.
2.1		**Head of Internal Audit** means the Head of Internal Audit for Veritau	To clarify the new arrangements involving Veritau.
2.1		**Internal Audit Service** means that service provided to the Council by Veritau	As above
2.1		**Service Head** is an Officer responsible for a defined function or activity within a Directorate and who reports directly to the relevant Director	To clarify the role of Service Head (previously Business Unit Head)

APPENDIX 4A

Rule	Current Wording	Proposed Amendment	Reason
2.1		**Terms of Reference for Internal Audit** set out the purpose, authority and responsibility of Internal Audit. These are reviewed annually and any amendments approved by the Audit Committee.	To clarify the basis on which internal audit services are defined – see clause 19.2.
2.1		**Veritau** means the local authority controlled company established by the Council and the City of York Council to provide internal audit and information governance services.	To clarify the new arrangements involving Veritau.
2.2	Reference in these Rules to a Director or the Corporate Director – Finance and Central Services 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:- (i) Director - **Rules 6.10, 6.11, 6.16, 7.9, 7.13 and 19.6** (ii) Corporate Director – Finance and Central Services - **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** 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 Corporate Director – Finance and Central Services.	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:- (i) Director - **Rules 6.10, 6.11, 6.16, 7.9, 7.13 and 19.7** (ii) CDFCS - **Rules 4.3, 4.4, 4.5, 4.6, 4.7, 4.16, 5.1, 6.16, 15.5, 15.6, 15.8, 15.9, 19.7 and 22.1** 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.	To reflect changes to the items that cannot be delegated by CDFCS, including changes to numbering.

Rule	Current Wording	Proposed Amendment	Reason
2.3	The Property Procedure Rules apply to the acquisition and disposal of Property.	(a) The PPR apply to the acquisition and disposal of Property. (b) The CPR apply to the procurement of works, supplies and services.	To clarify the role of the Contract Procedure Rules (CPR).
4.5	As 'Section 151' Officer of the Council the Corporate Director – Finance and Central Services shall be responsible for the production and certification of the Statement of Final Accounts in accordance with the Accounts and Audit Regulations 1996. The Corporate Director – Finance and Central Services shall also be responsible for all arrangements relating to the external audit of the Statement of Final Accounts in accordance with those Regulations. This responsibility also extends to financial information contained within any Statutory Plan published by the Council.	As 'Section 151' Officer of the Council the CDFCS shall be responsible for the production and certification of the Statement of Final Accounts in accordance with the Accounts and Audit England (Amendment) Regulations 2009. The CDFCS shall also be responsible for all arrangements relating to the external audit of the Statement of Final Accounts in accordance with those Regulations. This responsibility also extends to financial information contained within any Statutory Plan published by the Council.	To update the relevant regulations.
4.10	The nature and format of all accountancy systems and related financial procedures and records must be in a form agreed with the Corporate Director – Finance and Central Services who shall have regard to the provision of Section 151 of the Local Government Act 1972, the Accounts and Audit Regulations 1996, and such other statutory provisions which, from time to time, shall affect the financial administration of the Council or its constituent services. The financial ledger maintained by the Corporate Director – Finance and Central Services will be regarded as the primary financial record of the Council, both for actual expenditure/income transactions as well as	The nature and format of all accountancy systems and related financial procedures and records must be in a form agreed with the CDFCS who shall have regard to the provision of Section 151 of the Local Government Act 1972, the Accounts and Audit England (Amendment) Regulations 2009, and such other statutory provisions which, from time to time, shall affect the financial administration of the Council or its constituent services. The financial ledger maintained by the CDFCS will be regarded as the primary financial record of the Council, both for actual expenditure/income transactions as well as budget allocations and subsequent virements. The CDFCS shall be consulted at an early stage	As above.

