The Report of the Executive

The Executive met on Tuesday, 18 December 2012. County Councillor John Weighell in the Chair. County Councillors Arthur Barker, Gareth Dadd, Tony Hall, Carl Les, Chris Metcalfe, John Watson OBE, and Clare Wood.

Also in attendance: County Councillors Philip Barrett and Bill Hoult.

The Executive met on Tuesday, 22 January 2013. County Councillor John Weighell in the Chair. County Councillors Arthur Barker, Tony Hall, Carl Les, Chris Metcalfe, John Watson OBE, and Clare Wood.

The Executive met on Tuesday, 5 February 2013. County Councillor John Weighell in the Chair. County Councillors Arthur Barker, Gareth Dadd, Tony Hall, Carl Les, Chris Metcalfe, John Watson OBE, and Clare Wood.

Also in attendance: County Councillors Keith Barnes and John Clark.

1. Council Plan 2013/14: The Council Plan is a key component of the County Council's policy framework, setting out the Council's objectives and how its resources are to be used to deliver those objectives. Ensuring the Council Plan is developed in a timely and robust manner is essential in order to drive forward the business of the Council and improve performance, including the Council's contribution to the delivery of the North Yorkshire Community Plan.

The process is closely allied to the budget setting process, as this clearly demonstrates the golden thread running through the Council's objectives, priorities and allocation of resources. The Council Plan sets out the Council's long-term corporate ambitions and priorities for action for the next year and is revised annually.

As in previous years, a cross directorate project team was established to co-ordinate the development of the draft Council Plan. Executive Members have discussed priorities with their relevant Corporate Directors and helped to shape the Plan. This year the process has been hampered by the Government's late announcement of the financial settlement. Detailed budget information will be added when this has been agreed by the Council.

The Corporate and Partnerships Overview and Scrutiny Committee considered progress relating to the Plan on 26 November 2012. A draft was also circulated to the Overview and Scrutiny Committee members in mid-January and has been reviewed by Management Board. Consultation with the public, partners and staff has been a key feature of the development process, although this has predominantly concentrated on the budget. Consultation processes have included the Citizens' Panel, consultation on the Council website, and through public meetings.

The Council Plan has a number of audiences, including elected members, officers, partners, the public, and the Department of Communities and Local Government (DCLG). Efforts have been made to ensure that, as far as possible, the Council Plan is accessible, and of use, to all these audiences. A document the size of the Council Plan cannot detail all that the Council does. Further information about the Council's detailed strategies and plans is published in other documents available on the Council website. The view has been taken that there is little merit in merely replicating elements of these strategies and plans.

Each year efforts are made to refine and improve the plan and the process of producing it. The aim is to produce a public focussed, concise, easy to read document yet with sufficient detail to be meaningful. The plan concentrates on changes which will be seen and will affect the public and the services they receive, whilst ensuring a broad overall picture of the full range of services provided. Business as usual is obviously important, but concentrating on significant areas of change will help to make the plan focussed and current. The plan will be published on the internet and publicised to the public through a range of media, including press releases and North Yorkshire Now, North Yorkshire County Council's email newsletter. On publication the Council Plan will be accompanied internally by a covering note from the Chief Executive, setting out some of the key values and priorities for the future, such as delivering savings, focus on performance, focus on customer, innovation and a One Council approach.

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

While some areas of external inspection have been scaled back, the Council's performance in many areas is still subject to a wide range of external assessments. Large data returns exist, which does not align itself comfortably with the government's pledge to reduce burden of local authority data collections. These do provide evidence, however, of performance improvement and how the Council is performing compared to other councils in these areas.

Between 1 and 10 October 2012 a team of Ofsted inspectors were on-site in the county to carry out the new unannounced inspection of arrangements for the protection of children. The inspection evaluated many services at each stage of 'the child's journey', from those children who are identified as being at potential risk, through to those who are referred to children's social care and require formal protection arrangements. In this sense, the inspection concerned the quality and impact of universal and early intervention services in preventing children from needing social care protection just as much as the effectiveness of the social care system itself. The finalised inspection report was published on 9 November 2012. The inspection found that North Yorkshire has improved strongly since the 2009 safeguarding inspections. It also recognised that the authority has a very good understanding of the areas that need further improvement and that in many cases such work is already underway.

In March 2012 North Yorkshire received an inspection of its local authority fostering service. Although a number of areas were rated as 'good', the service overall received a rating of 'satisfactory.'

The Health and Adult Services directorate published its second "Local Account" on 30 September 2012. The Local Account is a key part of the Government's sector-led improvement initiative which replaced the annual performance assessments of Councils' adult social care services. The Local Account details the Council's achievements over the last year and looks ahead to its priorities and challenges for the future.

The results of the annual survey of local authority websites by the Society of IT Managers (SOCITM) was published in the summer and North Yorkshire County Council has gone from a two star authority to a four star authority, the maximum rating, and is only one of the 23 councils (out of 433) achieving this rating.

North Yorkshire County Council and the North Yorkshire Music Action Zone won the 2012 Libraries Change Lives Award, organised by the Chartered Institute of Library and Information Professionals (CILIP). This prestigious national award recognises the work undertaken by the County Council's libraries and youth services in showing the powerful and positive impact that libraries have on their communities.

There continue to be a number of major performance challenges facing all the Council's directorates over the period of the MTFS. The Council has systematically reviewed its performance and will continue to do so, ensuring where risks of declining performance are identified that these are investigated fully. The Council has been consistently ranked as one of the top performing county councils in the country and will seek to retain this status. However, the severity of the public sector finances is likely to be such that there will be areas where maintaining current levels of performance will be difficult, let alone improving performance. Further details on these challenges can be found in the MTFS report. It should be noted however, that this will prove to be a challenge across the country and the Council is well placed, as a relatively high performance authority, to respond to this challenge. The Council has selected measures and targets so that we can monitor our progress towards the priorities in the Council Plan. In particular we have 'Key Performance Indicators (KPIs)', which provide headlines on performance against particular activities. These are reported on a quarterly basis to the Executive and scrutinised in detail to ensure our performance against the Council Plan priorities is effectively managed. It is intended that there will be an on-going review of KPIs to ensure that they remain the most appropriate measures of performance.

