The Report of the Executive

The Executive met on Tuesday, 24 July 2012. Present: County Councillor John Weighell in the Chair. County Councillors Arthur Barker, Carl Les, Chris Metcalfe, John Watson OBE, and Clare Wood.

The Executive met on Tuesday, 21 August 2012. Present: County Councillor John Weighell in the Chair. County Councillors Arthur Barker, Gareth Dadd, Tony Hall, Carl Les, Chris Metcalfe, and Clare Wood.

Also in attendance: County Councillors Keith Barnes, John Blackburn, Jim Clark, David Jeffels and Don Mackenzie.

The Executive met on Tuesday, 4 September 2012. Present: County Councillor John Weighell in the Chair. County Councillors Arthur Barker, Tony Hall, Carl Les, Chris Metcalfe and Clare Wood.

The Executive met on Tuesday, 25 September 2012. Present: County Councillor John Weighell in the Chair. County Councillors Arthur Barker, Gareth Dadd, Carl Les, Chris Metcalfe, John Watson OBE, and Clare Wood.

Also in attendance: County Councillors Mike Jordan, Don Mackenzie and Patrick Mulligan.

1. Capital Plan. The Capital Plan is split into two components. The Capital Programme comprises schemes that have passed the necessary Gateways and are proceeding to construction. Slippage on these schemes should be negligible because experience shows that most slippage takes place in the preparatory stages of a scheme. The Capital Forecast consists of schemes for which the preparatory process has not progressed to the point where they can enter the Capital Programme. Analysis has shown that it is these schemes that are more likely to suffer slippage, due to a wide range of internal and external factors. Details of individual schemes or projects level are not attached to this report but summaries for each Directorate, analysed into the main areas of capital spending, are attached as Appendices 1A to 1D, with an overall summary at Appendix 1E.

This updated Capital Plan is based on the version approved by the Executive in February, 2012 but incorporates:-

- the carry forward of net under and overspendings from 2011/12 to 2012/13
- the carry forward of under and overspendings from 2011/12 that are self funded from grants and contributions
- movements between Capital Forecast and Capital Programme
- additions or variations to schemes that are self funded (ie through grants contributions, revenue contributions and earmarked capital receipts)
- re-phasing of expenditure between years

- virements between schemes resulting from variations in scheme costs (eg arising from a tender process) and ongoing reassessments between priorities within a Directorate's finite control total
- additional schemes and provision approved by the Executive and
- various other miscellaneous refinements

A summary of the latest Capital position (gross spend) at Directorate level is:-

Directorate/Component	Appendix 1	2012/13	2013/14	2014/15	Later Years
		£m	**£m**	**£m**	**£m**
Health and Adult Services	**A**				
Capital Programme		4.4	4.8	0	0
Capital Forecast		0.2	5.6	6.4	5.5
Sub total		**4.6**	**10.4**	**6.4**	**5.5**
Business and Environmental Service	**B**				
Capital Programme		45.9	15.1	16.9	29.2
Capital Forecast		0	26.0	26.4	0
Sub total		**45.9**	**41.1**	**43.3**	**29.2**
Children's and Young People's Service	**C**				
Capital Programme		24.7	8.9	0.4	0.2
Capital Forecast		3.2	20.8	26.3	21.0
Sub total		**27.9**	**29.7**	**26.7**	**21.2**
Other County Services	**D**				
Capital Programme		9.1	0.3	0	0
Capital Forecast		1.7	1.3	1.0	0
Sub total		**10.8**	**1.6**	**1.0**	**0**
Overall County Total	**E**				
Capital Programme		84.1	29.1	17.3	29.4
Capital Forecast		5.1	53.7	60.1	26.5
Total		**89.2**	**82.8**	**77.4**	**55.9**

The financial split between the Capital Programme and Capital Forecast will vary over time, as schemes progress through the Gateway process. The planned gross capital spend is £89.2m in 2012/13, £82.8m in 2013/14 and £77.4m in 2014/15, but these totals do include a limited number of significant individual schemes and provisions as follows:

Directorate	2012/13	2013/14	2014/15
	£m	**£m**	**£m**
Health and Adult Services			
Our Future Lives – Extra Care Scheme	0.5	2.5	3.1
Our Future Lives – Older People's Resource Centre	0.2	3.0	2.9
Valuing People – Day Service Provision	3.4	3.6	0
Business & Environmental Services			
New and Replacement Road Lighting Columns	1.1	0.2	0.2
Waste Procurement Project	0.1	5.0	0
Integrated Transport	3.9	4.1	5.8
Maintenance of Roads and Bridges	30.2	24.3	21.3
Regional Funding Allocation	4.6	0	1.8
Bedale-Aiskew-Leeming Bar Major Scheme	0.3	0.7	11.8
Growing Places	5.1	2.7	1.2
Local Sustainable Transfer Fund	0.7	3.0	1.1
Children & Young People's Service			
Major Capital Schemes at Schools	1.6	2.7	0
Suitable for Purpose	1.0	2.4	0.3
Pupil Referral Units / Special Schools	1.3	0	0
Primary Capital Programme	1.6	0	0
Health and Safety	1.7	1.3	0
Other Capital Funding Schemes 2008-11	2.6	1.1	0
Basic Needs 2011/12	4.6	7.2	7.2
Capital Maintenance Grant Funded Schemes	1.7	1.0	11.8
Capitalised Repairs and Maintenance	4.8	2.9	0.2
Schools Invest to Save Schemes	0.6	1.4	0
Devolved Capital (School Schemes)	2.7	4.0	4.0
Self Help Schemes (School Schemes)	2.2	2.0	1.0
Other County Services			
Affordable Housing Fund	1.5	0	0
Bright Office Schemes	2.3	0	0
Microsoft Project	2.9	0	0
	83.2	75.1	73.7
All other schemes and provisions	6.0	7.7	3.7
Total	**89.2**	**82.8**	**77.4**

Relatively few individual schemes and provisions make up over 90% of the total planned capital spend in each year and any slippage or delays in these individual schemes will, therefore, have a significant consequential impact on overall Plan delivery and consequential financing requirements. In the earlier years of the Capital Plan, the majority of planned spend falls into the Programme component as follows:-

	Programme		**Forecast**		**Total**
	£m	**%**	**£m**	**%**	**£m**
2012/13	84.1	94	5.1	6	89.2
2013/14	29.1	35	53.7	65	82.8
2014/15	17.3	22	60.1	78	77.4

The changes in the latest Capital Plan, compared with that approved by the Executive in February, are:-

Item	**2012/13**	**2013/14**	**2014/15**	**Later Years**
	£m	**£m**	**£m**	**£m**
CAPITAL PROGRAMME				
Programme approved on 28 February 2012	**83.9**	**13.7**	**14.1**	**28.2**
Schemes funded from Prudential Borrowing	0.4			
Variations in Self funded schemes	5.1	4.5	2.1	
Movement between Programme and Forecast	-2.1	3.5		
Re-phasing between years (paragraph 8.11)				
2012/13 variations rolled forward to 2012/13				
Self funded from Grants etc	3.8			
Net underspend	2.7			
Q1 2012/13 Variations				
Self funded from Grants etc	-5.9	4.1	0.8	1.0
Funded from borrowing	-3.8 -9.7	3.3	0.3	0.2
= updated Capital Programme at Q1 2012/13	**84.1**	**29.1**	**17.3**	**29.4**
Variation since Q3 2011/12	**+0.2**	**+15.4**	**+3.2**	**+1.2**

Item	2012/13	2013/14	2014/15	Later Years
	£m	£m	£m	£m
CAPITAL FORECAST				
Forecast approved on 28 February 2012	**13.7**	**59.1**	**51.5**	**21.7**
Variations in self funded schemes	0.7	0.2	-0.1	
Movement between Programme and Forecast	2.1	-3.5		
Re-phasing between years (paragraph 7.11)				
Q1 2012/13 Variations				
Self funded from grants etc	-6.9 } -11.4	-1.4	7.9	0.4
Funded from borrowing	-4.5	-0.7	0.8	4.4
= updated Capital Forecast at Q1 2012/13	**5.1**	**53.7**	**60.1**	**26.5**
Variation since Q3 2011/12	**-8.6**	**-5.4**	**+8.6**	**+4.8**

After reflecting the carry forward of underspends from 2011/12 (both net and self-funded from grants and contributions), the Capital Plan update shows an overall £21.1m of expenditure re-phasing from 2012/13 to later years (£9.7m Capital Programme + £11.4m Capital Forecast). Of this £21.1m rephasing, £12.8m is self funded from grants and contributions and £8.3m from a combination of capital receipts and borrowing. £14m of the rephasing of capital expenditure from 2012/13 relates to the reprofiling of schemes within the overall CYP's capital plan. £8m of this relates to the Children & Young People's Capital Plan, with a further £6m within schools devolved formula capital. 2011/12 was the first year that a one year allocation from the Department for Education was granted, following a series of 3 year allocations from Central Government. A single year allocation has also been announced for 2012/13. Previous 3 year funding allocations had enabled projects to be planned and preparation started in advance, so that they could be delivered in the year in which the funding was allocated. However, as a result of the one year funding allocations, detailed planning cannot be advanced in the same way until there is certainty that the funding will be available. It has now been confirmed that the majority of projects on site during summer 2012 relate to the 2011/12 programme. Therefore it has been appropriate to reassess the timing of projects from 2012/13 and future programmes, to take into account the impact that the one year funding allocation has had on the timing of expenditure, and expenditure relating to the 2011/12 and 2012/13 allocation has been re-profiled.

The main areas of the £21.1m re-phasing between Q3 2011/12 and Q1 2012/13 (after reflecting carry forward of underspends from 2011/12 to 2012/13) are:

Scheme	£m
HAS	
HAS ICT Infrastructure	-0.6
Valuing People	-0.6
BES	
Growing Places Loans	-3.4
Structural Maintenance of Roads	-1.3
Waste Management Services	-0.5
CYPS	
Devolved Capital	-6.0
Basic Need	-2.1
Primary Replacement School	-1.1
Major Capital Projects	-1.4
Horsa Replacements	-0.9
Wrea Head	-0.5
Woodfield Development	-0.5
Other schemes (net)	-2.2
Total gross re-phasing from Q3 2011/12 to Q1 2012/13 (after accounting for 2011/12 outturn position)	**-21.1**

All Business & Environmental Services capital budgets have been updated for net carry forward funding of £2,138k. The Government confirmed funding for the 2012/13 Local Transport Plan on 22 December 2011. The 2011/12 Capital Plan was adjusted to reflect the settlement and the budget has been allocated to reflect the latest expenditure plans for integrated transport and structural maintenance works. This is shown in Appendix 1B. The very poor weather conditions have hampered the surface dressing programme; by mid July the programme was four weeks (approximately £1.5m) behind schedule, but every effort was being made to catch up and complete the programme by the middle of August. An application was submitted to the Environment Agency for consideration for DEFRA Partnership funding for the A174 Coastal Slope Stabilisation scheme. The report noted the total estimated cost of £9.3m and that, if the application was successful, the financial contribution from the County Council would be £4.5m (£3.8m of which is capital), to be funded from Highways and Transportation capital and revenue budgets from 2013/14. The scheme has not been brought into the Capital / Plan Forecast pending an update advising on progress. Given the materiality of the contribution, work has commenced on identifying specific financing in order to build a fund for the scheme. Projections of net capital expenditure indicate savings of £1.3m against the 2012/13 Capital Plan, which predominantly relate to lower costs for internal fees charged to the programme; one-off lower overhead charges on the new contract, based on expected throughput; and savings on the previous highways maintenance contract account. These savings have been profiled into the 2013/14 Capital Plan. None of these items impact on the 2012/13 capital programme, which is fully funded and, subject to the risk noted above in relation to the surface dressing programme, is on target for completion. In addition, the indicative LTP grant allocation from the Department for Transport (DfT) for 2013/14 is £25.93m, a reduction of 8% compared to the 2012/13 grant allocation of £28.156m.

The Capital Plan has been updated to reflect the award of funding for the Local Sustainable Transport Fund (LSTF). The Capital Plan reflects the capital elements of the scheme and the table below illustrates the full cost

Package and Funding	**2012/13 £000**	**2013/14 £000**	**2014/15 £000**	**Total £000**
Harrogate	343	975	845	2,163
Whitby & Esk Valley	563	2,708	945	4,216
Total Gross Expenditure	**906**	**3,683**	**1,790**	**6,379**
Funded by:				
NYCC revenue budget			10	10
DfT* revenue grant	40	235	305	580
Total Revenue (a)	**40**	**235**	**315**	**590**
NYCC capital within Local Transport Plan budget	200	400	400	1,000
DfT* capital grant in LSTF budget	641	3,018	1,075	4,734
Capital contribution from NYMNPA for Public Rights of Way	25	30		55
Total Capital (b)	**866**	**3,448**	**1,475**	**5,789**
Total (a + b)	**906**	**3,683**	**1,790**	**6,379**

The Capital Plan has also been updated to reflect the latest Regional Funding Allocation expenditure forecast. A total of £4.5m will be expended on this programme in 2012/13 and is entirely funded by government grant. Funding has been identified to support the waste infrastructure strategy. The Capital Plan has been amended to reflect the latest expenditure profile should the programme receive the necessary approvals and planning consent. This incorporates revenue contributions, as well as the remaining capital funding, including available grant. The County Council was initially awarded a Growing Places grant of £6,330k. Subsequently, additional grant has been awarded, bringing the total grant to £9,374k, of which £8,663k is capital funding, an increase of £2,333k compared with the sum included at Q3. An additional £1,467k grant funding has therefore been added to the Capital Plan, with the remaining £866k held as a contingency sum. The Capital Plan has alsobeen updated to reflect decisions so far taken by the Local Enterprise Partnership in terms of projects to be awarded loan funding. The financing set out in the Capital Plan reflects the fact that successful projects are awarded loans, which are to be repaid over varying periods. A long term cash flow mechanism is in place to ensure that the available funds are not over committed at any stage, taking into account grant available, loan repayments received and holding a contingency sum. The following table summarises the current position.