Rule	Current Wording	Proposed Amendment	Reason
	budget allocations and subsequent virements. The Corporate Director – Finance and Central Services shall be consulted at an early stage regarding proposed changes to any financial systems, procedures or records and his approval obtained before such changes are implemented.	regarding proposed changes to any financial systems, procedures or records and his approval obtained before such changes are implemented.	
6.3	The Council will, when formally setting its annual Precept (see **Rule 6.4 - 6.7)**, also approve an annual Budget for each Directorate. This 'Directorate' Budget will comprise a single sum (i.e. expenditure less related income) which typically will also be allocated across a range of functions and/or activities within each Directorate; the functions and/or activities identified will normally reflect the service areas, Business Units or other organisational arrangements adopted within the Directorate. These Budgets will be formally published, before the start of each financial year, in the approved Revenue Estimates Booklet of the Council and will represent the base line to which, in any given financial year, the Rules that follow in this Section shall apply.	The Council will, when formally setting its annual Precept (see **Rule 6.4 - 6.7)**, also approve an annual Budget for each Directorate. This 'Directorate' Budget will comprise a single sum (i.e. expenditure less related income) which typically will also be allocated across a range of functions and/or activities within each Directorate; the functions and/or activities identified will normally reflect the service areas, or other organisational arrangements adopted within the Directorate. These Budgets will be <u>determined</u>, before the start of each financial year, in <u>a format to be agreed by the CDFCS</u> and will represent the base line to which, in any given financial year, the Rules that follow in this Section shall apply.	The previous reference was to a specific "budget book". This is no longer produced in its previous format. So the proposed wording provides more flexibility in defining how the budget totals are formally recorded for the purpose of this clause.
6.6	As part of the process of approving the overall Revenue Budget of the Council the Executive shall define the arrangements whereby each Directorate prepares its own budget for consideration by the Executive; these arrangements will be so defined as to enable the Revenue Estimates Booklet of the Council to fulfil the function referred to in **Rule 6.3**.	As part of the process of approving the overall Revenue Budget of the Council the Executive shall define the arrangements whereby each Directorate prepares its own budget for consideration by the Executive. These arrangements will be so defined as to enable the <u>baseline estimates</u> of the Council <u>to be prepared,</u> to fulfil the function referred to in **Rule 6.3**.	As above.

Rule	Current Wording	Proposed Amendment	Reason
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.	The implications of Item 6 of the Executive Members' Delegation Scheme 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.	Clarifies the point of the Executive Member Delegation Scheme that applies.
9.1	A Director shall be responsible for: - the procurement of all services and assets (but **not** property) relating to the provision of services by his Directorate - ensuring that services and assets ordered are received and are of the correct quality - ensuring that services and assets are only procured by Budget Holders if there is approved budgetary provision to cover the associated costs (see **Rules 6.11 and 7.9)** - ensuring adherence to the approved Procurement Strategy of the Council - the certification of invoices in accordance with arrangements approved by the Corporate Director – Finance and Central Services	A Director shall be responsible for: - the procurement of all supplies, services and assets (but **not** Property) relating to the provision of services by his Directorate - ensuring that supplies, services and assets ordered are received and are of the correct quality - ensuring that supplies, services and assets are only procured by Budget Holders if there is approved budgetary provision to cover the associated costs (see **Rules 6.11 and 7.9)** - ensuring adherence to the approved Procurement Strategy of the Council - the certification of invoices in accordance with arrangements approved by the CDFCS	Clarifies the inclusion of supplies, as well as services and assets.
9.11		For low value items valued at under £100, and to save the costs of disposal, to reduce the need to send items to landfill, and to maximise the use of Council resources, local arrangements can be made in line with the guidance included in Section 14.3 of the Finance Manual.	Reflects the development of additional guidance on low value disposals now included in the Finance Manual.