The Council Plan will have significant financial implications as it outlines the key programmes of work that will be carried out, all of which have been identified in the MTFS. Under equality legislation, the Council County must demonstrate that it pays due regard throughout its decision-making process to the need to eliminate unlawful discrimination, harassment and victimisation; to advance equality of opportunity; and to foster good relations between people who share a protected characteristic and those who do not share it. Impact assessments have been or will be undertaken in respect of all relevant proposals contained in the draft Council Plan and made available to the Executive and County Council as part of the budget setting process. An equality impact assessment has been carried out of the Plan as a whole and this is attached at Appendix 1B.

The Executive RECOMMENDS:

That the draft Council Plan, a copy of which is attached marked Appendix 1A be approved and

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

2. Revenue Budget for 2013/14 and Medium Term Financial Strategy 2014/15: The Executive considered a detailed report on the Revenue Budget for 2013/14 and Medium Term Financial Strategy (MTFS) 2014/15, together with revised information reflecting the position following receipt of the final settlement from Government, the day before the meeting of the Executive. That report has subsequently been updated, to reflect the position following receipt of the final settlement from Government and further amendments that have been brought to the County Council's attention. A copy of the updated report has been circulated to all Members with the Council agenda, marked Appendix 2 – changes to reflect the Final Settlement have been shaded to help the reader.

The changes that have taken place since the Executive meeting of 5 February include the following:-

1. An increase to £857k for a one-off grant which is paid to sparse authorities in 2013/14 only.
2. A further one-off allocation of £501k has been made as a "refund" of the top-slice from the national funding pot for New Homes Bonus. This is also a non-recurring allocation in 2013/14 only.

There may be further announcements over the coming months and certain figures remain outstanding (e.g. Education Services Grant). A further update will be provided to the County Council when it considers additional savings proposals (i.e. summer / early autumn). Further information will also be provided to the Executive as and when appropriate including the routine Q reports.

The Executive believes that the Council should accept the Council Tax Freeze Grant and, in line with the view taken by the Executive on 22 January, 2013, the report marked Appendix 2 had been prepared on the basis that the Grant would be accepted.

Two significant areas of increased spending have been incorporated into the Revenue Budget for 2013/14 - £3m on a recurring basis to reflect the number of adults eligible for support from HAS; and £2m on a one-off basis to improve road conditions. This is explained in paragraph 7.6 of Appendix 2.The Revenue Budget and MTFS continue to reflect additional funding for delivery of the Waste Strategy and the subsequent position of the Pending Issues Provision (PIP) (paragraphs 8.4 to 8.9 of Appendix 2).

Based upon the final Local Government Finance Settlement, a Revenue Budget shortfall of £10.9m and a further £12.0m has been identified in 2013/14 and 2014/15 respectively, a total of £22.9m in 2014/15 (Section 7 of Appendix 2). Savings proposals totalling £18.3m have been identified over the period 2013/14 to 2014/15. It is proposed that further savings proposals will be worked up and considered by the Executive and then County Council in the summer / early autumn, in order to secure an on-going balanced budget (see Section 7 and Appendix J of Appendix 2). In the interim, it is proposed that General Working Balances (GWB) are earmarked to provide for the recurring budget shortfall of £4.6m over the period 2013/14 to 2014/15. A total of £6.2m would be needed over the two years. The further proposals to be submitted to the Executive, referred to above, will reduce the dependency on GWB, if they can deliver savings before 2015/16.

The primary changes made to the draft pay policy statement 2013/14 are referred to in paragraphs 9.11 to 9.17 of Appendix 2 and are recommended to County Council for adoption.

The report sets out latest position on changes to Local Government Funding as a result of the Localisation of both Council Tax Benefits and Business Rates. The impacts of both changes upon the County Council's budget are set out in paragraphs 9.18 to 9.39 of Appendix 2.

An assessment is made of the financial challenges beyond 2014/15 in Section 10 of Appendix 2. It is clear that further savings will be required beyond 2014/15 and they are likely to be of a similar scale to what has been experienced thus far. An assessment has been carried out on the level of GWB and it is proposed that the target figure of a minimum of 2% of the net revenue budget be maintained at this time, pending a review by the Corporate Director, Strategic Resources of this issue and of reserves and balances during 2013/14, as there may be grounds for increasing the current minimum level of the General Working Balance (paragraphs 12.17 and 12.22 of Appendix 2).

The Corporate Director, Strategic Resources is obliged to offer the Council a view on the robustness of the estimates used in proposing the Revenue Budget 2013/14 and the associated level of balances / reserves, which is set out in full in paragraph 12.24 of Appendix 2. The Corporate Director, Strategic Resources is satisfied that the report marked Appendix 2 satisfies such a requirement, subject to a proviso that steps are taken during the remainder of 2013 to ensure the necessary level of additional recurring savings are produced and implemented within 2015/16 at the latest. A series of technical issues and associated matters are identified in Section 9 of Appendix 2 and a series of risks have been considered within Section 11 of that Appendix. The delegation arrangements referred to in Section 13 of Appendix 2 authorise the Corporate Directors to implement proposals contained in this report for their service areas once the budget proposals are agreed.

The Executive RECOMMENDS:

That the Council Tax Freeze Grant should be accepted and

a) in accordance with Section 42A of the Local Government Finance Act 1992 (as amended by Section 75 of The Localism Act 2011), that a net Council Tax requirement for 2013/14 of £225,193k be approved and that a Council Tax precept of this sum be issued to billing authorities in North Yorkshire (paragraphs 9.2 to 9.4 and Appendix E of Appendix 2)

b) in accordance with Section 42B of the Local Government Finance Act 1992 (as amended by Section 75 of The Localism Act 2011) a basic amount (Band D equivalent) of Council Tax of £1,057.48 be approved (paragraphs 9.2 to 9.4 and Appendix E of Appendix 2)

c) a net Revenue Budget for 2013/14 of £374,464k be approved and that the financial allocations to each Directorate, net of planned savings, be as detailed in Appendix D Sheet 1 of Appendix 2

d) that the Corporate Director – Children and Young People's Service be authorised, in consultation with Executive Members, to take the final decision, on the allocation of the Schools Block (paragraphs 8.10 to 8.14 of Appendix 2)

e) that the arrangements under which additional funds are allocated each year in respect of Adult Social Care and the Waste Strategy are approved and continue to be reviewed at least annually (paragraph 7.6 a) and paragraphs 8.4 to 8.6 of Appendix 2)

f) that the additional one-off funding of £2m in 2013/14 is approved to improve condition of the Highways Network as outlined in paragraph 7.6 b of Appendix 2)

g) that the policy target for the minimum level of the General Working Balance be retained at 2% of the net Annual Revenue Budget pending a review during 2013/14 (paragraphs 12.18 to 12.23 of Appendix 2)

h) That the Medium Term Financial Strategy 2014/15, and its caveats, as laid out in Section 7 and Appendix D Sheet 2 of Appendix 2 be approved.

i) That the attached pay policy statement (Appendix F of Appendix 2) covering the period 1 April 2013 to 31 March 2014 (paragraphs 9.11 to 9.17 of Appendix 2) be approved.

3. Revision of Prudential Indicators. The Capital Finance system introduced in April 2004 is underpinned by the CIPFA Prudential Code for Capital Finance in Local Authorities. This Code, which was last updated in November 2011, requires every local authority to set a range of Prudential Indicators as part of the Revenue Budget process, and before the start of the financial year, to ensure that capital spending plans are affordable, prudent and sustainable.

Prudential Indicators for 2012/13, covering the period up to 2014/15, were initially approved by the County Council on 15 February 2012. The Prudential Code also requires appropriate arrangements to be in place for the monitoring, reporting and revision of Prudential Indicators previously set. A full revision of all Indicators was approved by County Council on 10 October 2012.

As part of the 2013/14 Budget process, Prudential Indicators for the period up to 2015/16 now need to be approved. This section of the Executive Report should be read in conjunction with the separate section regarding Treasury Management. Although there has not been a further update to the full Code, CIPFA have issued an amendment to one of the Prudential Indicators. The net borrowing requirement Prudential Indicator (the Prudential Indicator for Prudence), that compared net debt (gross debt minus investments) with the Capital Financing Requirement, has been changed. The comparison is now gross debt to the Capital Financing Requirement and thus compares an authority’s debt level with its underlying need to borrow for Capital purposes (the Capital Financing Requirement). This change is, therefore, now reflected in Prudential Indicator 5.

Appendix 3A sets out the proposed updated Prudential Indicators, with the addition of 2015/16. This Appendix sets out every Prudential Indicator in terms of:

(a) the current Indicators (to 2014/15) approved by County Council on 10 October 2012

(b) a revised set of Indicators with the addition of 2015/16

(c) appropriate comments on each Indicator including reasons for any significant variations

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

(a) the latest (Q2) Capital Plan approved by Executive on 20 November 2012

(b) the level of Capital Allocations for the Highways LTP, Education schemes and Social Services approvals announced as part of the 2013/14 Provisional Local Government Finance Settlement

(c) updated information in relation to a number of schemes/ provisions and their phasing

(d) updated financing of the Capital Plan reflecting (a) to (c) above, together with latest forecasts for capital receipts

(e) updated capital financing costs reflecting (a) to (d) above.

All the Prudential Indicators relating to external debt are based on the assumption that annual capital borrowing requirements for the years 2012/13 to 2015/16 will be taken externally each year. As explained in the separate section of the report on Treasury Management, consideration will be given to delaying external borrowing throughout this period and funding annual borrowing requirements from revenue cash balances. This has the potential for achieving short term revenue savings and also has the benefit of reducing investment exposure to credit risk.

In making its decision on the Revenue Budget, the County Council is asked to note that the Authorised Limit for external debt determined for 2013/14 (£422.1m - see Item 6 of Appendix 3A) will be the statutory limit determined under Section 3 (1) of the Local Government Act 2003. This statutory requirement means that a local authority must determine and keep under review how much money it can afford to borrow in a given financial year.

The Executive RECOMMENDS:

That the updated Prudential Indicators for 2013/14 to 2015/16, as set out in Appendix 3A, and an Authorised Limit for External Debt of £422.1m in 2013/14, under Section 3(1) of the Local Government Act 2003, be approved.

4. Treasury Management. The County Council is required to adopt certain procedures in relation to Treasury Management which is defined as “the management of the local authority’s investments and cash flows, its banking, money market and capital market transactions; the effective control of the risks associated with those activities and the pursuit of optimum performance consistent with those risks”. Primarily the County Council is expected to comply with the terms of the CIPFA Code of Practice on Treasury Management in the Public Services which was last updated in November 2011 and adopted by the County Council on 15 February 2012. In addition, the County Council must also comply with the CIPFA Prudential Code for Capital Finance in Local Authorities which impacts heavily on Treasury Management matters which was also updated in November 2011 alongside the updated Code of Practice on Treasury Management. The Local Government Act 2003 requires the County Council to have regard to the Prudential Code and set Prudential Indicators for the next three financial years to ensure that the County Council’s capital investment plans are affordable, prudent and sustainable. A separate section on the Prudential Indicators for the three years 2013/14 to 2015/16 appears in this report and should be read in conjunction with this section because of the interaction between the Prudential Indicators and the Treasury Management arrangements.

In addition to the two CIPFA codes referred to above, the Government (Department of Communities and Local Government - CLG) issues statutory guidance on local government investments, which was revised with effect from 1 April 2010, and minimum revenue provision for debt repayment, which was revised with effect from 1 April 2012, to which the County Council must have regard. The combined effect of these Codes, and other relevant Regulations, is that the County Council has to have in place, by the start of the new financial year, an up to date Treasury Management Policy Statement and a combined Annual Treasury Management and Investment Strategy and Minimum Revenue Provision Policy. In addition to these statutory requirements, the County Council has agreed an additional local policy to cap capital financing costs as a proportion of the annual Net Revenue Budget. This is now incorporated into the Annual Treasury Management and Investment Strategy. The Executive recommends an updated Annual Treasury Management Strategy for the financial year 2013/14 which incorporates the Annual Investment Strategy and required Minimum Revenue Provision Policy.