Item	2012/13 £000	2013/14 £000	2014/15 £000	Later Years £000	Total £000
Loans issued	4,700	2,869	1,266	1,150	9,985
Funded by:					
Grant utilised	4,415	2,094	138	1,150	7,797
Loan repayments (effectively capital receipts)	285	775	1,128		2,188
Total funding	**4,700**	**2,869**	**1,266**	**1,150**	**9,985**
Total grant utilised from above					7,797
Contingency sum					866
Total capital grant					**8,663**

In addition to the carry-forward of the net Health and Adult Services underspend from 2011/12 (£361k) into the relevant scheme budgets for this year, the major changes to the HAS capital plan include;.

- £250k of funding for Maintaining Fabric/Facilities of Properties being slipped to 2013/14, to reflect the latest view on priority projects and likely practical completion dates for these smaller scale schemes;
- £215k being vired from the general provision for resource centres to the Carentan House specific scheme to undertake works around day care provision and laundry facilities;
- the profile of the Selby Learning Disabilities/Campus Project being revised to reflect delays arising from planning issues. £612k has been moved from the current year to 2013/14 and, to reflect this change, the anticipated contribution from Bright Office funding has also been re-profiled, with £245k moving from 2012/13 to the 2013/14 plan;
- the medium term priority of the Directorate IT Facilities funding, which is grant funded expenditure, will be around increasing efficiency for frontline workers. To reflect realistic timescales for planning and implementing, the budget and its matched grant funding have been slipped to 2013/14.

After a period of relative stability on capital funding for education establishments, the past two years have been subject to uncertainty and significant funding reductions. In 2011/12 a one year only allocation was granted, which was expected to lead to more certainty from the outcome of the James Review. This was, however, followed by another one year settlement for 2012/13, announced in December 2011. The one year funding allocations have led to significant delays on the capital programme, as the delayed announcements make it practically impossible to get schemes on site in the summer period. Therefore the majority of projects on site during summer 2012 relate to the 2011/12 programme and this has led to a knock-on effect on 2013/14 and future years. Jacobs have now programmed all the individual projects in the 2012/13 programme, based on detailed briefs and, in some cases, full feasibility studies. This has allowed a more realistic assessment of the extent of financial slippage. Due to the nature of school building projects - where for some the only feasible window of opportunity is the longer summer holiday - projects which might otherwise slip a few months in fact effectively slip a whole year. In order to establish some stability and to minimise levels of rephasing in year, a risk based approach will be undertaken when developing future programmes. Programmes of work will be commissioned earlier, but within future expected grant levels. As there are some uncertainties regarding future funding levels, a reduced value programme will be developed, with sufficient flexibility to not progress projects should funding be reduced. Single year allocations minimise lead time for project programming, and this is the subject of ongoing joint attention by the CYPS Directorate and Property colleagues. This approach will allow works to be progressed on a timely basis and give schools confidence that the County Council is proactively addressing their suitability and maintenance needs. The capital allocations from the DfE now take the form of cash allocations rather than borrowing approvals, and therefore do not affect the County Council's revenue budget plans.

As a result of the exercise undertaken to programme work relating to 2011/12 and 2012/13, Basic Need Grant funded expenditure has been reprofiled from 2012/13 (£3.2m) and 2013/14 (£0.4m) to later years. In addition to the rephasing resulting from the issues relating to the one year funding allocations, schools expenditure of devolved capital was much lower than expected for 2011/12. This has resulted in expenditure of £3.5m being carried forward from 2011/12 to 2012/13. Consequently, £6.0m of Devolved Capital Funding has been reprofiled from 2012/13 to 2014/15 (£2.5m) and later years (£3.5m) to reflect expenditure on schools schemes. The delays in programming 2011/12 and 2012/13 schemes has been exacerbated by a change in the nature of some of the capital maintenance grant funded schemes. Previously the capital maintenance programme was made up of a larger number of lower value projects, constrained by the DFC contributions from schools. A significant proportion of capital funding is now provided from the capital maintenance grant, therefore a more strategic programme of major maintenance projects is being formulated. The nature of these projects again tends to concentrate the work over the summer resulting in rephasing of a further £2.4m from 2012/13 to 2013/14,

An increase in the Carbon Reduction Resources Fund loan facility of £750k, up to a maximum of £1.5m, was approved as part of the 2011/12 revenue outturn report, in order to provide further funding for the roll out of forthcoming fuel conversion, automatic meter reading and energy management system programmes aimed at minimising the impact of the Government's carbon reduction scheme. Revenue funded capital expenditure has therefore been included in 2012/13 (£500k) and 2013/14 (£250k) to reflect anticipated expenditure on these schemes. An additional £400k capital expenditure has been included within the Other County Services capital plan to reflect expected replacement vehicle purchases in 2012/13 and the increase in £61k capital expenditure for *ICT Infrastructure* relates to additional funding, made available on a one-off basis from related revenue budgets, due to slipped timing of implementation of some of the projects.

The financing of the updated Capital Plan is set out in Appendix 1G but can be summarised as:-

Source	2012/13	2013/14	2014/15
	£m	**£m**	**£m**
Forecast sources of finance			
Borrowing	7.9	12.1	2.8
Grants and contributions	65.0	57.2	66.3
Schemes financed from revenue	12.0	4.4	3.5
Capital receipts	7.8	9.0	4.8
= total forecast capital funding	92.7	82.7	77.4
- Updated Capital Plan (**paragraph 7.7**)	89.2	82.7	77.4
= potential unallocated capital resources	3.5	0	0
Total available over period to 2014/15	£3.5m		

There is potentially £3.5m of unallocated capital funding that might, depending upon the realisation of forecast capital receipts, become available in the period to 2014/15. This sum, which arises principally from additional capital receipts identified, is higher than the £2.8m reported at 2011/12 Outturn, due to the net impact of variations in the expected value of existing surplus land and properties and additional land and properties being identified for sale. For all capital receipts from the sale of surplus land and property there is a continuing impact on the level and timing of those receipts due to the depressed state of the property market. Thus the forecast value of these receipts continues to fall and be delayed, which results in additional Prudential Borrowing being required to finance the Capital Plan until the receipts are ultimately realised. Any significant reductions in the expected value of potential capital receipts in the pipeline could result in the Corporate Capital Pot being 'overdrawn' and would result in additional Prudential Borrowing being required to finance the existing Capital Plan. The Executive has agreed to retain any surplus capital funding for the time being as the forecast funding levels include a capital receipts risk in terms of both forecast receipts slipping into a future year and/or not achieving their assumed estimate.

The One Council Vision envisages a singular co-ordinated approach to the management of property assets. It also implies a 'whole-life costing' approach to the use of funds (revenue or capital) to maintain/improve/refurbish the asset portfolio. For these reasons the Property Workstream of the One Council programme will incorporate a review of all uncommitted Capital Forecast schemes in the Capital Plan.

<u>The Executive RECOMMENDS:</u>

That the updated Capital Plan, summarised in Appendices 1A to 1G, be adopted.

2. Prudential Indicators 2012/13 – 2014/15. The Prudential Code requires appropriate arrangements to be in place for the monitoring, reporting and revision of Prudential Indicators previously set, Arrangements for this were agreed by the County Council in 2004. Updated Prudential Indicators for 2012/13 to 2014/15 were approved by the County Council on 15 February 2012. These Indicators were, however, based substantially on a Capital Plan approved in November 2011 and, as a result of Capital Plan updates and other changes, many of the Prudential Indicators need revising, particularly those for capital spending, the consequential capital financing requirement and authorised debt levels. It has been necessary, therefore, to consider and revise the Prudential Indicators for the three years up to 31 March 2015. Rather than consider individual Prudential Indicators in isolation, a full review of all Indicators has been undertaken as part of the ongoing financial monitoring process. The Indicators approved in February 2012 included a number of provisional forecasts, but subsequent, and more up to date, information has become available, resulting in forecasts for future years having to be refined

A Prudential Indicators update and monitoring report is attached as Appendix 2. This sets out each Prudential Indicator in terms of the:

(a) Indicators approved in February 2012

(b) updated Indicators as at August 2012

(c) comments on the reasons for significant variations being proposed

In general the updated Indicators reflect a number of common factors including:

(a) 2011/12 outturn – capital spending, capital financing and borrowing;

(b) the updated Capital Plan;

(c) latest information and approvals on schemes self funded from grants, contributions and from revenue;

(d) updated forecasts of debt charge estimates and interest earned on surplus cash balances; and various other miscellaneous refinements

<u>The Executive RECOMMENDS:</u>

That the revised Prudential Indicators for the period 2012/13 to 2014/15, as set out in Appendix 2, be adopted.

3. Local Code of Corporate Governance. The Audit Committee has considered a draft updated Local Code of Corporate Governance, a copy of which is attached to this report as Appendix 3. The Local Code is a statement of the principles that the County Council will apply in its corporate governance framework. It also describes key components of that framework and how they will be monitored and reviewed. The Local Code is reviewed annually, by the Corporate Governance Officers' Group, alongside the Annual Governance Statement (AGS). Whilst the AGS needs to be updated on an annual basis, a simultaneous review of the Local Code ensures that key changes to the corporate governance framework, whether driven by external forces such as legislative changes, or by internal factors, are reflected in the Local Code, so that it is compatible with the AGS. The AGS describes in detail the processes in place and the activity undertaken in the year relating to corporate governance. The AGS for 2011/12 was approved by the Audit Committee in June 2012 which recommended an updated Local Code for approval.

The Executive RECOMMENDS:

That the updated Local Code of Corporate Governance, attached as Appendix 3 to this report, be adopted.

4. Scheme of Delegation. As part of the recommendations arising from the Revenue Outturn report for 2011/12 a number of carry forward balances/funds were transferred to the Pending Issues Provision (PIP). The rationale was to consolidate all funds relating to promoting change and/or invest to save initiatives in the PIP. To date, all allocations from the PIP have been substantial sums and have therefore been individually approved by the Executive. With the consolidation of all the funds, there is a recognition that relatively small items of expenditure may need to be funded at short notice. The Executive has therefore agreed that the Chief Executive, in consultation with the Corporate Director – Finance and Central Services (Corporate Director Strategic Resources from 1 October 2012) has the authority to approve the allocation of PIP funds for projects up to a limit of £50k, subject to any such allocations being reflected in the PIP statement in the next available quarterly monitoring report. The Executive recommends that this be added to the Officers' Scheme of Delegation.

The Executive has considered the Community Right to Challenge provisions set out in the Localism Act 2011 and has approved the approach to be adopted for dealing with expressions of interest (EOI's). It has agreed the delegation of power to the Chief Executive, in consultation with a relevant Executive Member, to determine the maximum period that it will take to notify the relevant body of the decision and to publish details of the specification for each EOI. The Execuitive recommends that this be added to the Officers' Scheme of Delegation.

The Executive RECOMMENDS:

That the delegation of power to the Chief Executive, in consultation with the Corporate Director – Finance and Central Services (Corporate Director Strategic Resources from 1 October 2012), to approve PIP funds for projects up to a limit of £50k, subject to any such allocations being reflected in the PIP statement in the next available quarterly monitoring report and the delegation of power to the Chief Executive to determine the maximum period that it will take to notify the relevant body of the decision and to publish details of the specification for each EOI, in consultation with a relevant Executive Member, be added to the Officers' Scheme of Delegation.

5. **Appointments to Committees and Outside Bodies.** The Executive makes recommendations below relating to appointments to Committees, together with the usual recommendation 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, prior to or at the meeting of the Council, be agreed.

The Executive RECOMMENDS:

That Rachel Newton and Graham Crerar be appointed as Parent Governor representatives on the Young People Overview and Scrutiny Committee; that Councillor Helen Flynn be appointed to serve on the Scrutiny of Health Committee in place of Councillor Stan Beer; and 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, prior to or at the meeting of the Council, be agreed.