Rule	Current Wording	Proposed Amendment	Reason
		Financial Instruments	
9.12		The CDFCS shall undertake the negotiation of terms and authorise the acquisition or disposal of any financial instrument which the Council or a Director requires within the context of their financial or service responsibility.	Covers an area not reflected in the previous FPR, to clarify the role of CDFCS in these matters.
12.1	Each Director shall be responsible for the establishment of fees and charges payable to the Council in respect of activities carried out by the Directorate. For practical purposes this responsibility should be linked to the budget management arrangements established in accordance with **Rules 4.12/4.13.**	Each Director shall be responsible for the establishment and ongoing review of schemes of fees and charges payable to the Council in respect of activities carried out by the Directorate. For practical purposes this responsibility should be linked to the budget management arrangements established in accordance with **Rules 4.12/4.13.**	Clarifies the responsibility for ongoing review. This and the following clauses 12.2 – 12.16 reflect the work on the Income Policy and related procedures. Details are included elsewhere in this report.
12.2		Fees and charges within the control of the Council shall be subject to review annually by the relevant Director and the CDFCS except where: (i) the scheme is regulated by an existing contract, or set by Government legislation or regulations; or (ii) there is a specific agreement between the Council and relevant third parties setting a different frequency; or (iii) a different frequency is agreed by the CDFCS; or (iv) there is a particular need to review the scheme in advance of the next annual review.	

Rule	Current Wording	Proposed Amendment	Reason
12.3		The annual review shall take account of increases in the cost of the service since the fees or charges were last reviewed, and the rate of inflation more generally.	
12.4		A review may also take account of other changes to the nature of the service, or to a previous policy decision on the extent of any subsidy reflected in the level of the fee or charge.	
12.5		Where a fee or charge increases by a level that is more or less than the increase in the cost of the service, the financial effect of that variance will be reflected in the growth/savings analysis in the Budget preparation exercise for the relevant period.	
12.6		All decisions relating to changes to a scheme of fees and charges will be made in consultation with the relevant Portfolio Holder, unless the proposal reflects a change in policy, in which case the matter should be referred to the Executive.	
12.7		A Director shall agree with the CDFCS the administrative arrangements for the collection of any money due to the Council. The collection of debts will normally be the responsibility of the CDFCS and shall be administered via the corporate debtor system linked to the financial ledger. Any alternative arrangement requires the prior written approval of the CDFCS.	

Rule	Current Wording	Proposed Amendment	Reason
12.8		The CDFCS will agree with the Assistant Chief Executive – Legal and Democratic Services the arrangements by which outstanding debts may be referred for legal action, and the roles to be taken by staff in Finance and Central Services, or Legal Services, in pursuing such action.	
12.10	If an overpayment has been made by the Council to a third party (including, but not limited to, employees and suppliers) then all necessary steps shall be taken to recover the amount of the overpayment. If it is considered inappropriate, however, to recover the overpayment (on grounds including, but not limited to, cost effectiveness or compassionate reasons) then approval not to pursue the overpayment must be obtained from: (a) the nominated Accountant (by the Corporate Director – Finance and Central Services) in the relevant Directorate in respect of debts up to £500 (b) the Corporate Director – Finance and Central Services in respect of debts above £500 and below £5,000 (c) The relevant Portfolio Holder in respect of amounts of £5,000 and above	Approval to write off an individual debtor amount may be given by the CDFCS subject to the following limits:- (i) For a value up to and including £100, on the recommendation of the Exchequer Services Officer (ii) For a value over £100 but less than £5,000 in consultation with the Director and the Assistant Chief Executive - Legal and Democratic Services as necessary For a value of £5,000 or more but less than £25,000 on the recommendation of a Director, after consultation with the relevant Portfolio Holder.	

Rule	Current Wording	Proposed Amendment	Reason
		Adjustment to an account	
		Waiving a charge	
12.14		<u>In some circumstances it may be appropriate to waive a charge. This must be an explicit feature of a particular charging scheme. A waiver should only be considered if there is some reason why the person receiving the service should continue to do so, and in circumstances in which the charge emerging from the charging scheme may not be fair and reasonable in all the circumstances.</u>	
12.15		<u>The responsibility for agreeing the terms of any waiver must be included in the terms of the charging scheme.</u>	
		Recovering overpayments	
12.16(a)		the <u>Service</u> Accountant <u>nominated by</u> the CDFCS in respect of debts up to £500	
13.4	Individual petty cash purchases must not exceed £100 per item and must be supported by possible by authenticated receipts.	Individual petty cash purchases must not exceed £100 per item and must <u>always be supported authenticated receipts, other than in exceptional circumstances.</u>	
15.3	The full Council and/or Executive will receive reports on its Treasury Management policies, practices and activities including, as a minimum an Annual Treasury Management and Investment Strategy and associated report on Prudential Indicators in advance of the financial year, a mid year review of Treasury Management activities and an Annual Treasury Management	The <u>Executive and the</u> full Council will receive reports on its Treasury Management policies, practices and activities including, as a minimum an Annual Treasury Management and Investment Strategy and associated report on Prudential Indicators in advance of the financial year.	Reflects the revised, enhanced procedure to monitor Treasury Management matters.