The CIPFA Code of Practice on Treasury Management requires the County Council to approve a Treasury Management Policy Statement (TMPS), stating the County Council's policies, objectives and approach to risk management of its Treasury Management activities, and a framework of suitable Treasury Management Practices (TMPs) setting out the manner in which the County Council will seek to achieve the policies and objectives and prescribing how it will manage and control those activities. The Code recommends 12 TMPs. The Policy Statement is attached as Appendix 4A but, as no changes have been made to this document, it is provided for information only and does not need re-approval. The 12 recommended TMPs were originally submitted to Members in 2004. These have recently been redrafted to ensure that they are fully consistent with all subsequent changes, in particular the various updated Codes and Statutory Guidance. This updated set of TMPs was approved by the Audit Committee on 6 December 2012.

One of the key requirements of the CIPFA Code of Practice on Treasury Management continues to be that an Annual Treasury Management Strategy (ATMS), which incorporates a set of Borrowing Limits and Requirements for the year, is considered and approved before the start of each financial year. The ATMS must also include reference to external debt levels, the Prudential Indicators as well as the Annual Investment Strategy (AIS) requirements. The proposed Annual Treasury Management Strategy for 2013/14, incorporating the Annual Investment Strategy, is attached as Appendix 4B to this report. The key elements of the Strategy are:-

(a) an authorised limit for external debt of £422.1m in 2013/14

(b) an operational boundary for external debt of £402.1m in 2013/14

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

(d) borrowing from the money market for capital purposes is to be limited to 30% of external debt outstanding at any one point in time

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

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

(g) an 11% cap on Capital Financing costs as a proportion of the annual Net Revenue Budget

(h) a Minimum Revenue Provision (MRP) policy for debt repayment to be charged to the Revenue Budget in 2013/14, as set out in Section 11 of Appendix 4B

(i) the Corporate Director – Strategic Resources to report to the County Council if and when necessary during the year on any changes to this Strategy arising from the use of operational leasing, PFI or other innovative methods of funding not previously approved by the County Council

Attempts are being made to reduce the consequential interest charge impact on the annual Revenue Budget of the long term debt position of the County Council. The long term debt position of the County Council is related to the level of capital expenditure undertaken and the growth of the County Council's long term outstanding debt is demonstrated by the following table:-

@ Year End		Debt Outstanding (A)	Year on Year Variation	
		£m	**£m**	
31 March	2001 actual	147.3		
	2002 actual	148.9	+ 1.6	
	2003 actual	180.2	+ 31.3	
	2004 actual	215.1	+ 34.9	
	2005 actual	231.7	+ 16.6	
	2006 actual	274.4	+ 42.7	
	2007 actual	299.0	+ 24.6	
	2008 actual	328.2	+ 29.2	
	2009 actual	329.7	+ 1.5	(B)
	2010 actual	323.9	- 5.8	(B)
	2011 actual	390.1	+ 77.6	(B)
	2012 actual	376.8	- 13.3	(C)
	2013 forecast	375.5	- 1.3	see below
	2014 forecast	370.8	- 4.7	see below
	2015 forecast	362.5	- 8.3	see below
	2016 forecast	357.1	- 5.4	see below

(A) Excludes other long term liabilities such as PFI contracts and finance leases which are regarded as debt outstanding for Prudential Indicator purposes.

(B) Reflects the impact of premature repayment of external debt in 2008/09 and 2009/10 and its subsequent refinancing in 2009/10 and 2010/11, together with the capital borrowing requirement for 2009/10 being rolled forward into 2010/11.

(C) Reflects the current policy of internally financing capital expenditure from cash balances which, at some stage, will have to be reversed.

The debt outstanding forecasts for 31 March 2013 and subsequent years in the table above and the Prudential Indicators relating to external debt are based on an assumption that the annual capital borrowing requirements for the years 2012/13 to 2015/16 will be taken externally each year. Consideration will be given, however, to delaying external borrowing throughout this period and funding annual borrowing requirements from revenue cash balances (ie running down investments). This has the potential for achieving short term revenue savings and also has the benefit of reducing investment exposure to credit risk. As the table shows, the County Council's external debt increased by 256% between 2001 and 2012. Particularly noticeable is the increase in the years since 2002. This is primarily attributable to the increase in the value of annual Highways LTP allocations and the availability of Prudential Borrowing which has been used by the County Council to boost the size of the Capital Plan and thereby invest in its asset infrastructure. The ratio of borrowing related to government borrowing approvals, as opposed to being locally determined under the prudential regime, has been approximately 80/20 in the period up to 31 March 2011.

A significant feature of the 2011/12 Local Government Finance Settlement, however, was that all Government capital approvals from 2011/12 are funded from capital grants, rather than the previous mix of grants and borrowing approvals. This reduces annual capital borrowing and debt levels by about £33m per annum, with a consequential impact on capital financing costs. The impact of this is reflected in the table above, with forecast debt outstanding levels after 31 March 2011 starting to reduce year on year. This change has had significant implications on the future Treasury Management operations and consequential Prudential Indicators in terms of:

- reduced annual borrowing requirement and consequential debt levels from 2011/12

- the potential for the annual Minimum Revenue Provision (MRP) for debt repayment exceeding the actual new borrowing requirement in the year resulting in a net debt repayment required with potential early repayment penalties (premiums)

- reduced capital financing costs (interest + MRP) which were built into the 2011/12 Revenue Budget/MTFS

- significant impact on many Prudential Indicators

After reflecting the factors referred to above, the revenue cost of servicing the debt which impacts directly on the Revenue Budget / Medium Term Financial Strategy will be about £30.6m in 2013/14. This consists of interest payments of £15.4m and a revenue provision for debt repayment of £15.2m. The debt outstanding levels of the County Council will, on the basis of the current Capital Plan, start to reduce each year from 2011/12. This assumes that the Government continues to fund future capital approvals through grants, rather than the previous mix of grant and supported borrowing approvals. These debt levels could be reduced further by

(a) curtailing fresh capital investment and removing/reducing Capital Plan provisions that remain funded from external prudential borrowing

(b) significantly increasing the Revenue Budget/MTFS provision for debt repayment above the agreed Prudential policy (about 4% of debt) that is currently made

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

(d) funding total annual borrowing requirements from internal cash balances and thus running down investments. This internal capital financing option is referred to in more detail in paragraphs 6.9 and 8.4 to 8.12 of Appendix 4B

(e) following (d) above, external debt could also be prematurely repaid from internal cash balances and thus also running down investments.