JOHN WEIGHELL
Chairman

County Hall,
NORTHALLERTON.
2 October 2012

APPENDIX 1A

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HEALTH AND ADULT SERVICES

2012/13 CAPITAL BUDGET MONITORING - POSITION TO 30 JUNE 2012

ITEM	Total	Expenditure to 31.3.12	CAPITAL PROGRAMME 2012/13	CAPITAL PROGRAMME 2013/14	CAPITAL PROGRAMME 2014/15	CAPITAL PROGRAMME Later Years	CAPITAL FORECAST 2012/13	CAPITAL FORECAST 2013/14	CAPITAL FORECAST 2014/15	CAPITAL FORECAST Later Years
	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000
GROSS EXPENDITURE										
Maintaining Fabric / Facilities of Properties	1,833	293	257	-	-	-	253	640	390	-
"Our Future Lives" Extra Care Scheme (Invest to Save)	10,042	2	495	496	-	-	-	1,967	3,083	4,000
"Our Future Lives" Older People Resource Centre	7,873	299	222	-	-	-	-	2,963	2,889	1,500
"Valuing People" Day Service Provision	7,905	878	3,373	3,632	-	-	-	22	-	-
IT infrastructure	703	55	5	643	-	-	-	-	-	-
TOTAL GROSS SPEND	**28,355**	**1,527**	**4,351**	**4,771**	**-**	**-**	**253**	**5,592**	**6,361**	**5,500**
Last Update - Q3 2011/12			7,569	496	-	-	5,591	6,361	1,890	4,000
CAPITAL GRANTS & CONTRIBUTIONS										
Capital Grants										
- Adult Social Care I.T. Infrastructure	393 CR	55 CR	5 CR	333 CR	-	-	-	-	-	-
- Adult Social Care Investment for Transformation	310 CR	-	-	310 CR	-	-	-	-	-	-
- PSS Capital Grant	5,057 CR	1,260 CR	1,297 CR	-	-	-	-	1,250 CR	1,250 CR	-
Revenue Contributions										
- Valuing People - Day Service Provision (from PIP)	1,470 CR	-	490 CR	980 CR	-	-	-	-	-	-
TOTAL GRANTS AND CONTRIBUTIONS	**7,229 CR**	**1,315 CR**	**1,792 CR**	**1,623 CR**	**-**	**-**	**-**	**1,250 CR**	**1,250 CR**	**-**
Last Update - Q3 2011/12			3,413 CR	-	-	-	-	1,250 CR	1,250 CR	-
TOTAL NET EXPENDITURE	**21,126**	**212**	**2,560**	**3,148**	**-**	**-**	**253**	**4,342**	**5,111**	**5,500**
Last Update - Q3 2011/12			4,156	496	-	-	5,591	5,111	640	4,000

APPENDIX 1B

BUSINESS AND ENVIRONMENTAL SERVICES

2012/13 CAPITAL BUDGET MONITORING - POSITION TO 30 JUNE 2012

ITEM			CAPITAL PROGRAMME				CAPITAL FORECAST			
	Total	Expenditure to 31.3.12	2012/13	2013/14	2014/15	Later Years	2012/13	2013/14	2014/15	Later Years
	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000
GROSS EXPENDITURE										
New and Replacement Road Lighting Columns	15,877	14,160	1,117	200	200	200	-	-	-	-
Rationalisation of Depots	18,871	18,658	213	-	-	-	-	-	-	-
Waste Management Service	1,140	-	209	786	-	-	-	48	48	48
Waste Procurement Project	5,684	647	50	4,987	-	-	-	-	-	-
Scarborough Integrated Transport System	36,110	36,043	67	-	-	-	-	-	-	-
Reighton A165 Bypass	8,893	8,891	2	-	-	-	-	-	-	-
Bedale-Aiskew-Leeming Bar Major Scheme	42,232	1,896	271	741	11,825	27,499	-	-	-	-
Local Transport Plan										
- Integrated Transport	13,775	-	3,931	-	-	-	-	4,091	5,753	-
- Maintenance	75,762	-	30,152	2,450	750	-	-	21,839	20,571	-
- Regional Funding Allocation	13,641	6,850	4,553	30	1,791	417	-	-	-	-
LEP Growing Places Fund	9,985	-	4,700	2,869	1,266	1,150	-	-	-	-
Local Sustainable Transfer Fund	4,789	-	666	3,048	1,075	-	-	-	-	-
Other Minor Schemes	2	-	2	-	-	-	-	-	-	-
TOTAL GROSS SPEND	**246,761**	**87,145**	**45,934**	**15,111**	**16,907**	**29,266**	**-**	**25,978**	**26,372**	**48**
Last Update - Q3 2011/12			33,517	5,622	750	1,807	156	25,963	40,435	32,985

BUSINESS AND ENVIRONMENTAL SERVICES

2012/13 CAPITAL BUDGET MONITORING - POSITION TO 30 JUNE 2012

ITEM			CAPITAL PROGRAMME				CAPITAL FORECAST			
	Total	Expenditure to 31.3.12	2012/13	2013/14	2014/15	Later Years	2012/13	2013/14	2014/15	Later Years
	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000
CAPITAL GRANTS & CONTRIBUTIONS										
Capital Grants										
- SITS	29,786 CR	29,786 CR	-	-	-	-	-	-	-	-
- BALB	35,900 CR	-	240 CR	668 CR	10,454 CR	24,538 CR	-	-	-	-
- Local Transport Plan Grant	98,034 CR	6,850 CR	36,293 CR	430 CR	1,791 CR	417 CR	-	25,930 CR	26,324 CR	-
- Waste Capital Grants	461 CR	-	-	461 CR	-	-	-	-	-	-
- LEP Growing Places Fund	7,797 CR	-	4,415 CR	2,094 CR	138 CR	1,150 CR	-	-	-	-
- DfT Grant	4,734 CR	-	641 CR	3,018 CR	1,075 CR	-	-	-	-	-
- Connect 2 Grant	799 CR	-	799 CR	-	-	-	-	-	-	-
Capital Contributions	310 CR	9 CR	271 CR	30 CR	-	-	-	-	-	-
Capital Receipts- Loan Repayments	2,188 CR	-	285 CR	775 CR	1,128 CR	-	-	-	-	-
Revenue Contributions										
- Road Lighting Columns (from PIP)	9,893 CR	4,761 CR	200 CR	200 CR	1,571 CR	3,161 CR	-	-	-	-
- Other Revenue Contributions	933 CR	150 CR	240 CR	398 CR	-	-	-	48 CR	48 CR	48 CR
TOTAL GRANTS AND CONTRIBUTIONS	**190,835 CR**	**41,556 CR**	**43,384 CR**	**8,074 CR**	**16,157 CR**	**29,266 CR**	**-**	**25,978 CR**	**26,372 CR**	**48 CR**
Last Update - Q3 2011/12			32,756 CR	-	-	1,807 CR	156 CR	25,963 CR	39,522 CR	30,101 CR
TOTAL NET EXPENDITURE	**55,926**	**45,589**	**2,550**	**7,037**	**750**	**-**	**-**	**-**	**-**	**-**
Last Update - Q3 2011/12			762	5,622	750	-	-	-	913	2,884

CHILDREN AND YOUNG PEOPLE'S SERVICE

2012/13 CAPITAL BUDGET MONITORING - POSITION TO 30 JUNE 2012

ITEM	Total	Expenditure to 31.3.12	CAPITAL PROGRAMME 2012/13	CAPITAL PROGRAMME 2013/14	CAPITAL PROGRAMME 2014/15	CAPITAL PROGRAMME Later Years	CAPITAL FORECAST 2012/13	CAPITAL FORECAST 2013/14	CAPITAL FORECAST 2014/15	CAPITAL FORECAST Later Years
	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000
GROSS EXPENDITURE										
NYCC MANAGED SCHEMES										
Major Capital Schemes at Schools	8,206	3,954	1,567	2,686	-	-	-	-	-	-
Suitable for Purpose	14,916	11,224	762	-	-	-	208	2,422	300	-
Special Educational Needs/Behaviour Review	3,792	3,460	6	-	-	-	-	326	-	-
Pupil Referral Units/Special Schools	9,500	8,218	1,282	-	-	-	-	-	-	-
Primary Replacement School	1,111	7	-	-	-	-	-	411	693	-
Health and Safety	9,109	6,125	1,655	1,079	-	-	-	250	-	-
Other Capital Funding Schemes	5,308	1,630	2,584	994	-	-	-	100	-	-
Primary Capital Programme	9,527	7,966	1,561	-	-	-	-	-	-	-
Capital Maintenance Grant Funded Schemes	26,286	-	369	-	-	-	1,294	1,017	11,803	11,803
Basic Need Grant Funded Schemes	24,113	-	3,492	483	-	-	1,064	6,698	7,193	5,183
Capitalised Repairs and Maintenance	7,889	-	4,800	2,494	-	-	-	375	220	-
Schools Access Initiaitive	2,026	990	288	288	288	172	-	-	-	-
Catering Equipment	900	-	300	-	-	-	-	300	300	-
ICT Hardware Purchases	600	-	200	-	-	-	-	200	200	-
Woodfield Development and Other Projects	1,987	-	-	-	-	-	604	1,383	-	-
Grant-Funded Provisions:										
- Childrens Centre Capital	10,154	9,088	548	468	-	-	-	50	-	-
- Aiming High for Disabled Children	2,381	1,207	75	263	-	-	-	256	580	-
- Building Schools for the Future- Richmond School	30,443	30,227	216	-	-	-	-	-	-	-
- Integrated Childrens System Grant	858	367	164	160	167	-	-	-	-	-
Other Schemes	1,052	-	25	25	-	-	-	1,002	-	-
SCHOOLS MANAGED SCHEMES										
Devolved Capital	14,635	-	2,677	-	-	-	-	4,000	4,000	3,958
Self Help Schemes	5,150	-	2,150	-	-	-	-	2,000	1,000	-
TOTAL GROSS SPEND	**189,942**	**84,462**	**24,719**	**8,941**	**455**	**172**	**3,170**	**20,791**	**26,289**	**20,944**
Last Update - Q3 2011/12			14,461	67	-	-	28,334	36,801	17,354	3,909

CHILDREN AND YOUNG PEOPLE'S SERVICE

2012/13 CAPITAL BUDGET MONITORING - POSITION TO 30 JUNE 2012

ITEM	Total	Expenditure to 31.3.12	CAPITAL PROGRAMME 2012/13	CAPITAL PROGRAMME 2013/14	CAPITAL PROGRAMME 2014/15	CAPITAL PROGRAMME Later Years	CAPITAL FORECAST 2012/13	CAPITAL FORECAST 2013/14	CAPITAL FORECAST 2014/15	CAPITAL FORECAST Later Years
	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000
CAPITAL GRANTS & CONTRIBUTIONS										
NYCC MANAGED SCHEMES										
Capital Grants										
- Devolved Capital Grant	387 CR	962	754 CR	-	-	-	-	375 CR	220 CR	-
- Capital Maintenance Grant	35,542 CR	133 CR	9,890 CR	4,178 CR	-	-	1,031 CR	7,188 CR	13,123 CR	-
- Basic Need Grant	15,469 CR	-	4,233 CR	832 CR	-	-	818 CR	3,490 CR	6,095 CR	-
- Other Capital Grants	29,967 CR	29,216 CR	75 CR	-	-	-	-	176 CR	500 CR	-
Capital Contributions										
- Section 106 Income	474 CR	-	86 CR	-	-	-	163 CR	225 CR	-	-
- Other Capital Contributions	998 CR	205 CR	128 CR	138 CR	-	-	-	527 CR	-	-
Revenue Contributions										
- from Pending issues Provision	3,000 CR	-	2,396 CR	-	-	-	604 CR	-	-	-
- ICT Hardware	600 CR	-	200 CR	-	-	-	-	200 CR	200 CR	-
- Catering Equipment	900 CR	-	300 CR	-	-	-	-	300 CR	300 CR	-
- Other Revenue Contributions	908 CR	367 CR	214 CR	160 CR	167 CR	-	-	-	-	-
SCHOOL MANAGED SCHEMES										
Devolved Capital Grant	14,642 CR	-	2,677 CR	-	-	-	7 CR	4,000 CR	4,000 CR	3,958 CR
Self Help Capital Contributions	1,250 CR	-	500 CR	-	-	-	-	500 CR	250 CR	-
School Budgets Revenue Contributions	3,900 CR	-	1,650 CR	-	-	-	-	1,500 CR	750 CR	-
TOTAL GRANTS AND CONTRIBUTIONS	**108,036 CR**	**28,959 CR**	**23,101 CR**	**5,309 CR**	**167 CR**	**-**	**2,622 CR**	**18,482 CR**	**25,438 CR**	**3,958 CR**
Last Update - Q3 2011/12			8,069 CR	-	-	-	23,524 CR	28,111 CR	17,274 CR	3,909 CR
TOTAL NET EXPENDITURE	**81,906**	**55,503**	**1,618**	**3,632**	**288**	**172**	**548**	**2,309**	**850**	**16,986**
Last Update - Q3 2011/12			6,393	67	-	-	4,810	8,690	80	-