Rule	Current Wording	Proposed Amendment	Reason
	and Investment outturn report after its close, in a form prescribed in the TMPs.		
15.5	The Audit Committee shall be responsible for ensuring effective scrutiny of the Treasury Management Strategy and Policies.	The Executive will receive from the CDFCS a quarterly report on Treasury Management as part of the Quarterly Performance Monitoring report and an annual report on both Treasury Management and Prudential Indicators setting out full details of activities and performance during the preceding financial year.	As above
15.6	The Corporate Director – Finance and Central Services shall periodically review the Treasury Management Policy Statement and associated documentation and report to the Executive on any necessary changes, and the Executive shall make recommendations accordingly to the County Council	The CDFCS will meet periodically with the Portfolio Holder for Corporate Affairs and the Deputy Leader to consider issues arising from the day to day Treasury Management activities.	As above
16.2	Voluntary funds registered with the Charity Commissioners shall have formal accounts prepared, be audited annually by a competent independent person and shall be submitted with an audit report to the appropriate body within 6 months of the accounting year end. A copy of the accounts and audit report shall be supplied to the Corporate Director – Finance and Central Services immediately after the meeting of the body. The Corporate Director – Finance and Central Services shall be entitled to verify that the reports have been made and to carry out such checks on the accounts as he/she considers appropriate.	Voluntary funds registered with the Charity Commissioners must comply with all requirements set by the Commission in respect of the format of accounts and the need for audit or independent examination by a competent person, and must meet the timescales set out for such reports. Although there is no requirement from the Charity Commission, it is a requirement that small registered charities with gross income (or total expenditure) of £10,000 or less will arrange for their accounts to be examined annually by a competent independent person. A copy of the accounts and the appropriate audit or independent examiners report shall be supplied to the CDFCS immediately after the meeting of the body. The	Reflects the revised requirements of the Charity Commission.

Rule	Current Wording	Proposed Amendment	Reason
		CDFCS shall be entitled to verify that the reports have been made and to carry out such checks on the accounts as he considers appropriate.	
16.3	Voluntary funds not registered with the Charity Commissioners shall have formal accounts prepared and be examined annually by a competent officer independent of the fund. A copy of the accounts and Independent Examiner's Statement shall be supplied to the Corporate Director – Finance and Central Services immediately after the examination. The Corporate Director -– Finance and Central Services shall be entitled to verify that the reports have been made and to carry out such checks on the accounts as he/she considers appropriate.	Voluntary funds not registered with the Charity Commissioners shall have formal accounts prepared and examined annually by a competent <u>person</u> independent of the fund. A copy of the accounts and Independent Examiner's Statement shall be supplied to the CDFCS immediately after the examination. The Corporate Director -– Finance and Central Services shall be entitled to verify that the reports have been made and to carry out such checks on the accounts as he considers appropriate.	As above
17.2	A Director shall promptly notify the Corporate Director – Finance and Central Services of:	A Director shall notify the CDFCS <u>as soon as he becomes aware</u> of:	Clarification
19.0	*The Accounts and Audit Regulations 2006, issued under the provisions of the Local Government Finance Act 1982, apply to the Council. This Act requires the Council to maintain continuous, adequate and effective internal audit of its accounts. The following Rules provide the framework for this statutory duty to be discharged.*	*The Accounts and Audit <u>England (Amendment) Regulations 2009</u>, issued under the provisions of the Local Government Finance Act 1982, apply to the Council. This Act requires the Council to maintain continuous, adequate and effective internal audit of its accounts. The following Rules provide the framework for this statutory duty to be discharged.*	Update to the relevant regulations
19.2	The Council has determined that the Corporate Director – Finance and Central Services shall be responsible for maintaining an adequate and effective internal audit of the activities of the Authority. Each Director shall therefore make arrangements for the Corporate Director –	The Council has determined that the CDFCS shall be responsible for maintaining an adequate and effective internal audit of the activities of the <u>County Council</u>. <u>The CDFCS will set out the purpose, authority and responsibility of Internal Audit in the Terms of Reference for Internal Audit.</u>	Clarification on the method by which the internal audit service will have its terms of reference set.