As previously reported to the Council, this historical growth in debt is not unique to the County Council as the reasons for the growth apply to most County and Unitary Councils throughout the country. Based on statistics available, the tables below demonstrate the debt growth of comparable County Councils, together with a comparison of capital financing costs as a percentage of Net Revenue Budgets.

External Debt Outstanding Levels

Year	**Lowest**	**NYCC**	**Average**	**Highest**
Actual Levels	**£m**	**£m**	**£m**	**£m**
31/03/10	142.6	323.9	382.4	1,042.4
31/03/11	162.6	390.1	397.7	1,096.3
growth in debt				
actual 5 year growth from 31/03/06 to 31/03/11	-17%	+5%	+42%	+116%

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

Year	**Lowest**	**NYCC**	**Average**	**Highest**
	%	**%**	**%**	**%**
2011/12 estimates	5.4	9.1	9.4	13.2
2012/13 estimates	4.9	8.8	9.7	14.1

It is worth noting the following points in relation to the above two tables

(a) the County Council's absolute external debt level continues to be below the average of other Shire Counties

(b) the County Council's historical debt growth over the last 5 years is significantly below the average of other Shire Counties

(c) the County Council's capital financing costs (interest and principal) as a percentage of the Net Revenue Budget is below the average of other County Councils

(d) the range of debt levels and percentage of capital financing costs relative to the Net Revenue Budget can depend on a number of factors such as

- historical borrowing levels and rates of interest on those borrowings

- comparative levels of borrowing approvals issued by the Government up to 2010/11
- comparative levels of Prudential Borrowing
- relative levels of internally financed capital borrowing
- debt rescheduling activities which can reduce ongoing interest costs at the expense of accumulated repayment premiums which are written back to revenue over a period of years and result in lost interest earned.

(e) because of the factors mentioned in (d) above the comparison of debt and financing costs between authorities will be increasingly meaningless as time progresses.

The age profile of the County Council's external debt as at 31 March 2012 is:

Length of Period	£m
up to 1 year	26.7
1 year to 2 years	5.5
2 years to 5 years	55.6
5 years to 10 years	87.1
10 to 25 years	48.1
25 to 40 years	56.3
above 40 years	97.5
Total external debt at 31 March 2012	**376.8**

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

(a) there is no predetermined or model age profile and decisions to borrow have been taken each year in the light of current and forecast future interest rates together with the yield curve

(b) new borrowing in recent years has focused on longer period fixed term loans due to their historically low interest rates

(c) a period spread of the age profile is important to avoid having to refinance loans repaid within relatively short periods

(d) the 2013/14 Borrowing Strategy set out in Section 8 of Appendix 4B will mean that the County Council should be able (in current and forecast market conditions) to undertake cost effective borrowing over markedly shorter periods than in previous years and so achieve a more even spread of the debt maturity profile. This is subject, of course, to the potential impact of delaying annual borrowing requirements to later years by utilising cash balances and running down investments. As covered elsewhere in this report, however, future new borrowing levels are significantly lower than in previous years.

The criteria for monitoring and assessing organisations (counterparties) to which the County Council may make investments (ie lend) are incorporated into the detailed Treasury Management Practices (TMPs) that support the Treasury Management Policy Statement (TMPS). Applying these criteria enables the County Council to produce an Approved Lending List of organisations in which it can make investments, together with specifying the maximum sum that at any time can be placed with each. The Approved Lending List is prepared, taking into account the advice of the County Council's Treasury Management Advisor, Sector. The credit rating criteria utilised since 2011/12 have reflected the significantly enhanced criteria which have been developed since 2008/09, as a result of unprecedented events in the financial markets, together with continuing volatility. This approach has reflected:

(a) a system of scoring each organisation using Sector's enhanced creditworthiness service. This service, which has been progressively developed, uses a sophisticated modelling system that includes:

- credit ratings published by the three credit rating agencies (Fitch, Moodys and Standard and Poor) which reflect a combination of components (sovereign, long term, short term, individual and support)
- credit watches and credit outlooks from the rating agencies
- Credit Default Swaps (CDS) spreads to give early warnings of likely changes in credit ratings
- sovereign ratings to select counterparties from only the most credit worthy countries
- any known Central Government involvement or specific guarantees issued for an organisation

(b) sole reliance is not placed on the information provided by Sector. In addition the County Council also uses market data and information available from other sources such as the financial press and other agencies and organisations

(c) in addition to the above, the following measures also continue to be actively taken into consideration:

- institutions will be removed or temporarily suspended from the Approved Lending List if there is significant concern about their financial standing or stability
- investment exposure will be concentrated with higher rated institutions wherever possible.

By collating and reviewing on an ongoing basis the above data, the County Council aims to ensure that the most up-to-date information is used to assist in the assessment of credit quality and is seen as a practical response to the continuing money market instability and volatility. It is, therefore, proposed that the criteria adopted for 2012/13, continue to be utilised for 2013/14. These criteria are set out in full in paragraph 12.8 of the Annual Treasury Management and Investment Strategy 2013/14 (Appendix 4B) attached and will enable the County Council to continue to monitor and control its money market risk exposure whilst also ensuring that it can achieve a return that is consistent with market rates.