APPENDIX 1D

OTHER COUNTY SERVICES

2012/13 CAPITAL BUDGET MONITORING - POSITION TO 30 JUNE 2012

ITEM	Total	Expenditure to 31.3.12	CAPITAL PROGRAMME 2012/13	CAPITAL PROGRAMME 2013/14	CAPITAL PROGRAMME 2014/15	CAPITAL PROGRAMME Later Years	CAPITAL FORECAST 2012/13	CAPITAL FORECAST 2013/14	CAPITAL FORECAST 2014/15	CAPITAL FORECAST Later Years
	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000
GROSS EXPENDITURE										
Material Damage Provision	1,500	-	500	-	-	-	-	500	500	-
Public Acces to Buildings for Disabled	1,250	824	50	-	-	-	376	-	-	-
Affordable Housing Fund	5,780	4,240	1,540	-	-	-	-	-	-	-
Carbon Reduction Initiative	1,500	730	20	-	-	-	500	250	-	-
Traveller's Sites	1,520	1,417	103	-	-	-	-	-	-	-
Bright Office Strategy Schemes	9,114	6,799	2,315	-	-	-	-	-	-	-
Revenue Funded Capital Schemes										
- ICT Infrastructure (FCS)	1,578	-	150	-	-	-	808	310	310	-
- SDT Refresh (all Directorates)	360	-	120	-	-	-	-	120	120	-
- Corporate Accommodation Schemes	33	-	33	-	-	-	-	-	-	-
- Farms Improvement Schemes	141	-	141	-	-	-	-	-	-	-
- Other Revenue Funded Schemes	26	-	26	-	-	-	-	-	-	-
Super Fast Broadband Scheme	750	91	400	259	-	-	-	-	-	-
Microsoft Project	4,654	1,716	2,938	-	-	-	-	-	-	-
Other Schemes	1,291	485	580	27	-	-	-	100	100	-
Harrogate Library - Lottery Scheme	3,226	3,197	29	-	-	-	-	-	-	-
- Libraries- Radio Frequency Identification Scheme / 'Library in a Box' Development (PIP Funded)	525	353	172	-	-	-	-	-	-	-
TOTAL GROSS SPEND	**33,248**	**19,852**	**9,116**	**286**	**-**	**-**	**1,684**	**1,280**	**1,030**	**-**
Last Update - Q3 2011/12			4,402	621	600	-	1,136	720	720	-

OTHER COUNTY SERVICES

2012/13 CAPITAL BUDGET MONITORING - POSITION TO 30 JUNE 2012

ITEM			CAPITAL PROGRAMME				CAPITAL FORECAST			
	Total	Expenditure to 31.3.12	2012/13	2013/14	2014/15	Later Years	2012/13	2013/14	2014/15	Later Years
	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000
CAPITAL GRANTS & CONTRIBUTIONS										
Capital Grants										
- Travellers' Sites	346 CR	346 CR	-	-	-	-	-	-	-	-
- Regional Improvement Grant	141 CR	88 CR	27 CR	27 CR	-	-	-	-	-	-
- Performance Reward Grant	750 CR	91 CR	400 CR	259 CR	-	-	-	-	-	-
Capital Contributions										
- Harrogate Library Lottery Funding	1,500 CR	1,500 CR	-	-	-	-	-	-	-	-
Revenue Contributions										
- from Pending issues Provision for BOS schemes	3,395 CR	2,555 CR	840 CR	-	-	-	-	-	-	-
- from Pending issues Provision for Microsoft	2,143 CR	-	2,143 CR	-	-	-	-	-	-	-
- Revenue Funded Capital Programme	4,649 CR	1,716 CR	1,265 CR	-	-	-	808 CR	430 CR	430 CR	-
- Other Revenue Contributions	1,874 CR	1,104 CR	20 CR	-	-	-	500 CR	250 CR	-	-
- Library in a Box Scheme / Radio Frequency Identification Scheme (from PIP)	525 CR	353 CR	172 CR	-	-	-	-	-	-	-
TOTAL GRANTS AND CONTRIBUTIONS	**15,322 CR**	**7,752 CR**	**4,867 CR**	**286 CR**	**-**	**-**	**1,308 CR**	**680 CR**	**430 CR**	**-**
Last Update - Q32011/12			2,633 CR	621 CR	600 CR	-	120 CR	120 CR	120 CR	-
TOTAL NET EXPENDITURE	**17,925**	**12,100**	**4,250**	**-**	**-**	**-**	**376**	**600**	**600**	**-**
Last Update - Q3 2011/12			1,768	-	-	-	1,016	600	600	-

APPENDIX 1E

Appendix E

CAPITAL PROGRAMME AND FORECAST 2012/13

2012/13 CAPITAL BUDGET MONITORING - POSITION TO 30 JUNE 2012

Item	GROSS EXPENDITURE						GRANTS AND CONTRIBUTIONS						NET EXPENDITURE					
	Total	Exp to 31.03.12	2012/13	2013/14	2014/15	Later Years	Total	Exp to 31.03.12	2012/13	2013/14	2014/15	Later Years	Total	Exp to 31.03.12	2012/13	2013/14	2014/15	Later Years
	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m
HAS (Appendix A)																		
- Programme	10.7	1.5	4.4	4.8	-	-	4.7 CR	1.3 CR	1.8 CR	1.6 CR	-	-	6.0	0.2	2.6	3.2	-	-
- Forecast	17.7	-	0.2	5.6	6.4	5.5	2.4 CR	-	-	1.2 CR	1.2 CR	-	15.1	-	0.3	4.3	5.0	5.5
- Total	**28.4**	**1.5**	**4.6**	**10.4**	**6.4**	**5.5**	**7.1 CR**	**1.3 CR**	**1.8 CR**	**2.8 CR**	**1.2 CR**	**-**	**21.1**	**0.2**	**2.9**	**7.5**	**5.0**	**5.5**
BES (Appendix B)																		
- Programme	194.2	87.1	45.9	15.1	16.9	29.2	138.6 CR	41.6 CR	43.4 CR	8.1 CR	16.2 CR	29.3 CR	56.0	45.6	2.6	7.0	0.8	-
- Forecast	52.4	-	-	26.0	26.4	-	52.4 CR	-	-	26.0 CR	26.4 CR	-	-	-	-	-	-	-
- Total	**246.6**	**87.1**	**45.9**	**41.1**	**43.3**	**29.2**	**191.0 CR**	**41.6 CR**	**43.4 CR**	**34.1 CR**	**42.6 CR**	**29.3 CR**	**56.0**	**45.6**	**2.6**	**7.0**	**0.8**	**-**
CYPS (Appendix C)																		
- Programme	118.7	84.5	24.7	8.9	0.4	0.2	57.6 CR	29.0 CR	23.1 CR	5.3 CR	0.2 CR	-	61.2	55.5	1.6	3.6	0.3	0.2
- Forecast	71.3	-	3.2	20.8	26.3	21.0	50.5 CR	-	2.6 CR	18.5 CR	25.4 CR	4.0 CR	20.7	-	0.5	2.3	0.9	17.0
- Total	**190.0**	**84.5**	**27.9**	**29.7**	**26.7**	**21.2**	**108.1 CR**	**29.0 CR**	**25.7 CR**	**23.8 CR**	**25.6 CR**	**4.0 CR**	**81.9**	**55.5**	**2.1**	**5.9**	**1.2**	**17.2**
OCS (Appendix D)																		
- Programme	29.3	19.9	9.1	0.3	-	-	13.0 CR	7.8 CR	4.9 CR	0.3 CR	-	-	16.3	12.1	4.2	-	-	-
- Forecast	4.0	-	1.7	1.3	1.0	-	2.4 CR	-	1.3 CR	0.7 CR	0.4 CR	-	1.6	-	0.4	0.6	0.6	-
- Total	**33.3**	**19.9**	**10.8**	**1.6**	**1.0**	**-**	**15.4 CR**	**7.8 CR**	**6.2 CR**	**1.0 CR**	**0.4 CR**	**-**	**17.9**	**12.1**	**4.6**	**0.6**	**0.6**	**-**
Total	**498.3**	**193.0**	**89.2**	**82.8**	**77.4**	**55.9**	**321.6 CR**	**79.7 CR**	**77.1 CR**	**61.7 CR**	**69.8 CR**	**33.3 CR**	**176.9**	**113.4**	**12.2**	**21.0**	**7.6**	**22.7**
Memorandum Item																		
Overall County Total																		
- Programme	352.9	193.0	84.1	29.1	17.3	29.4	213.9 CR	79.7 CR	73.2 CR	15.3 CR	16.4 CR	29.3 CR	139.5	113.4	11.0	13.8	1.1	0.2
- Forecast	145.4	-	5.1	53.7	60.1	26.5	107.7 CR	-	3.9 CR	46.4 CR	53.4 CR	4.0 CR	37.4	-	1.2	7.2	6.5	22.5
- Total	**498.3**	**193.0**	**89.2**	**82.8**	**77.4**	**55.9**	**321.6 CR**	**79.7 CR**	**77.1 CR**	**61.7 CR**	**69.8 CR**	**33.3 CR**	**176.9**	**113.4**	**12.2**	**21.0**	**7.6**	**22.7**

APPENDIX 1F

Appendix F (Page 1 of 3)

EXECUTIVE SUMMARY

2012/13 CAPITAL BUDGET MONITORING - POSITION TO 30 JUNE 2012

SUMMARY CAPITAL PLAN	CAPITAL PROGRAMME 2012/13	CAPITAL PROGRAMME 2013/14	CAPITAL PROGRAMME 2014/15	CAPITAL PROGRAMME Later Years	CAPITAL FORECAST 2012/13	CAPITAL FORECAST 2013/14	CAPITAL FORECAST 2014/15	CAPITAL FORECAST Later Years
	£m	£m	£m	£m	£m	£m	£m	£m
Gross Expenditure								
Health & Adult Services	4.4	4.8	-	-	0.2	5.6	6.4	5.5
Business & Environmental Services	45.9	15.1	16.9	29.2	-	26.0	26.4	-
Children & Young People's Service	24.7	8.9	0.4	0.2	3.2	20.8	26.3	21.0
Other County Services	9.1	0.3	-	-	1.7	1.3	1.0	-
	84.1	**29.1**	**17.3**	**29.4**	**5.1**	**53.7**	**60.1**	**26.5**
Grants & Contributions								
Health & Adult Services	1.8 CR	1.6 CR	-	-	-	1.2 CR	1.2 CR	-
Business & Environmental Services	43.4 CR	8.1 CR	16.2 CR	29.3 CR	-	26.0 CR	26.4 CR	-
Children & Young People's Service	23.1 CR	5.3 CR	0.2 CR	-	2.6 CR	18.5 CR	25.4 CR	4.0 CR
Other County Services	4.9 CR	0.3 CR	-	-	1.3 CR	0.7 CR	0.4 CR	-
	73.2 CR	**15.3 CR**	**16.4 CR**	**29.3 CR**	**3.9 CR**	**46.4 CR**	**53.4 CR**	**4.0 CR**
Net Expenditure								
Health & Adult Services	2.6	3.2	-	-	0.3	4.3	5.0	5.5
Business & Environmental Services	2.6	7.0	0.8	-	-	-	-	-
Children & Young People's Service	1.6	3.6	0.3	0.2	0.5	2.3	0.9	17.0
Other County Services	4.2	-	-	-	0.4	0.6	0.6	-
	11.0	**13.8**	**1.1**	**0.2**	**1.2**	**7.2**	**6.5**	**22.5**

SUMMARY OF CHANGES SINCE THE LAST CAPITAL PLAN UPDATE	CAPITAL PROGRAMME 2012/13	CAPITAL PROGRAMME 2013/14	CAPITAL PROGRAMME 2014/15	CAPITAL PROGRAMME Later Years	CAPITAL FORECAST 2012/13	CAPITAL FORECAST 2013/14	CAPITAL FORECAST 2014/15	CAPITAL FORECAST Later Years
	£m	£m	£m	£m	£m	£m	£m	£m
Capital Plan approved by Executive February 2012	**83.9**	**13.7**	**14.1**	**28.2**	**13.7**	**59.1**	**51.5**	**21.7**
Movement in Schemes Between Plan & Forecast	**2.1 CR**	**3.5**	**-**	**-**	**2.1**	**3.5 CR**	**-**	**-**
Schemes Funded from Prudential Borrowing	**0.4**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Variations in Schemes Self Funded Schemes	**5.1**	**4.5**	**2.1**	**-**	**0.7**	**0.2**	**0.1 CR**	**-**
Rephasing of Expenditure Between Years								
2011/12 Variations rolled forward to 2012/13								
- Self Funded	3.8	-	-	-	-	-	-	-
- Net Expenditure	2.7	-	-	-	-	-	-	-
	6.5	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Q1 Variations								
- Self Funded	5.9 CR	4.1	0.8	1.0	6.9 CR	1.4 CR	7.9	0.4
- Net Expenditure	3.8 CR	3.3	0.3	0.2	4.5 CR	0.7 CR	0.8	4.4
Total Rephasing Between Years	**9.7 CR**	**7.4**	**1.1**	**1.2**	**11.4 CR**	**2.1 CR**	**8.7**	**4.8**
Updated Gross Capital Spend	**84.1**	**29.1**	**17.3**	**29.4**	**5.1**	**53.7**	**60.1**	**26.5**
Grants & Contributions	**73.2 CR**	**15.3 CR**	**16.4 CR**	**29.3 CR**	**3.9 CR**	**46.4 CR**	**53.4 CR**	**4.0 CR**
Net Expenditure	**10.9**	**13.8**	**0.9**	**0.1**	**1.2**	**7.3**	**6.7**	**22.5**
Capital Plan approved by Executive February 2012	**11.3**	**10.6**	**0.8**	**0.1 CR**	**6.0**	**7.9**	**18.0**	**37.7**
Change in Net Capital Spend	**0.4 CR**	**3.2**	**0.2**	**0.2**	**4.8 CR**	**0.6 CR**	**11.3 CR**	**15.2 CR**