Rule	Current Wording	Proposed Amendment	Reason
	Finance and Central Services or his authorised internal audit representative to:-	The Terms of Reference will be reviewed annually and any amendments will be submitted to the Audit Committee for approval.	
19.3	**(Prev 19.2)** The Council has determined that the Corporate Director – Finance and Central Services shall be responsible for maintaining an adequate and effective internal audit of the activities of the Authority. Each Director shall therefore make arrangements for the Corporate Director – Finance and Central Services or his authorised internal audit representative to:- (i) enter at all reasonable times on any premises or land used by the Council; (ii) have access to all correspondence, documents, books or other records relating to any financial or other transactions of their establishment or operational area; (iii) require and receive such explanation(s) as he/she considers necessary to establish the correctness of any matter under examination; (iv) require any officer of the Council to produce cash, stores, or other Council property under his/her control for inspection.	Each Director shall make arrangements for the CDFCS or the Head of Internal Audit to (i) enter at all reasonable times on any premises or land used by the Council; (ii) have access to all correspondence, documents, books or other records relating to any financial transactions, matter or business of the County Council; (iii) require and receive such explanation(s) as he considers necessary to establish the correctness of any matter under examination; (iv) require any officer of the Council to produce cash, stores, or other Council property under his/her control for inspection.	New clause 19.3 to be read in conjunction with the amended clause 19.2.
19.4	**(Prev 19.3)** The Corporate Director – Finance and Central Services shall have regard to any relevant professional guidelines, International Auditing Standards and any audit standards issued by the Code of Practice for Internal Audit for local	The Head of Internal Audit shall have regard to all relevant International Auditing Standards, professional guidelines and codes of practice including the Code of Practice for Internal Audit in Local Government in the United Kingdom.	Clarity and updating of the relevant framework for internal audit.

Rule	Current Wording	Proposed Amendment	Reason
	authorities in the United Kingdom.		
19.5	**(Prev 19.4)** The Corporate Director- Finance and Central Services shall be notified immediately by a Director, Business Unit Head **or** Budget Holder of any financial irregularity or suspected irregularity, or any circumstances which may suggest the possibility of irregularity in the exercise of any of the Council's functions. Such communications may be oral initially but must be confirmed promptly in writing.	The <u>Head of Internal Audit</u> shall be notified immediately by a Director, Service Unit Head, Budget Holder <u>or service management</u> of <u>any suspected fraud or</u> financial irregularity, or any circumstances which may suggest the possibility of irregularity in the exercise of any of the Council's functions <u>or related to the delivery of any of the Council's services</u>. Such communications may be oral initially but must be confirmed promptly in writing.	Clarifying wording.
19.10	**(Prev 19.9)** The Chief Internal Auditor shall have the right to communicate directly with the Leader of the Council or the Chairman of the Audit Committee on any matter that he/she deems appropriate.	The <u>Head of Internal Audit</u> shall have the right to communicate directly with the Leader of the Council, <u>the Executive, the Chief Executive, any Corporate Director, the Monitoring Officer and/or</u> the Chairman of the Audit Committee on any matter that he deems appropriate.	To clarify the access arrangements of the Head of Internal Audit.
Preamble to section on Money Laundering	All staff should have regard to the Council's Anti-Money Laundering Policy and supporting Guidance. A member of staff should consider, in line with the Policy and Guidance, reporting any transaction which involves the receipt of £10,000 or more of cash to the Council's Money Laundering Reporting Officer; notwithstanding such financial limit, any member of staff who has reasonable grounds to believe that money laundering is taking place (or is being attempted) in respect of a smaller amount of cash should report the matter to the Council's Money Laundering Reporting Officer.	*<u>The Proceeds of Crime Act (2002), the Money Laundering Regulations (2007) and the Terrorism Act (2000) place certain responsibilities on public authorities and the staff working for them. In addition, any member of staff may commit specific offences under money laundering legislation, particularly</u> if they suspect money laundering <u>is taking place</u> and either become involved with it in some way and/or do nothing about it. The Council has therefore established an internal Anti-Money Laundering Policy and supporting Guidance Note designed to prevent the risk of the Council being involved in money laundering and to enable staff to report suspicions of money laundering activity to*	To update the relevant regulations.