The Debt Management Office (DMO) Deposit Account is an investment facility introduced several years ago by the Government specifically for public authorities. This facility is AAA rated, as it is part of the HM Treasury Operations, and can be regarded as lending to the Government. It is, therefore, a 100% safe house lending option with no upper investment limit. This investment option is included in the County Council's current Approved Lending List with a current maximum investment of £100m. However the facility has not been used, to date, because of the vastly inferior interest rate on offer (currently 0.25%) which is below what could realistically be achieved elsewhere for similar short term flexible investments. Until 2008/09, this facility had not been used by many local authorities because of the low level of interest being paid. Following the turmoil and uncertainty in the financial markets, however, and the collapse of Icelandic banks in early October 2008, more local authorities started to use the facility, even to the extent of all their investments being placed with the DMO. As time progresses, use of the DMO is, however, reducing but a number of authorities still continue to use the facility to some extent. Given the steps previously taken by the UK and other Governments to stabilise the position in the financial markets, it is not considered necessary for the County Council to utilise the DMO option at this stage. As a precaution, however, the current £100m maximum investment limit will be maintained and the option utilised should market conditions deteriorate.

The current Approved Lending List is attached to this report as Schedule C to the Annual Treasury Management and Investment Strategy 2013/14 (Appendix 4B). The List, however, continues to be monitored on an ongoing basis and changes made as appropriate by the Corporate Director – Strategic Resources to reflect credit rating downgrades/upgrades, mergers or market intelligence and rumours that impact on the credit 'score' and colour coding as described below. The County Council evaluates an organisation's credit standing by using Sector's credit worthiness service. This service uses credit ratings and credit watch/outlook notices from all three principal market agencies overlaid by trends within the Credit Default Swap (CDS) market. All this information is then converted into a weighted credit score for each organisation and only those organisations with an appropriate score will fulfil the County Council's minimum credit criteria. The score is then converted into the end product of a colour code which is used to determine the maximum investment term for an organisation. Details of this assessment criterion is included in the Annual Treasury Management and Investment Strategy 2013/14 (paragraphs 12.8 (c) of Appendix 4B). Utilising the assessment of credit quality, the critieria and investment limits for specified investments (a maximum of 364 days) are:

- institutions which are substantially owned by the UK Government, (Nationalised Banks), being limited to £60m
- other institutions achieving suitable credit scores and colour banding being limited to a maximum investment limit of between £20m and £50m (actual duration and investment limit dependant on final score/colour)
- all foreign bank transactions are in sterling and are undertaken with UK based offices

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

- investments over 1 year to a maximum of 2 years with institutions which have a suitable credit score
- the maximum amount for all non-specified investments is £5m with any one institution

Local Authorities will continue to be included on the Approved Lending List for 2013/14, although suitable investment opportunities with them are limited. Because of the way they are financed and their governance arrangements, Local Authorities are classed as having the highest credit rating. The tables below detail all the changes reflected in the latest

Approved Lending List (Schedule C to Appendix 4B) compared with that submitted for 2012/13 in February 2012. In considering the current list and changes since February 2012, it is important to bear in mind that both last year and the current list are a ‘snapshot’ at one point in time and do not, therefore, reflect further in year changes that may not be evident in these ‘snapshots’.

(a) there are no organisations included on the 2012/13 Approved Lending List which will NOT be included for 2013/14

(b) organisation to remain in the 2013/14 Approved Lending List, but whose Maximum Investment Duration will be nil until Credit Ratings and market sentiment improve

Organisation	**Reason**
Santander UK	Due to fall in Credit Ratings

(c) increase in lending limits for

Organisation	**Original Investment Limit £m**	**Revised Investment Limit £m**
Nationwide Building Society	30.0	40.0
Svenska Handelsbanken	30.0	40.0

These increases were approved by the Corporate Director – Finance and Central Services under delegated powers on 20 June 2012.

The justification for the increase was to be able to invest significantly high levels of cash balances at that time within a very short, restricted Lending List.

(d) further changes were made during the year to increase and decrease the maximum investment term for some organisations. This was the result of market movements between the Credit Default Swap and iTraxx benchmark, an early warning of likely changes to credit ratings in the future.

Because of the stringent credit rating criteria being adopted, there are relatively few organisations remaining on the County Council’s Approved Lending List (Schedule C to Appendix 4B). The impact of future downgradings, mergers and other market intelligence could, therefore, reduce the list even further and present operational difficulties in placing investments. Under these circumstances, options that could be considered at some point in the future are:-

(a) running down investments through taking no new borrowing (paragraphs 8.4 to 8.12 of Appendix 4B)

(b) running down investments through repaying existing debt prematurely subject to debt repayment premium constraints (paragraphs 10.4 and 10.5 of Appendix 4B)

(c) considering the addition to the Approved Lending List of further high quality, highly rated foreign banks

(d) increasing the lending limits again for those high quality UK banks remaining on the Approved Lending List

(e) using the Government's DMO account ,'Triple A' rated Money Market funds or other potentially available mechanisms such as Treasury Bills

(f) actively looking to invest with other local authorities although demand is very spasmodic and interest rates being offered are relatively poor (marginally higher than the DMO account)

In its scrutiny role of the County Council's Treasury Management policies, strategies and day to day activities, the Audit Committee receives regular Treasury Management reports. These reports provide Audit Committee Members with details of the latest Treasury Management developments, both at a local and national level and enable them to review Treasury Management arrangements and consider whether they wish to make any recommendations to the Executive. In particular the Committee has expressed an ongoing interest in looking at the proposed use of any new financial instruments or changes in policy/strategy. As the County Council is required to approve an up to date Annual Treasury Management and Investment Strategy before the start of the new financial year, it is therefore not realistic for the Audit Committee to review this document in advance of its submission to Executive and the subsequent consideration by County Council on 20 February 2013. As in recent years it is, therefore, proposed that the Treasury Management Policy Statement (Appendix 4A) and updated Annual Treasury Management and Investment Strategy for 2013/14 (Appendix 4B) are submitted for review by the Audit Committee on 7 March 2013. Any resulting proposals for change would then be considered at a subsequent meeting of the Executive. If any such proposals were accepted and required a change to the, by then, recently approved Strategy document the Executive would submit a revised document to the County Council at its meeting on 15 May 2013.

Taking into account the matters referred to in this report, the monitoring and reporting arrangements in place relating to Treasury Management activities are now:

(a) an annual report to Executive and County Council as part of the Budget process that sets out the County Council's Treasury Management Strategy and Policy for the forthcoming financial year.