EXECUTIVE SUMMARY

2012/13 CAPITAL BUDGET MONITORING - POSITION TO 30 JUNE 2012

SUMMARY OF CHANGES TO THE CAPITAL PLAN AT DIRECTORATE LEVEL

HEALTH & ADULT SERVICES	CAPITAL PROGRAMME				CAPITAL FORECAST			
	2012/13	2013/14	2014/15	Later Years	2012/13	2013/14	2014/15	Later Years
	£m	£m	£m	£m	£m	£m	£m	£m
Capital Plan approved by Executive November 2011	5.0	3.5	-	-	0.7	5.4	6.4	5.5
Movement in Schemes Between Plan & Forecast	0.2	0.1	-	-	0.2 CR	0.1 CR	-	-
Rephasing of Expenditure Between Years								
2011/12 Variations rolled forward to 2012/13								
- Net Expenditure	0.4	-	-	-	-	-	-	-
	0.4	-	-	-	-	-	-	-
Q1 Variations								
- Self Funded	0.9 CR	0.9	-	-	-	-	-	-
- Net Expenditure	0.3 CR	0.3	-	-	0.3 CR	0.3	-	-
Total Rephasing Between Years	**1.2 CR**	**1.2**	-	-	**0.3 CR**	**0.3**	-	-
Updated Gross Capital Spend	4.4	4.8	-	-	0.2	5.6	6.4	5.5
Grants & Contributions	1.8 CR	1.6 CR	-	-	-	1.2 CR	1.2 CR	-
Net Expenditure	2.6	3.2	-	-	0.2	4.4	5.2	5.5

BUSINESS & ENVIRONMENTAL SERVICES	CAPITAL PROGRAMME				CAPITAL FORECAST			
	2012/13	2013/14	2014/15	Later Years	2012/13	2013/14	2014/15	Later Years
	£m	£m	£m	£m	£m	£m	£m	£m
Capital Plan approved by Executive November 2011	43.7	6.7	14.1	28.2	-	26.0	26.4	-
Variations in Schemes Self Funded Schemes	4.9	4.5	2.2	-	-	-	-	-
Rephasing of Expenditure Between Years								
2011/12 Variations rolled forward to 2012/13								
- Self Funded	0.7	-	-	-	-	-	-	-
- Net Expenditure	2.1	-	-	-	-	-	-	-
	2.8	-	-	-	-	-	-	-
Q1 Variations								
- Self Funded	4.2 CR	2.6	0.6	1.0	-	-	-	-
- Net Expenditure	1.3 CR	1.3	-	-	-	-	-	-
Total Rephasing Between Years	**5.5 CR**	**3.9**	**0.6**	**1.0**	-	-	-	-
Updated Gross Capital Spend	45.9	15.1	16.9	29.2	-	26.0	26.4	-
Grants & Contributions	43.4 CR	8.1 CR	16.2 CR	29.3 CR	-	26.0 CR	26.4 CR	-
Net Expenditure	2.5	7.0	0.7	0.1 CR	-	-	-	-

EXECUTIVE SUMMARY

2012/13 CAPITAL BUDGET MONITORING - POSITION TO 30 JUNE 2012

SUMMARY OF CHANGES TO THE CAPITAL PLAN AT DIRECTORATE LEVEL

CHILDREN & YOUNG PEOPLE'S SERVICE	CAPITAL PROGRAMME				CAPITAL FORECAST			
	2012/13	2013/14	2014/15	Later Years	2012/13	2013/14	2014/15	Later Years
	£m	£m	£m	£m	£m	£m	£m	£m
Capital Plan approved by Executive November 2011	27.7	3.3	-	-	11.1	26.7	17.7	16.2
Movement in Schemes Between Plan & Forecast	3.0 CR	3.4	-	-	3.0	3.4 CR	-	-
Variations in Schemes Self Funded Schemes	0.1 CR	-	0.1 CR	-	0.2	0.1 CR	0.1 CR	-
Rephasing of Expenditure Between Years								
2011/12 Variations rolled forward to 2012/13								
- Self Funded	3.2	-	-	-	-	-	-	-
- Net Expenditure	0.2 CR	-	-	-	-	-	-	-
	3.0	-	-	-	-	-	-	-
Q1 Variations								
- Self Funded	0.7 CR	0.5	0.2	-	6.9 CR	1.4 CR	7.9	0.4
- Net Expenditure	2.2 CR	1.7	0.3	0.2	4.2 CR	1.0 CR	0.8	4.4
Total Rephasing Between Years	**2.9 CR**	**2.2**	**0.5**	**0.2**	**11.1 CR**	**2.4 CR**	**8.7**	**4.8**
Updated Gross Capital Spend	24.7	8.9	0.4	0.2	3.2	20.8	26.3	21.0
Grants & Contributions	23.1 CR	5.3 CR	0.2 CR	-	2.6 CR	18.5 CR	25.4 CR	4.0 CR
Net Expenditure	1.6	3.6	0.2	0.2	0.6	2.3	0.9	17.0

OTHER COUNTY SERVICES	CAPITAL PROGRAMME				CAPITAL FORECAST			
	2012/13	2013/14	2014/15	Later Years	2012/13	2013/14	2014/15	Later Years
	£m	£m	£m	£m	£m	£m	£m	£m
Capital Plan approved by Executive November 2011	7.5	0.2	-	-	1.9	1.0	1.0	-
Movement in Schemes Between Plan & Forecast	0.7	-	-	-	0.7 CR	-	-	-
Schemes Funded from Prudential Borrowing	0.4	-	-	-	-	-	-	-
Variations in Schemes Self Funded Schemes	0.3	-	-	-	0.5	0.3	-	-
Rephasing of Expenditure Between Years								
2010/11 Variations rolled forward to 2011/12								
- Self Funded	0.1 CR	-	-	-	-	-	-	-
- Net Expenditure	0.4	-	-	-	-	-	-	-
	0.3	-	-	-	-	-	-	-
Q1 Variations								
- Self Funded	0.1 CR	0.1	-	-	-	-	-	-
Total Rephasing Between Years	**0.1 CR**	**0.1**	-	-	-	-	-	-
Updated Gross Capital Spend	9.1	0.3	-	-	1.7	1.3	1.0	-
Grants & Contributions	4.9 CR	0.3 CR	-	-	1.3 CR	0.7 CR	0.4 CR	-
Net Expenditure	4.2	-	-	-	0.4	0.6	0.6	-

APPENDIX G

APPENDIX 1G

FINANCING OF CAPITAL PLAN (Updated to July 2012)

	2012/13	2013/14	2014/15	Later Yrs
A FORECAST FUNDING AVAILABLE	£000s	£000s	£000s	£000s
1 Borrowing				
Prudential (Unsupported) Borrowing	-611	-1,380	-4,030	-3,050
Rephased borrowing (capital expenditure & receipts slippage)	8,472	13,448	6,780	22,658
	7,861	12,068	2,750	19,608
2 Capital Grants and Contributions				
Children & Young People's Service				
Capital Maintenance Grant Funded Schemes	10,920	11,366	13,123	0
Devolved funding to schools	3,438	4,375	4,220	3,958
Basic Need Grant	5,051	4,322	6,095	0
School Self Help schemes - private contributions	500	500	250	0
Aiming Higfh for Disabled Children	75	176	500	0
Various other grants and contributions	375	891	0	0
Business & Environmental Services				
LTP	36,293	26,360	28,115	417
LEP Growing Places Grant	4,700	2,869	1,266	1,150
Bedale Bypass	240	668	10,454	24,538
Local Sustainable Trasfer Fund DfT Grant	641	3,018	1,075	0
Various other grants and contributions	1,070	491	0	0
Health & Adult Services	1,302	1,893	1,250	0
Other County Services	427	286	0	0
	65,032	57,215	66,348	30,063
3 Schemes financed from Revenue				
Children & Young People's Service				
Schemes funded from Corporate Pending Issues Provision	3,000	0	0	0
Schools Revenue Contributions	1,650	1,500	750	0
Other CYP Revenue contributions	714	660	667	0
BES				
Street Lighting from Pending Issues Provision	200	200	200	200
Bedale Bypass from Pending Issues Provision	0	0	1,371	2,961
Other BES Revenue Contributions	240	446	48	48
HAS				
Valuing People from Pending Issues Provision	490	980	0	0
Other County Services				
Bright Office Strategy from Pending Issues Provision	840	0	0	0
Microsoft from Pending Issues Provision	2,143	0	0	0
RFIS / Library in a Box Scheme from Pending Issues Provision	172	0	0	0
Capital Programmes (ICT etc) Funded from Revenue	2,073	430	430	0
Other OCS Revenue Contributions	520	250	0	0
	12,042	4,466	3,466	3,209
4 Capital Receipts available to finance Capital Spending				
County Farms receipts	1,891	500	1,000	
Earmarked for Depots rationalisation programme receipts	1,477	1,400		
Other capital receipts from sale of properties	2,907	4,600		
Company Loan repayments (treated as capital receipts)	1,567	2,500	3,850	3,050
	7,842	9,000	4,850	3,050
= Total Forecast Funding Available	**92,777**	**82,749**	**77,414**	**55,930**
B CAPITAL PLAN Updated gross spend July 2012	**-89,228**	**-82,749**	**-77,414**	**-55,930**
C FUNDING REMAINING July 2012	**3,549**	**0**	**0**	**0**
D TOTAL FUNDING REMAINING to 2014/15				**3,549**

APPENDIX 2

Prudential Indicators 2012/13 – 2014/15 update

PRUDENTIAL INDICATORS UPDATE – FOR 2012/13 TO 2014/15
(EXECUTIVE – 21 AUGUST 2012)

CAPITAL EXPENDITURE & EXTERNAL DEBT INDICATORS	Comment

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

(a) *Formally required Indicator*

This reflects capital financing costs (principal plus interest) on external debt plus PFI and finance leasing charges less interest earned on the temporary investment of cash balances.

The estimated ratios of financing costs to the net Revenue Budget for the current and future years, and the actual figures for 2010/11 and 2011/12 are as follows:

Year	Executive 31 January 2012 Basis	Executive 31 January 2012 %	Update August 2012 Basis	Update August 2012 %
2010/11	actual	8.1	actual	8.1
2011/12	probable	8.6	actual	8.5
2012/13	estimate	8.4	estimate	8.2
2013/14	estimate	8.4	estimate	8.2
2014/15	estimate	8.1	estimate	8.0

(b) *Local Indicator*

This local Indicator reflects a policy decision to cap Capital Financing costs at 11% of the net annual Revenue Budget. The Indicator is different to the formally required Indicator at (a) above in that it only reflects the cost components of interest on external debt plus lost interest on internally financed capital expenditure, together with a revenue provision for debt repayment. Unlike the formally required PI it does not reflect interest earned on surplus cash balances or PFI / finance leasing charges.

Year	Executive 31 January 2012 Basis	Executive 31 January 2012 %	Update August 2012 Basis	Update August 2012 %
2010/11	actual	9.4	actual	9.4
2011/12	probable	9.1	actual	9.1
2012/13	estimate	8.9	estimate	8.8
2013/14	estimate	8.7	estimate	8.6
2014/15	estimate	8.8	estimate	8.6

Comment

The estimates of financing costs include current Capital Plan commitments based on the latest 2012/13 Q1 Capital Plan.

The updated estimates for 2012/13 to 2014/15 reflect the net effect of a range of factors, principally

(a) savings being achieved through the ongoing policy of financing capital borrowing requirements internally from cash balances

(b) variations in the level of annual borrowing requirements resulting from a range of factors, but principally capital expenditure slippage between years

(c) variations in borrowing costs (interest plus a revenue provision for debt repayment) reflecting latest interest rate forecasts to 2014/15

(d) variations in interest earned on cash balances resulting from continuing current historically low interest rates but offset by continuing higher levels of cash balances (formal Indicator only).

Prudential Indicator	Comment
2 Estimates of the incremental impact of capital investment decisions on the Council Tax	
In considering its programme for future capital investment, the County Council is required within the Prudential Code to have regard to: ➔ affordability (eg implications for Council Tax) ➔ prudence and sustainability (eg implications for external borrowing) ➔ value for money (eg option appraisal) ➔ stewardship of assets (eg asset management planning) ➔ service objectives (eg strategic planning for the authority) ➔ practicality (eg achievability of the Capital Plan)	This Indicator shows the incremental impact on Band D Council Tax of the capital financing costs resulting from borrowing required to fund the Capital Plan. This borrowing includes the funding shortfall of capital bids approved by Executive on 3 February 2004, as part of the 10 year Capital Forecast projection, together with a number of subsequent funding approvals. The 10 year Capital Forecast is due to be reviewed during 2012/13 using a new capital prioritisation methodology.
A key measure of affordability is the incremental impact on Council Tax. The County Council can consider different options for its capital investment programme based on their differential impact on the Council Tax.	Debt charges from Invest to Save schemes and certain other capital provisions are, however, excluded as these are deemed to be self financed from within Directorate revenue budgets and thus do not impact on Council Tax levels
The estimate of the incremental impact on Council Tax (at Band D) of past capital investment decisions which are reflected in the latest Capital Plan and also in the Revenue Budget for 2012/13 and Medium Term Financial Strategy compared with the 2011/12 Council Tax are:	As indicated above, debt charges resulting from borrowing approvals issued by the Government in the years prior to 2011/12 are also excluded from this calculation.