Rule	Current Wording	Proposed Amendment	Reason
		the Head of Internal Audit (as the Council's nominated Money Laundering Reporting Officer).	
22.1	**(Prev 20.1)** The Corporate Director – Finance and Central Services (in consultation with The Assistant Chief Executive (Legal and Democratic Services)) shall review the application and the effect of these Rules and make an annual report to the Audit Committee recommending such amendments to the Rules as are considered appropriate.	The CDFCS (in consultation with The Assistant Chief Executive (Legal and Democratic Services)) shall carry out a major review of the application and the effect of these Rules as part of the rolling three year cycle of reviews of the Financial Contract and Property Procedure.	To clarify the wording in relation to the revised approach to reviewing FPR.

CONTRACT PROCEDURE RULES

SUGGESTED AMENDMENTS

Rule	Current Wording	Proposed Amendment	Reason
Contents	N/A	Addition of two new Rules - Rule 4 "Powers and Key Decisions" and Rule 19 "Training for Procurement". Consequential re-numbering as required.	To reflect new clauses - see below re Rules themselves.
1.1	Contract Any agreement (other than Property Contracts and contracts of employment) made between the Council and any other person which is intended to be legally enforceable and involves the acceptance of an offer made by one party to commit itself to an action or series of actions.	Contract Any agreement made between the Council and any other person which is intended to be legally enforceable and involves the acceptance of an offer made by one party to commit itself to an action or series of actions and subject to the exceptions in **Rule 2.2**.	Cross reference to Rule 2.2 which now has specific exceptions.
1.1	Director Chief Executive Officer, Corporate Director Business and Environmental Services, Corporate Director Adult and Community Services, Corporate Director Children and Young People's Service, Corporate Director Finance and Central Services.	Director Chief Executive Officer, Corporate Director Business and Environmental Services, Corporate Director Adult and Community Services, Corporate Director Children and Young People's Service, Corporate Director Finance and Central Services as the context requires.	Drafting clarity.
1.1	Consultancy Contract A contract with a consultant architect, engineer, surveyor or other professional consultant (excluding Counsel).	Deletion.	Consultancy contracts are treated in the same way as other services contracts.
2.2	These Rules apply to all contracts **except**:- (a) contracts of employment and (b) property contracts.	These Rules apply to all contracts for works, supplies and services but do not apply to:- (a) contracts of employment; (b) property contracts; and (c) financial instruments (including, but without limitation, shares, bonds, bills of exchange, future or options contracts).	Clarification re fact that financial instruments such as shares are not subject to procurement rules.