(b) an annual report to Executive and County Council as part of the Budget process that sets the various Prudential Indicators, together with a mid year update of these indicators as part of the Q1 Performance Monitoring report submitted to the Executive.

(c) annual outturn reports to the Executive for both Treasury Management and Prudential Indicators setting out full details of activities and performance during the preceding financial year.

(d) a quarterly report on Treasury Management matters to Executive as part of the Quarterly Performance and Budget Monitoring report.

(e) regular meetings between the Corporate Director – Strategic Resources, the Corporate Affairs Portfolio Holder, Deputy Leader and the Chairman of the Audit Committee to discuss issues arising from the day to day management of Treasury Management activities.

(f) reports on proposed changes to the County Council's Treasury Management activities are submitted as required to the Audit Committee for consideration and comment, in addition to the arrangements referred to above.

<u>The Executive RECOMMENDS:</u>

(a) That the Annual Treasury Management and Investment Strategy for 2013/14 as detailed in Appendix 4B be approved and, in particular,

(i) an authorised limit for external debt of £422.1m in 2013/14

(ii) an operational boundary for external debt of £402.1m in 2013/14

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

(iv) borrowing from the money market for capital purposes is to be limited to 30% of external debt outstanding at any one point in time

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

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

(vii) an 11% cap on capital financing costs as a proportion of the annual Net Revenue Budget

(viii) a Minimum Revenue Provision (MRP) policy for debt repayment to be charged to Revenue in 2013/14 as set out in Section 11 of Appendix 4B.

(ix) the Corporate Director – Strategic Resources to report to the County Council, if and when necessary during the year, on any changes to this Strategy arising from the use of operational leasing, PFI or other innovative methods of funding not previously approved by the County Council

(b) that the Audit Committee be invited to review Appendices 4A and 4B and submit any proposals to the Executive for consideration at the earliest opportunity.

5. School admission arrangements for the academic year 2014/15. The County Council is required to determine its school admission arrangements, which includes admission policy and admission limits, by 15 April each year.

When changes are proposed to admission arrangements, all admission authorities must consult by 1 March on their admission arrangements. Where the admission arrangements have not changed from the previous year there is no requirement to consult, subject to the requirement that admission authorities must consult on their admission arrangements at least once every 7 years, even if there have been no changes during that period. As the admission authority for all community and voluntary controlled schools in North Yorkshire the County Council consults annually on admission arrangements. Consultation must last for a minimum of 8 weeks and must take place between 1 November and 1 March in the determination year. This means that schools are first consulted in autumn term each year for admissions nearly two years later. The process is, therefore, based to some degree on schools' best estimates of the numbers of requests for places informed by the local authority's forecasting model, which takes into account the patterns of parental preference over the years.

The Council is the only body that may determine school admission arrangements, which it is asked to do in February, each year. This means that, in order to meet the deadline of the February County Council meeting and comply with the statutory and corporate deadlines for the process, the consultation on admissions arrangements needs to commence early in November and be completed by January.

The Education (Relevant Areas for Consultation on Admission Arrangements) Regulations 1999 (SI 1999 No. 124) require local authorities to determine relevant areas for consultation on admission arrangements. The relevant areas for schools maintained by North Yorkshire County Council are:

> For Community and Voluntary Controlled Schools, the relevant area is the entire County of North Yorkshire, plus the City of York and the area of Bradford Metropolitan Authority served at secondary level by South Craven School.
>
> For Voluntary Aided, Foundation, Trust Schools and Academies the relevant area for consultation is North Yorkshire County Council and any admission authorities within a radius of 3 miles of the school, including admission authorities in neighbouring local authority areas. It is proposed that relevant areas for consultation remain unchanged.

Other than the proposals below relating to changes to catchment areas at Holy Trinity Church of England Infant and Junior schools in Ripon, Sharow Church of England School in Ripon and South Milford and Athelstan Community Primary Schools. It is proposed that catchment areas for all other community and voluntary controlled school in North Yorkshire remain unchanged. Consultation has taken place with the headteachers and governors of 3 nursery, 319 primary and 36 secondary (including middle) schools, the academy trusts of the nine converter academies, parents and other groups in the local area, the 13 neighbouring authorities and also with the relevant diocesan authorities.

There are five key areas to the consultation, details of which are set out below.

The admissions policy sets out the criteria for determining admissions where schools are oversubscribed. The proposed admission policy for community and voluntary controlled schools and the proposed admission policy for nursery schools, schools with nursery and pre-reception classes are attached as appendices 5A and 5B respectively). The oversubscription priorities within the proposed admission policy for community and voluntary controlled schools, and the proposed oversubscription priorities for nursery schools and schools with nursery and pre-reception classes remain unchanged from 2013/14 arrangements.

The closing date for the consultation on the proposed admission policy to Community and Voluntary Controlled Schools was 17 January 2013, By which time a total of 13 responses were received. Nine of the respondents agree with the proposed admission policy and four disagreed. In one case the disagreement does not relate to the proposed admission policy itself, but to the specific issues of catchment area and published admission number at South Milford Community Primary School. Full details of this response are set out at Appendix 5H(d). As part of the proposed admission arrangements consultation for 2014/15, the authority has consulted upon a proposal to change the catchment areas of South Milford and Athelstan Community Primary Schools. The proposed PAN for South Milford Community Primary School is 30, which is in line with the current indicated admission limit of the school and its current capacity to comply with infant class size legislation. The authority is aware of, and has a proposal in place to meet the potential increase in demand for places as a consequence of further proposed housing development within the village. The PAN would be adjusted for future years in line with any additional accommodation provided at the school.

Ten responses were received to the proposed admission policy for nursery schools, schools with nursery and pre-reception classes, eight of which express agreement with the proposed policy.

The proposed published admission numbers [PAN's] for schools for 2014/15 are attached at appendices 5E and 5F. The County Council sets the admission limits of Community and Voluntary Controlled Schools in consultation with the governing body of the school.