Year	Executive 31 January 2012 Basis	Executive 31 January 2012 £ - p	Update August 2012 Basis	Update August 2012 £ - p
2012/13	estimate	+ 0.80	estimate	+ 0.80
2013/14	estimate	+ 2.41	estimate	+ 2.41
2014/15	estimate	+ 4.85	estimate	+ 4.85

No changes are proposed to these figures for the time being.

The estimated figures for the three years 2013/14 to 2015/16 will need to be updated as part of the 2013/14 Budget process and review of the Medium Term Financial Strategy.

Prudential Indicator	Comment
3 Capital Expenditure - Actual and Forecasts	

3 Capital Expenditure - Actual and Forecasts

The actual capital expenditure that was incurred in 2010/11 and 2011/12 and the latest estimates of capital expenditure to be incurred for the current and future years are:

Year	Executive 31 January 2012 Basis	Executive 31 January 2012 £m	Update August 2012 Basis	Update August 2012 £m
2010/11	actual	130.8	actual	130.8
2011/12	probable	100.0	actual	99.2
2012/13	estimate	88.1	estimate	89.5
2013/14	estimate	79.8	estimate	83.0
2014/15	estimate	72.6	estimate	77.7

The above figures reflect the updated Capital Plan (Q1 2012/13) together with expenditure on fixed assets funded directly from the Revenue Budget and not included in the Capital Plan.

Comment

The Indicators approved by Executive on 31 January 2012 were based on a Capital Plan approved by Executive in November 2011 as adjusted for a number of provisional variations. This Indicator now reflects the Capital Outturn in 2011/12 and the Capital Plan update for Q1 2012/13.

The significant variations are principally a result of:-

(a) additional provisions and variations to existing provisions which are self-funded from Capital Grants and Contributions, revenue contribution, (including the PIP) and earmarked capital receipts

(b) Capital expenditure re-phasing between years including slippage from 2012/13 to later years

(c) various other Capital approvals and refinements reflected in the Capital Plan update (Q3 2011/12 and Q1 2012/13)

Prudential Indicator	Comment

4 Capital Financing Requirement (CFR)

Actuals and estimates of the Capital Financing Requirement (CFR) at the defined year ends are as follows:

Date	Executive 31 January 2012				Update August 2012			
	Basis	Borrowing	Other Long Term liabilities (PFI etc)	Total	Basis	Borrowing	Other Long Term liabilities (PFI etc)	Total
		£m	£m	£m		£m	£m	£m
31 Mar 11	actual	408.8	6.5	415.3	actual	408.8	6.5	415.3
31 Mar 12	probable	402.4	6.3	408.7	actual	402.4	6.3	408.7
31 Mar 13	estimate	394.1	6.0	400.1	estimate	389.2	6.0	395.2
31 Mar 14	estimate	394.5	5.8	400.3	estimate	386.1	5.8	391.9
31 Mar 15	estimate	382.4	5.8	388.2	estimate	377.6	5.8	383.4

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

Comment

The February 2012 figures were based on a Capital Plan approved by Executive in November 2011, as adjusted for a number of provisional variations.

The updated figuresl reflect the following variations to the February 2012 figures

(a) re-phasing between years of expenditure that is funded from borrowing including slippage from 2012/13 to later years identified at Q1 2012/13

(b) capital receipts (including company loans) slippage between years that affect year on year borrowing requirements

(c) variations in the level of the Corporate Capital Pot which is used in lieu of new borrowing until the Pot is required

(d) additions and variations to schemes/provisions approved that are funded from Prudential Borrowing

(e) variations in the annual Minimum Revenue Provision for debt Repayment which arise from the above

(f) various other refinements

Prudential Indicator	Comment
5 Net Borrowing Requirement (external borrowing, net of investments)	

The Prudential Code emphasises that in order to ensure that over the medium term net borrowing will only be for a capital purpose, the County Council should ensure that net external borrowing does not, except in the short term, exceed the total of the capital financing requirement in the proceeding year, plus the estimate of any additional capital financing requirement for the current and next two financial years.

This Prudential Indicator is referred to as net borrowing requirement and its comparison with the capital financing requirement is a key indicator of prudence.

For transparency purposes this net borrowing requirement is now being reported separately to Members with the figures being compared, as described in the first paragraph above, with the Capital Financing Requirement figures shown at Indicator 4 above.

Date	Executive 31 January 2012		Update August 2012	
	Basis	**£m**	**Basis**	**£m**
31 Mar 11	actual	247.8	actual	247.8
31 Mar 12	probable	266.5	actual	232.8
31 Mar 13	estimate	267.8	estimate	239.0
31 Mar 14	estimate	275.4	estimate	244.6
31 Mar 15	estimate	269.1	estimate	248.0

The Corporate Director – Finance and Central Services has previously reported that the County Council had no difficulty in meeting this requirement up to 2011/12 nor are any difficulties envisaged for the current or future years of the Medium Term Financial Strategy. This opinion takes into account spending commitments, existing and proposed Capital Plans and the proposals in the Revenue Budget 2012/13 and Medium Term Financial Strategy report.

Comment

These net borrowing figures (external borrowing net of investments) are significantly below the Capital Financing Requirement (CFR) figures shown in **Indicator 4** for three main reasons:

(a) a significant level of investments (cash balances – core cash plus cash flow generated).

(b) internally funded capital expenditure which is included in the CFR (this is covered in more detail in the Treasury Management **Section 9** of this Quarter report.

(c) other long term liabilities (PFI and finance leases) being reflected in the CFR from 2009/10 (IFRS related) but not included in this definition of net borrowing.

The Prudential Code requires that where there is a significant difference between the net borrowing figure and the gross borrowing requirement, as demonstrated by the CFR, then the risks and benefits associated with this strategy should be clearly stated in the annual Treasury Management Strategy. This is covered in **paragraphs 8.4 to 8.12** of the Annual Treasury Management and Investment Strategy for 2012/13.

The updated figures differ from those approved in February 2012 principally as a result of

(a) refinements which are also common to the Capital Financing Requirement (**see Indicator 4**)

(b) the current continuing high level of cash balances available for investment.

Prudential Indicator	Comment
6 Authorised Limit for External Debt	

6 Authorised Limit for External Debt

In respect of its external debt, it is recommended that the County Council approves the following Authorised Limits for its total external debt for the next three financial years.

The Prudential Code requires external borrowing and other long term liabilities (PFI and Finance leases) to be identified separately.

The authorised limit for 2012/13 will be the statutory limit determined under section 3(1) of the Local Government Act 2003.

Year	Executive 31 January 2012 External Borrowing	Executive 31 January 2012 Other long term liabilities	Executive 31 January 2012 Total Borrowing Limit	Update August 2012 External Borrowing	Update August 2012 Other long term liabilities	Update August 2012 Total Borrowing Limit
	£m	£m	£m	£m	£m	£m
2011/12	444.6	6.3	450.9	N/A	N/A	N/A
2012/13	450.9	6.0	456.9	447.0	6.0	453.0
2013/14	431.8	5.8	437.6	424.9	5.8	430.7
2014/15	457.9	5.8	463.7	454.4	5.8	460.2

Comment

The Corporate Director – Finance and Central Services confirms that these authorised limits are consistent with the County Council's current commitments, updated Capital Plan and the financing of that Plan, the 2012/13 Revenue Budget and updated Medium Term Financial Strategy and with its approved Treasury Management Policy Statement.

The Corporate Director - Finance and Central Services also confirms that the limits are based on the estimate of most likely prudent, but not worst case, scenario with sufficient headroom over and above this to allow for operational issues (eg unusual cash movements). To derive these limits a risk analysis has been applied to the Capital Plan, estimates of the capital financing requirement and estimates of cashflow requirements for all purposes.

The updated figures reflect a number of refinements which are also common to the Capital Financing Requirement (see **Indicator 4**) and Operational Boundary for external debt (see **Indicator 7**). Explanations for these changes are provided under **Indicators 4 and 7** respectively.

Prudential Indicator	Comment

7 Operational Boundary for External Debt

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

The proposed operational boundary for external debt is based on the same estimates as the Authorised Limit (ie **Indicator 6** above) but also reflects an estimate of the most likely prudent, but not worst case, scenario without the additional headroom included within the Authorised Limit to allow for eg unusual cash flows.

Year	Executive 31 January 2012			Update August 2012		
	External Borrowing	Other long term liabilities	Total Borrowing Limit	External Borrowing	Other long term liabilities	Total Borrowing Limit
	£m	£m	£m	£m	£m	£m
2011/12	424.6	6.3	430.9	N/A	N/A	N/A
2012/13	430.9	6.0	436.9	427.0	6.0	433.0
2013/14	411.8	5.8	417.6	404.9	5.8	410.7
2014/15	437.9	5.8	443.7	434.4	5.8	440.2

Comment:

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

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

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

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

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

Prudential Indicator	Comment

8 Actual External Debt

The County Council's external debt is set out below and consists of external borrowing from the PWLB and money markets plus other long term liabilities such as PFI and finance leases which are classified as external debt for this purpose.

Year	Executive 31 January 2012				Update August 2012			
	Basis	Borrowing	Other Long Term liabilities (PFI etc)	Total	Basis	Borrowing	Other Long Term liabilities (PFI etc)	Total
		£m	£m	£m		£m	£m	£m
31 Mar 2011	actual	390.1	6.5	396.6	actual	390.1	6.5	396.6
31 Mar 2012	probable	391.2	6.3	397.5	actual	376.8	6.3	383.1
31 Mar 2013	estimate	384.2	6.0	390.2	estimate	380.3	6.0	386.3
31 Mar 2014	estimate	386.3	5.8	392.1	estimate	379.4	5.8	385.2
31 Mar 2015	estimate	378.1	5.8	383.9	estimate	374.6	5.8	380.4

It should be noted that actual external debt is not directly comparable to the Authorised Limit (**Indicator 6 above**) and Operational Boundary (**Indicator 7 above**) since the actual external debt reflects a position at one point in time.

Comment:

The year on year movement in the borrowing element of external debt between 31 March 2011 and 31 March 2012 is as follows

	£m
External debt at 31 March 2010	390.1
New borrowing in the year - none as all taken internally by running down cash balances/investments	0
Loan repayments in 2011/12	-13.3
= External debt at 31 March 2012	376.8

The updated estimates for the 3 years to 31 March 2015 reflect refinements which are common to the Capital Financing Requirement (see **Indicator 4** above) together with the relative levels of capital expenditure internally funded from cash balances rather than taking external debt.

The estimate for 31 March 2013 includes the 2012/13 borrowing requirement of £30.2m which is ultimately likely to be rolled over into 2013/14.

9 Limit of Money Market Loans (Local Indicator)

Borrowing from the money market for capital purposes (as opposed to borrowing from the PWLB) is to be limited to 30% of the County Council’s total external debt outstanding at any one point in time.

The actual position at 31 March 2012 was 5% (£20m out of a total of £376.8m) against an upper limit of 30%

Comment:

This limit was introduced as a new Local Prudential Indicator in 2009/10, although the 30% limit has featured as part of the Borrowing Policy section of the County Council’s Annual Treasury Management and Investment Strategy for many years.

<table>
<tr><th>Prudential Indicator</th><th>Comment</th></tr>
<tr><td>TREASURY MANAGEMENT INDICATORS
10 Adoption of CIPFA Code of Practice for Treasury Management</td><td>The County Council formally adopted the 2009 revised CIPFA Code of Practice for Treasury Management in the Public Service on 17 February 2010 and a further update to the Code in 2011 was adopted by the County Council on 15 February 2012.</td></tr>
<tr><td>11 Interest Rate Exposures
In accordance with the Code of Practice the County Council sets upper and lower limits on its fixed and variable interest rate exposures as a percentage of outstanding principal sums for 2012/13, 2013/14 and 2014/15 as set out below -
<table><tr><th></th><th>Lower %</th><th>Upper %</th></tr><tr><td>Borrowing</td><td></td><td></td></tr><tr><td>- Fixed</td><td>60</td><td>100</td></tr><tr><td>- Variable</td><td>0</td><td>40</td></tr><tr><td>Investments</td><td></td><td></td></tr><tr><td>- Fixed</td><td>0</td><td>30</td></tr><tr><td>- Variable</td><td>70</td><td>100</td></tr><tr><td>Combined Net Borrowing and Investments</td><td></td><td></td></tr><tr><td>- Fixed</td><td>110</td><td>160</td></tr><tr><td>- Variable</td><td>-10</td><td>-60</td></tr></table></td><td>No changes to these limits are required.

This means that the Corporate Director – Finance and Central Services, will

for borrowing manage fixed interest rate exposure within the range 60% to 100% of outstanding principal and variable interest rate exposure within the range 0% to 40% of outstanding principal

for investments manage fixed interest rate exposure within the range 0% to 30% of outstanding principal and variable rate exposure within the range 70% to 100% of outstanding principal. The split of investments between fixed and variable rates is based on the market convention that investments up to 365 days are regarded as being at variable rates.

The combined net borrowing and investment position represents the formal Prudential Indicator for Interest Rate Exposures. On its own however it does not show clearly how borrowing and investments will be managed, hence the two separate ‘local indicators’ shown above.</td></tr>
</table>

Prudential Indicator	Comment

12 Maturity Structure of Borrowing

The upper and lower limits for the maturity structure of County Council borrowings are as follows:-

The amount of projected borrowing maturing in each period as a percentage of total projected borrowing that is fixed rate:

Period	Lower Limit %	Upper Limit %	Memo item - actual at 1 April 11 %	1 April 12 %
under 12 months	0	50	6	7
12 months & within 24 months	0	15	7	1
24 months & within 5 years	0	45	11	15
5 years & within 10 years	0	75	21	23
10 years and within 25 years	10	100	16	13
25 years and within 50 years	10	100	39	41
			100	100

No changes to these limits approved by Executive on 31 February 2012 and County Council on 15 February 2012 are proposed.