APPENDIX 4B

Rule	Current Wording	Proposed Amendment	Reason
3.3	Directors shall ensure that the Council has the legal power to enter into any contract and that the Council does not purport to enter into any contract which is ultra vires.	Deletion.	New Rule 4 now applies to legal powers.
4.0	N/A	**4.0 POWERS AND KEY DECISIONS** 4.1 In consultation with the ACE(LDS) Directors shall ensure that the Council has the legal power to enter into any Contract and that in respect of all Contracts, regardless of whether they involve the procurement or provision by the Council of works, supplies or services Directors shall ensure that no Contract shall be entered into which is ultra vires. 4.2 Directors shall ensure that a written record of the decision to procure a Contract is made and, where such a decision comprises a Key Decision under the Constitution, Directors shall ensure that it is entered on to the Forward Plan and treated as a Key Decision in all respects.	New Rule clarifying need to ensure Council has the legal power to enter into contracts, that a record of the decision to procure is made and that appropriate decisions are recorded as Key Decisions on the Council's Forward Plan.
5-20	N/A	Re-numbering of clauses to reflect new Rule 4.	Drafting point.
6.4	Where considered appropriate by the CDFCS, term contracts, standing offers and framework contracts may include a financial limit above which value, work to be done or goods or services to be supplied shall be subject to a separate procurement exercise in accordance with these Rules.	Where considered appropriate by the CDFCS, term contracts and framework contracts may include a financial limit above which value, work to be done or goods or services to be supplied shall be subject to a separate procurement exercise in accordance with these Rules.	Deletion of standing offers - now replaced by framework agreement.
6.5(a)	The written form of agreement for all contracts exceeding £20,000 in value must include the following or equivalent wording:- (a) "If the Contractor:- (i) Has offered any gift or consideration of any kind as an inducement or disincentive for doing anything in respect of this Contract or any other Contract with the	The written form of agreement for all contracts exceeding £20,000 in value must include the following or equivalent wording:- (a) "If the Contractor:- (i) Has offered any gift or consideration of any kind as an inducement or disincentive for doing anything in respect of this Contract or any other Contract with the Council,	To reflect changes in legislation.

Rule	Current Wording	Proposed Amendment	Reason
	Council, or (ii) Has committed any offence under the Prevention of Corruption Acts 1889 to 1916, or (iii) Has committed an offence under Section 117 (2) of the Local Government Act 1972 The Council may terminate the Contract immediately and will be entitled to recover all losses resulting from such termination".	or (ii) Has committed any offence under the Prevention of Corruption Acts 1889 to 1916 or the <u>Bribery Act 2010</u>, or (iii) Has committed an offence under Section 117 (2) of the Local Government Act 1972 <u>t</u>he Council may terminate the Contract immediately and will be entitled to recover all losses resulting from such termination".	
6.5(b)	"If the Contractor is in persistent and/or material breach of contract the Council may terminate the Contract and purchase the materials (or goods or services as the case may be) from a third party and the Council may recover the cost of doing so from the Contractor".	"If the Contractor is in persistent and/or material breach of contract the Council may terminate the Contract and purchase the <u>supplies, works or services</u> from a third party and the Council may recover the cost of doing so from the Contractor".	Drafting - use of common terminology.
9.5.3(ii)	This deadline date must be at least 28 days after the first advertisement for the approved list is published and, where relevant, at least 14 days after the last advertisement is published. Such notices must be repeated at intervals of no more than five years.	This deadline date must be at least 28 days after the first advertisement for the approved list is published and, where relevant, at least 14 days after the last advertisement is published.	Drafting clarity. See new clause 9.5.3(ix).
9.5.3(vii)	Invitations to tender shall be sent via the e-tendering system to at least five contractors on the approved list or to all contractors on the approved list if it includes less than five contractors.	Invitations to tender shall be sent via the e-tendering system to at least five contractors on the approved list or to all contractors on the approved list if it includes <u>fewer</u> than five contractors.	Drafting.
9.5.3(ix)		<u>Approved Lists may remain in force for no longer than five years; before the expiration of the Approved List a replacement shall be established (if appropriate) in accordance with</u>	Drafting clarity re duration of approved lists.