The lower limits of 10% for the periods 10 to 25 years and 25 to 50 years is designed to ensure that the County Council does not have the risk of having to repay all debt within a ten year period.

Prudential Indicator	Comment
13 Total Principal Sums Invested for periods longer than 364 days The 2012/13 aggregate limit of £12m for ‘non specified’ investments longer than 364 days is based on a maximum of 20% of ‘core cash funds’ being made available for such investments. As a result of forecast reductions in core cash funds (reserves, provisions and balances etc) over the next three years, however, the current £12m limit is likely to exceed the 20% maximum level previously agreed. However, given the overall forecasts for cash balances over the next three years, the need for liquidity and day to day cash flow requirements, it is still forecast that £12m can be prudently committed to longer term investments over 365 days. The purpose of this prudential limit for principal sums invested for longer than 364 days is for the County Council to contain its exposure to the possibility of loss that might arise as a result of it having to seek early repayment or redemption of principal sums invested.	**No change to this limit is proposed.** The County Council currently has no such investments that fall into this category. Prior to 1 April 2004, Regulations generally prevented local authorities from investing for longer than 364 days. As a result of the Prudential Regime however, these prescriptive regulations were abolished and replaced with Government Guidance from April 2004. This Guidance gives authorities more freedom in their choice of investments (including investing for periods longer than 364 days) and recognises that a potentially higher return can be achieved by taking a higher (ie longer term) risk. The new flexibility requires authorities to produce an Annual Investment Strategy that classifies investments as either **Specified** (liquid, secure, high credit rating & less than 365 days) or **Non Specified** (other investments of a higher risk). Non Specified investments are perfectly allowable but the criteria and risks involved must be vigorously assessed, including professional advice, where appropriate. Therefore investments for 364 days+ are now allowable as a Non Specified investment under the Government Guidance. The use of such investments is therefore now incorporated into the County Council's Annual Treasury Management and Investment Strategy. The original 2004 Government Investment Guidance was updated from 1 April 2010, but there has been no impact on this Prudential Indicator.

APPENDIX 3

North Yorkshire County Council

DRAFT

Local Code of Corporate Governance

Approved by Audit Committee 28 June 2012

Adopted by County Council TBA.. 2012

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1.0 INTRODUCTION

1.1 Corporate governance is the system by which a local authority directs and controls its functions and relates to the community it serves. It is therefore a framework of policies, management systems, procedures and structures that together, determine and control the way in which a local authority manages its business, determines its strategies and objectives, and sets about delivering its services to meet those objectives for the greater good of its community. This naturally extends to how the organisation accounts to, engages with and, where appropriate, leads its community.

1.2 On this basis, the principles of good corporate governance require a local authority to undertake its functions in a way that is completely open and inclusive of all sectors of the community, demonstrates the utmost integrity in all its dealings, and is fully accountable to the public it serves.

1.3 North Yorkshire County Council is committed to demonstrating good corporate governance. This Code sets out what the governance arrangements are, and who is responsible for them within the County Council. It also explains how the arrangements will be kept under review and monitored for compliance.

1.4 The Code also expresses how the County Council will seek to conduct its business in a way that demonstrates -

- **Openness and Inclusivity** – which is necessary to ensure that stakeholders can have confidence in the decision-making and management processes of the County Council, and the role of the Members and Officers therein. Being open through genuine consultation with stakeholders and providing access to full, accurate and clear information leads to effective and timely action and lends itself to necessary scrutiny. Openness also requires an inclusive approach, which seeks to ensure that all stakeholders, and potential stakeholders, have the opportunity to engage effectively with the decision-making processes and actions of the County Council. It requires an outward looking perspective and a commitment to partnership working, that encourages innovative approaches to consultation and to service provision

- **Integrity** – is necessary for trust in decision making and actions. It is based upon honesty, selflessness and objectivity, and high standards of propriety and probity in the stewardship of public funds and the management of the County Council's affairs. It is dependent on the effectiveness of the internal control framework and on the personal standards and professionalism of both Members and Officers. It is reflected in the County Council's decision-making procedures, in its service delivery and in the quality of its financial and performance reporting

- **Accountability** - is the process whereby Members and Officers within the County Council are responsible for their decisions and actions, including their stewardship of public funds and all aspects of performance, and submit themselves to appropriate external scrutiny. It is achieved by all parties having a clear understanding of those responsibilities, and having clearly defined roles expressed through a robust and resilient structure

2.0 POLICY STATEMENT ON CORPORATE GOVERNANCE

2.1 The Policy of the County Council is to incorporate the principles of Corporate Governance into all aspects of its business activities to ensure that stakeholders can have confidence in the decision-making and management processes of the authority, and in the conduct and professionalism of its Members, Officers and agents in delivering services. To this end, the County Council will report annually on its intentions, performance and financial position, as well as on the arrangements in place to ensure good governance is always exercised and maintained.

2.2 These principles reflected in this Policy will also be applied to the North Yorkshire Pension Fund and any company in which the County Council has a substantive equity holding.

3.0 THE SIX PRINCIPLES OF CORPORATE GOVERNANCE

3.1 There are six core principles that should underpin governance arrangements within a local authority. These are defined as follows -

- focussing on the purpose of the authority and on outcomes for the community and creating and implementing a vision for the local area
- Members and officers working together to achieve a common purpose with clearly defined functions and roles
- promoting values for the authority and demonstrating the values of good governance through upholding high standards of conduct and behaviour
- taking informed and transparent decisions which are subject to effective scrutiny and managing risk
- developing the capacity and capability of Members and Officers to be effective
- engaging with local people and other stakeholders to ensure robust public accountability

3.2 This Code addresses these six core principles and describes the systems and processes that support these in the County Council. In addition the Code reflects how the County Council addresses the requirements of the CIPFA Statement on the *Role of the Chief Financial Officer in Local Government* (2010)

3.3 The Code also explains how the County Council intends to monitor and review the corporate governance arrangements defined in this Code including compliance with the CIPFA Statement on the *Role of the Chief Financial Officer in Local Government* (2010).

3.4 A diagrammatic representation of how this Code fits into the management process of the County Council is attached as **Appendix A**.

4.0 CORPORATE GOVERNANCE ARRANGEMENTS

Core Principle 1 : Focussing on the purpose of the County Council and on outcomes for the community, and creating and implementing a vision for the local area

4.1 The County Council will develop a clear vision and purpose, identify intended outcomes and ensure that these are clearly communicated to all stakeholders of the organisation, both internal and external. In doing so, the County Council will report regularly on its activities and achievements, and its financial position and performance. The County Council will publish annually -

- a Council Plan
- a Community Plan in conjunction with local partners
- a Statement of Final Accounts together with the Annual Governance Statement

4.2 The County Council will keep its corporate strategies, objectives and priorities under constant review, so as to ensure that they remain relevant to the needs and aspirations of the community.

4.3 In undertaking all its activities, the County Council will aim to deliver high quality services which meet the needs of service users. Delivery may be made directly, via a subsidiary company, in partnership with other organisations, or by a commissioning arrangement. Measurement of service quality will also be a key feature of service delivery.

4.4 In addition, the County Council will continue to monitor the cost effectiveness and efficiency of its service delivery, as well as

- ensure that timely, accurate and impartial financial advice and information is provided to assist in decision making and to ensure that the authority meets its policy and service objectives and provides effective stewardship of public money in its use

- ensure that the authority maintains a prudential financial framework; keeps it commitments in balance with available resources; monitors income and expenditure levels to ensure that this balance is maintained and takes corrective action when necessary

- ensure compliance with CIPFA's Code on Prudential Framework for Local Authority Capital Finance and CIPFA's Treasury Management Code

4.5 The County Council will also seek to address any concerns or failings in service delivery by adhering to and promoting its Complaints Procedure.

Core Principle 2 : Members and Officers working together to achieve a common purpose with clearly defined functions and roles

4.6 To ensure accountability the Constitution of the County Council defines the roles and responsibilities of both the Council's executive and non-executive functions. In particular, the Constitution -

- clearly defines the role of the Executive and Executive Members
- also defines the respective roles of other Members, Members generally and of Senior Officers
- defines the statutory roles of the Head of Paid Service, Section 151 Officer and the Monitoring Officer
- sets out a Protocol to address the working relationship between the Leader and the Chief Executive which enables each to fulfil their respective roles
- sets out a Protocol on Member / Officer relations which is the framework for effective working together
- includes Schemes of Delegation for both Members and Officers
- includes Procedure Rules in relation to staff employment, contracts / procurement, finance and property that are reviewed annually
- empowers an Independent Remuneration Panel that considers Members' allowances
- requires appropriate governance arrangements for partnerships
- is kept under regular review

4.7 To demonstrate compliance with the CIPFA Statement on the *Role of the Chief Financial Officer* the County Council will -

- ensure that the Chief Financial Officer (CFO) ***** reports directly to the Chief Executive and is a member of the Management Board with a status at least equivalent to other members
- ensure that the authority's governance arrangements allow the CFO direct access to the Chief Executive and to other Management Board members
- appoint a professionally qualified CFO whose core responsibilities include those set out in the Statement on the *Role of the Chief Financial Officer* and ensure that they are properly understood throughout the authority

* the Corporate Director – Finance and Central Services fulfils the role of CFO as defined in the CIPFA Statement.

- ensure that the CFO :
    - leads the promotion and delivery by the whole organisation of good financial management so that public money is safeguarded at all times and use appropriately, economically, efficiently and effectively
    - has a line of professional accountability for finance staff throughout the organisation

- ensure that budget calculations are robust and reserves adequate, in line with CIPFA's guidance

- ensure that appropriate management accounting systems, functions and controls are in place so that finances are kept under review on a regular basis. These systems, functions and controls should apply consistently to all activities including partnership arrangements, outsourcing or where the authority is acting in an enabling role

- establish a medium term business and financial planning process to deliver strategic objectives including:
    - a medium term financial strategy to ensure sustainable finances
    - a robust annual budget process that ensures financial balance
    - a monitoring process that enables this to be delivered

- ensure that these are subject to regular review to confirm the continuing relevance of assumptions used

Core Principle 3 : Promoting values for the County Council and demonstrating the values of good governance through upholding high standards of conduct and behaviour

4.8 The County Council will conduct its activities in a manner which promotes high ethical standards and good behaviour which will foster openness, support and mutual respect. The following policies and protocols have been established and will be kept under review to assist the County Council in maintaining this culture -

- Member Code of Conduct and Complaints procedure *****
- Guidance Protocol re Members' Code of Conduct *****
- Officer Code of Conduct
- Local / National Teachers' Code of Conduct

***** The Localism Act 2011 changes the requirements on relevant local authorities in relation to the statutory Members' Code of Conduct and supporting ethical framework. Local arrangements are currently being developed (in consultation with neighbouring authorities in the North Yorkshire area) to ensure the County Council fulfils its new responsibility under this legislation to promote high standards of ethical conduct and this will include the adoption of a new local Code of Conduct.

- Protocol on Officer/Member Relations
- Code of Conduct for Planning
- Ethical Behaviour Statements
    - Leader
    - Chief Executive
- Staff and Member Registers of Interest
- ICT Code of Practice and Protocols on ICT use for Members and Officers
- Whistleblowing policy
- Counter Fraud Strategy
- Anti-Money Laundering Policy
- Officers' Register of Gifts & Hospitality
- Equality Policy Statement
- Communication Strategy
- Partnership Protocol
- Procurement Strategy
- Information Governance Framework

4.9 In addition, the County Council will ensure that systems and processes for financial administration, financial control and protection of the authority's resources and assets are designed in conformity with appropriate ethical standards and monitor their continuing effectiveness in practice.

4.10 The aim is to develop a set of shared values which will underpin an ethos of good governance. This will be further supported by compliance with legislation, Procedure Rules and all relevant professional standards.

4.11 The County Council has established a Standards Committee to discharge its responsibilities for promoting and maintaining high standards of Member conduct. The Standards Committee meets regularly, develops initiatives to promote high ethical standards, is involved in ensuring the training of all Members on standards, and monitors compliance against the national Code of Conduct for Councillors. The Committee is also responsible for the handling of complaints that Members may have breached the Code. These provisions will be reviewed in 2012/13 in view of the changes brought about by the Localism Act 2011.

4.12 Where the County Council works in partnership it will continue to uphold its own ethical standards, as well as acting in accordance with the partnership's shared values and aspirations.