Rule	Current Wording	Proposed Amendment	Reason
		Rule 9.5.3.	
9.5.5	N/A	**9.5.5 Negotiated Procedure and Competitive Dialogue** Where the ACE(LDS) and the CDFCS agree that it is appropriate, the Negotiated Procedure or the Competitive Dialogue Procedure may be used in accordance with the Public Contracts Regulations 2006.	New wording to reflect the alternative procurement procedures (both rarely used - primarily for PFI and PPP).
11.4(b)	(b) less than three tenders have been received	(b) fewer than three tenders have been received.	Drafting.
15.1(a)	(a) purchases through the agency of YPO or other consortium or similar body, eg Buying Solutions, in accordance with the approved purchasing methods of such a consortium or body, or	(a) purchases via framework agreements which have been established by other public sector bodies or consortia (including, but not limited to YPO) and where such framework agreements are lawfully accessible to the Council, or	Clarity re access to third party framework agreements - whether from Central Government or other public sector organisations which have established accessible frameworks.
15.1(f)	(f) social care contracts where:-	(f) social care contracts which are classifiable as Part B Services under the Public Contracts Regulations 2006 where:-	Clarity of wording to reflect Public Contracts Regulations 2006.
15.2(a)		Deletion (old numbering).	Now included in Rule 9.5.5.
16.5(a)	(a) contracts for supplies and services which the Directorate intends to award in the next financial year	(a) contracts for works, supplies and services worth £10,000 or more which the Directorate intends to award in the next financial year	Clarity of wording and threshold of £10k.
18.	Notification to Statutory Officers	**NOTIFICATION OF SECTION 151 OFFICER AND MONITORING OFFICER**	Revised heading.
18.1	When a procurement is being considered 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 proceeding with the procurement. Such notifications shall include the estimated "whole life" financial value of the	When a procurement is being considered which is expected to exceed the financial value thresholds specified in **Rule 18.2** then the Responsible Officer leading the procurement shall notify the Council's S151 Officer (ie the CDFCS) and its Monitoring Officer (ie ACE(LDS)) before proceeding with the procurement. 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 and if applicable a	Email requirement for notification now removed because such notification will form part of the gateway process.

Rule	Current Wording	Proposed Amendment	Reason
	contract, the procurement methodology and any other relevant factors including, but without limitations, any TUPE implications and if applicable a copy of the proposed advertisement (except in circumstances where it is proposed to procure from an existing framework agreement).	copy of the proposed advertisement (except in circumstances where it is proposed to procure from an existing framework agreement).	
19.		**19.0 TRAINING FOR PROCUREMENT** 19.1 Any officer involved in procurement activities should have received a level of formal training commensurate with the nature of the procurement activity being undertaken.	Previously in Rule 18.

PROPERTY PROCEDURE RULES

SUGGESTED AMENDMENTS

Rule	Current Wording	Proposed Amendment	Reason
8.1.4	Where the disposal of any property is being considered which is likely to result in either a sale or long lease (seven years or more) at an undervalue the following provisions shall apply:-	Where the disposal of any property is being considered which is likely to result in either a sale or long lease (seven years or more) at an undervalue the following provisions shall apply, subject to **Rule 8.1.4.2**:-	To reflect the new Rule relating to academy transfers.
8.1.4(e)	(e) For all disposals of property at undervalue, the purpose for which the property is to be disposed of must be likely to contribute to the promotion or improvement of the economic, social or environmental well being of the whole or any part of the Council's area, or of all or any persons resident or present in its area.	(e) For all disposals of property at undervalue (except transfers pursuant to the Academies Act 2010, where **Rule 8.1.4.2** applies), the purpose for which the property is to be disposed of must be likely to contribute to the promotion or improvement of the economic, social or environmental well being of the whole or any part of the Council's area, or of all or any persons resident or present in its area.	To reflect new Rule 8.1.4.2.
8.1.4.2		**Academies Act 2010** **8.1.4.2** In respect of the Disposal of Property by lease, licence, freehold, transfer or otherwise where such Disposal is made in accordance with a Transfer Scheme made by the Secretary of State pursuant to the Academies Act 2010 the relevant approval for the Disposal shall be sought from the Executive Member for Corporate Affairs by the Corporate Director - Finance and Central Services; the Executive Member may give such approval regardless of the undervalue of the disposal.	New rule which relates to schemes made by the Secretary of State under the Academies Act 2010 which will direct the Council to transfer a school site to an academy body. Such schemes constitute a direction to the Authority to undertake the transfer at zero consideration.

APPENDIX 4C