Core Principle 4 : Taking informed transparent decisions which are subject to effective scrutiny and managing risk

4.13 The County Council observes this Principle through a combination of the following -

- all meetings of the Council and its Committees are open to the public
- having a formal Constitution which details the decision making process and the procedures required to support the transparency and accountability of decisions made
- an effective scrutiny function
- comprehensive recording of all decisions taken and the reasons for those decisions
- maintenance of registers to record potential conflicts of interest, attendance etc
- an independent Audit Committee
- a properly constituted Standards Committee. (Arrangements are, however, under review in 2012 in light of the enactment of the Localism Act 2011)
- a transparent complaints procedure
- Area Committees that have the flexibility to co-opt local representatives
- Member development programme
- provision of timely and relevant information to all interested parties
- involvement of legal, financial and specific service expertise to inform decision-making
- an embedded risk management culture
- effective whistleblowing and counter fraud procedures
- implementation of all specific legislative requirements placed upon the County Council
- a comprehensive Information Governance Framework in compliance with accredited standards; this Framework will include the protection of sensitive and commercial data

4.14 In relation to its financial management arrangements, the County Council will -

- ensure an effective internal audit function is resourced and maintained
- ensure that its governance arrangements allow the CFO direct access to the Audit Committee and External Auditor
- ensure the provision of clear, well presented, timely, complete and accurate information and reports to budget managers and senior officers on the budgetary and financial performance of the authority
- ensure the authority's governance arrangements allow the CFO to bring influence to bear on all material decisions

- ensure that advice is provided on the levels of reserves and balances in line with good practice guidance
- ensure the authority's arrangements for financial and internal control and for managing risk are addressed in annual governance reports
- ensure the authority puts in place effective internal financial controls covering codified guidance, budgetary systems, supervision, management review and monitoring, physical safeguards, segregation of duties, accounting procedures, information systems and authorisation and approval processes

4.15 Based on the above, in terms of policy and decision making, the Executive is supported at all times by professional advice that addresses all relevant legal, financial and resourcing issues. At the same time, risk management processes operate so as to ensure that the risk and impact of decisions are fully assessed.

4.16 The County Council operates a scrutiny framework, supported by named officers, that enables decisions by the Executive to be challenged or influenced by the rest of the County Council's Members.

Core Principle 5 : Developing the capacity and capability of Members and Officers to be effective

4.17 The County Council is continually seeking to develop the capacity and capability of both its Members and officers in recognition that the people who direct and control the organisation must have the right skills. This is achieved through a commitment to training and development, as well as recruiting senior officers with the appropriate balance of knowledge and experience.

4.18 The County Council aims to achieve this by -

- organising Member and employee induction programmes
- a Workforce Plan that addresses issues such as recruitment, succession planning, flexible working and other people management issues
- providing career structures to encourage staff development
- regularly reviewing job descriptions and person specifications and using these as the basis for recruitment
- implementing a Development Programme including individual training and development plans
- maintaining an effective performance management system
- encouraging a wide variety of individuals and organisations to participate in the work of the County Council

4.19 To ensure compliance with the CIPFA Statement in the *Role of the Chief Financial Officer* the County Council will

- ensure the CFO has the skills, knowledge, experience and resources to perform effectively in both the financial and non-financial areas of his role

- review the scope of the CFO's other management responsiblities to ensure financial matters are not compromised
- provide the finance function with the resources, expertise and systems necessary to perform its role effectively
- embed financial competencies in person specifications and appraisals
- ensure that councillors' roles and responsibilities for monitoring financial performance / budget management are clear, that they have adequate access to financial skills and are provided with appropriate financial training on an ongoing basis to help them discharge their responsibilities

Core Principle 6 : Engaging with local people and other stakeholders to ensure robust public accountability

4.20 The County Council will seek the views of its stakeholders and respond appropriately by -

- clearly identifying its stakeholders, in order to ensure that relationships with these groups continue to be effective
- maintaining effective channels of communication which reach all groups within the community and other stakeholders as well as offering a range of consultation methods; to this end the County Council has a Communications Strategy and a Consultation Promise that are regularly reviewed and updated
- publishing a Council Plan and an annual Statement of Final Accounts to inform stakeholders and services users of the previous year's achievements and outcomes
- publishing a Medium Term Financial Strategy and consulting each year on the Annual Revenue Budget and its impact on Council Tax
- providing a variety of opportunities for the public to engage effectively with the County Council including attending meetings
- presenting itself in an open and accessible manner to ensure that County Council matters are dealt with transparently, in so far as the need for confidentiality allows
- supporting these shared principles and the undertakings in the North Yorkshire Compact which provides a framework for local authorities and other public bodies to work together with the voluntary and community sector
- developing a Community Plan in conjunction with local partners
- maintaining a Citizens' Panel of around 2000 residents who are consulted twice a year on a wide range of service issues
- maintaining a Freedom of Information Act Publication Scheme and arrangements to respond to requests for information from the public
- operating Access to Information Procedure Rules to ensure local people and stakeholders can exercise their rights to express an opinion on decisions, and can understand what decisions have been made and why

- ensuring the lawful and correct treatment of personal information through a Data Protection policy that follows the principles set out in the Data Protection Act 1998
- maintaining a County Council website that provides access to information and services and opportunities for public engagement

5.0 MONITORING, REPORTING AND REVIEW

5.1 Ensuring good corporate governance is the responsibility of the whole Council. However to formalise the process, the County Council has two Committees that are primarily responsible for monitoring and reviewing the corporate governance arrangements referred to in this Local Code -

- the Audit Committee
- the Standards Committee

The two committees liaise on any issue of Corporate Governance that may be of legitimate common concern to both.

5.2 The Audit Committee is independent of both the Executive and Scrutiny, and has wide ranging powers and responsibilities in relation to audit, information governance, counter fraud, risk management, procedure rules, as well as overall corporate governance that are detailed in the Constitution. This Committee is tasked with ensuring that an effective system of internal control operates throughout the organisation. The Committee meets a minimum of five times a year and includes three External Members.

5.3 The Standards Committee currently meets four times per annum to promote and maintain high standards of conduct by Councillors and co-opted Members of the Council. The Committee provides advice and support to the Council and its members on the County Council's Members' Code of Conduct and related ethical issues such as membership of outside bodies and Member/officer relations. The Committee regularly monitors statistics in a range of areas (for example the numbers of whistleblowing incidents reported, challenges to procurements, Freedom of Information Act requests and employment tribunal claims) which help give an indication of the health of the Council in relation to standards and ethics. Additionally, Standards Committee Members participate in training sessions and in sub-committees dealing with complaints of alleged breaches of the Code. The Committee is currently responsible for receiving, assessing and, where appropriate, investigating and determining complaints that Members may have breached the Code of Conduct. The Committee includes external, as well as County Council Members; one of the external Members chairs this Committee. The role and composition of the Standards Committee is under review in 2012/13 in view of the changes brought about by the Localism Act 2011.

5.4 Further to the two Committees referred to above, the County Council has also established

- a Corporate Governance Officer Group of senior officers, chaired by the Corporate Director – Finance and Central Services, which is responsible for overseeing the delivery of an integrated programme of work to support the development of robust corporate governance arrangements, and to keep implementation of such arrangements under on-going review. In particular, this Group monitors the Self-Assessment Checklist that maps, and monitors, all governance activity within the County Council against all published Best Practice Guidelines

- a Corporate Information Governance Group, also chaired by the Corporate Director – Finance and Central Services. This Group addresses the various challenges of Information Governance including the development and maintenance of a Framework for Information Governance which comprises a suite of relevant policies, protocols and guidance notes

5.5 The County Council is required to undertake an annual review of the effectiveness of its system of internal control *****. This review seeks to -

- identify principal risks to the achievement of County Council objectives
- identify and evaluate key controls to manage principal risks
- obtain assurances of the effectiveness of key controls
- evaluate assurances and identify gaps in control/assurances

This review is undertaken by the Audit Committee and is part of the preparatory process for the Annual Governance Statement (see **paragraph 5.8** below). The Audit Committee receives assurance on the effectiveness of internal controls from the Head of Internal Audit. In addition, the effectiveness of the Internal Audit Service (as provided by Veritau Ltd since 1 April 2009) and the Audit Committee itself are reviewed annually.

5.6 Additionally, compliance with the CIPFA Statement on the *Role of the Chief Financial Officer in Local Government* is reviewed annually by the Audit Committee.

5.7 Finally, annual reports are produced and published by

- the Standards Committee Chairman
- the Scrutiny Chairs
- the Audit Committee Chairman

***** As required by Regulation 4 of the Accounts and Audit Regulations 2011.

The Annual Governance Statement

5.8 Following the annual review of effectiveness of the system of internal control an Annual Governance Statement (AGS) ***** will be published to accompany the Statement of Final Accounts for the County Council. The AGS will provide an overall assessment of the corporate governance arrangements in the County Council.

5.9 To reflect the County Council's commitment to the continuous improvement of its system of internal control an Action Plan is drawn up in response to any significant control weaknesses identified in the AGS. A follow up process is then overseen by the Corporate Governance Officer Group to ensure continuous improvement of the system of corporate governance. The Audit Committee monitors progress on this Action Plan.

Review of this Code

5.10 A review of this Code will be undertaken annually alongside the preparation of the AGS.

6.0 CONTACT DETAILS AND FURTHER INFORMATION

6.1 Further details of the County Council's Corporate Governance arrangements can be obtained on the County Council's website www.northyorks.gov.uk or by contacting the Corporate Director – Finance and Central Services (**see below**).

6.2 Finally, if you have any concerns about the way in which the County Council, its Members, Officers or agents conduct its business, or believe that elements of this Code are not being complied with, please contact one of the following Officers as appropriate. Your enquiry will be treated confidentially, and a response made following investigation of the facts in each case.

* As required by Regulation 4 of the Accounts and Audit Regulations (2011)

(i) **Chief Executive (Head of Paid Service)**
Richard Flinton
North Yorkshire County Council
County Hall
Northallerton
North Yorkshire DL7 8AL
Telephone: 01609 532444 E-mail: richard.flinton@northyorks.gov.uk

(ii) **Corporate Director – Finance and Central Services (Section 151 Officer)**
John Moore
Corporate Director – Finance and Central Services
North Yorkshire County Council
Racecourse Lane
Northallerton
North Yorkshire DL7 8AL
Tel 01609 532114 E-mail john.moore@northyorks.gov.uk

(iii) **Assistant Chief Executive (Legal and Democratic Services) (Monitoring Officer)**
Carole Dunn
Legal and Democratic Services
North Yorkshire County Council
Racecourse Lane
Northallerton DL7 8AL
Tel 01609 532173 E-mail carole.dunn@northyorks.gov.uk

APPENDIX A

CORPORATE GOVERNANCE

ANNUAL GOVERNANCE STATEMENT

Ongoing Monitoring and Annual Review

Standards Committee

Audit Committee

Corporate Governance Officer Group

LOCAL CODE OF CORPORATE GOVERNANCE

Principle 1
Focusing on the purpose of the authority and on outcomes for the community and creating and implementing a vision for the local area

- Purpose and vision
- Communicating vision to partners
- Annual report on activities
- Measuring service quality
- Arrangements to deal with failure in service delivery
- Measuring VfM and the information supporting that
- Environmental impact

Principle 2
Members and officers working together to achieve a common purpose with clearly defined functions and roles.

- Statement on roles and responsibilities of Executive
- Statement on roles and responsibilities of other Members and senior officers
- Scheme of delegation and powers
- Responsibilities of Chief Exec
- Protocol between Chief Exec and Leader
- 151 Officer responsibilities
- Monitoring officer responsibilities
- Member/officer protocols
- Remuneration of members and officers
- Effective mechanisms for monitoring service delivery
- Mechanisms for development of vision / strategies / plan and consultation / communication with community
- Roles / responsibilities in partnership working are clear
- Clarity on legal status of partnerships and understanding of authority of individual partners to bind their organisations

Principle 3
Promoting values for the authority and demonstrating the values of good governance through upholding high standards of conduct and behaviour

- Leadership climate of openness, support and respect
- Officers code of conduct, Members code of conduct
- Conflict of interest, declarations of interest etc
- Shared values, leadership values communicated
- Systems and processes are designed with appropriate ethical standards
- Effective Standards Committee
- Values are guide for decision making and are basis for positive and trusting relationships within authority
- Partnerships have agreed set of values against which decision making can be judged – partners behaviour

Principle 4
Taking informed and transparent decisions which are subject to effective scrutiny and managing of risk

- Effective Scrutiny function
- Mechanisms for documenting evidence for decisions / criteria / rationale / considerations
- Arrangements to safeguard against conflicts of interest
- Audit Committee independent of the Executive and Scrutiny arrangements
- Process to deal with complaints
- Information for decisions is fit for purpose
- Embedded risk management arrangements
- Effective whistle-blowing
- Powers are used lawfully and to full benefit of communities
- Specific legislation and statutory responsibilities are observed.
- Incorporating key principles of good administrative law into procedures and decision making processes.

Principle 5
Developing the capacity and capability of members and officers to be effective

- Induction programmes and updates for Members and officers
- Statutory officers have skills, resources and support to be effective and their roles are understood
- Skills assessment and development for officers and members
- Develop skills on a continuing basis and use outside experts when needed
- Arrangements for reviewing the performance of the Executive and of individual members with action plan
- Arrangements for encouraging the community to engage and contribute
- Career structures for members and officers

Principle 6
Engaging with local people and other stakeholders to ensure robust public accountability

- Clarity of accountability
- Effective relationships with institutional stakeholders
- An annual report on the scrutiny function
- Clear communication with the community and other stakeholders with monitoring arrangements
- Public meetings except for confidentiality
- Community engagement arrangements
- Policy on issues for consultation and feedback mechanisms
- Annual performance plan and outcomes
- Open and accessible Council
- Staff consultation and involvement in decision making.