From the academic year 2013/14, an "own admission authority" school (VA, Foundation, Trust School, Academy or Free School) is not required to include a proposal to increase or keep the same admission number in any consultation on admission arrangements. Alll admission authorities must, however, consult if they propose a decrease in PAN. As the admission authority for a community or voluntary controlled school, the local authority must consult the governing body of each school, whether it proposes to increase, decrease or keep the same admission number. Community and voluntary controlled schools have the right to object to the Schools Adjudicator if the PAN set for them is lower than they would wish. The Council has consulted with the governing bodies of all community and voluntary controlled schools as part of this annual consultation process. Agreements have been reached with the majority of schools and, where any school has requested an increase in PAN, the governing body has been advised that, once increased, there is a presumption against future decreases.

The School Admission Code 2012 states that all schools that are popular with parents are to be free to increase their PAN, without the need for local consultation, but they must notify their local authority of their intention to increase the school's PAN and reference to the change should be made on the school's website. DfE officials acknowledge that this will challenge the relationship between schools and local authorities and that freeing up PAN's will impact upon the dynamics of schools within an area. Objections to the Schools Adjudicator about an increase in PAN, or the PAN remaining the same, may only be made by the governing body of a community or voluntary controlled school. The rationale behind this is to enable all schools to take advantage of some of the freedoms enjoyed by "own admission authority" schools. In respect of such an objection there will be a strong presumption in favour of increase. It is difficult to reconcile this with the local authority's strategic role in planning school places. Where a school does increase its PAN, it is likely to stay at the higher level, which will make for significant growth over time and may have an impact on the demands on capital funding, as well as creating surplus places elsewhere.

Current indications are that academies within North Yorkshire do not propose to increase their PAN for 2014/15. Nevertheless this does not mean that they may not choose to do so prior to the determination of their admission arrangements or, indeed, subsequently. The revised Code provides that if, at any time following determination of the PAN, an admission authority decides that it is able to admit above its PAN, it must notify the local authority in good time to allow the local authority to deliver its co-ordination responsibilities effectively. Admission authorities may also admit above PAN in year.

Negotiated agreements have been reached with the majority of community and voluntary controlled schools, but some discussions are ongoing. The Governing Bodies of 3 primary schools have requested a PAN which is lower than the indicated admission limit [IAL] of the school, but is at the same level as determined in previous years, in order to enable the schools to comply with the Infant Class Size Duty. The Governing Bodies of six secondary schools (two of which are voluntary aided and therefore the governing body is, in each case, the admission authority for that school and in each case has previously determined a reduced PAN at the proposed number) have requested a PAN which is lower than the indicated admission limit. Each school has provided a valid reason to reduce their PAN, which is unlikely to have a detrimental impact upon the satisfaction of local levels of demand for places. Further details are provided in appendices 5E and 5F.

Under the 2012 School Admissions Code the local authority's role in co-ordination of the normal admissions round is to continue and all admission authorities must participate in co-ordination for the main round of admissions. There is, however, no longer a mandatory requirement that local authorities undertake in year co-ordination on behalf of all schools within their area and in liaison with their neighbouring local authorities. As the number of own admission authority [OAA] schools increases, parents may find it increasingly difficult to navigate a system which is fragmented in terms of numbers of admission authorities, proliferation of different admissions criteria and a lack of clarity about where accountability sits for securing their rights. In order for the scheme to operate effectively across all schools, including own admission authority schools within North Yorkshire, it will require the agreement of the governing body of each own admission authority school. It may be the case that some schools opt in, but others decline to do so. As the admission authority for community and voluntary controlled schools, the Council will want to retain responsibility for in year co-ordination within these schools and, in the interests of parents and children, we will continue to deal with in year admissions for all own admission authority schools which request us to do so. If an academy trust would like us to undertake this function on their behalf, this can be managed as a chargeable service.

Last year the County Council dealt with 4257 in year admissions, 1140 of which were for secondary school places and 3117 for primary school places. This level of demand for in year places has been replicated in local authorities nationally.

There were six responses on the proposed co-ordinated admission arrangements which include the In Year Fair Access Protocols, see appendices 5C and 5C(a). All six responses were from schools and were in agreement with the proposed arrangements. No responses have been received from any of our neighbouring LA's or other consultees. Under the School Admission Code 2012 there is no requirement for local authorities to implement a scheme for in-year co-ordination. This does not mean that local authorities cannot propose to continue to do so within their own local area. A number of our neighbouring authorities have indicated that they propose to continue to co-ordinate in year applications across their local area. The Co-ordinated Admission Arrangements Scheme (appendix 5C) proposes the retention of in year co-ordination of admissions by the County Council. The new Code states that 'they (local authorities) must provide in the composite prospectus how in-year applications can be made and will be dealt with. Local authorities must, on request, provide information to a parent about the places still available in all schools within its area, and a suitable form for parents to complete when applying for a place for their child at any school for which they are not the admission authority'.

The proposal to change the catchment areas for Holy Trinity Church of England Infant and Junior schools and Sharow Church of England School, in Ripon, forms part of the admissions arrangements consultation. It has come about following a change in status of Ripon Cathedral CE Primary School, in September 2011, from community school to voluntary aided school. The governing body, as admissions authority for Ripon Cathedral CE VA Primary School, determined that, with effect from September 2012, the school's catchment area would be revised in line with the wider ecclesiastical parish boundary of the Cathedral Church of St. Peter & St. Wilfrid Ripon. Full details of the proposal are set out at appendix 5G. Six responses were received and are referred to in Appendix 5G(a).

The proposal to change the catchment areas for South Milford Community Primary School and Athelstan Community Primary School, Sherburn-in-Elmet, forms part of the admissions arrangements consultation. The catchment area for South Milford Community Primary School is based upon the local civil parish boundary and has been in place for many years. This historic catchment area had not been raised as an issue prior to 2012 admissions, as the school had previously been able to satisfy all applications. Following the allocation of primary school places in 2012, the Council received representation from local residents about perceived unfairness of the catchment area, in that it did not encompass the full extent of the current village of South Milford. Concerns were raised by residents who live within what is locally considered to be the village of South Milford, but outside the local civil parish boundary and therefore outside the established catchment area for South Milford Community Primary School. The Schools Adjudicator reported on the matter, in September 2012, and found that it was reasonable to use parish boundaries as a basis for school catchment areas as they provide a straightforward starting point for determining boundaries. However he felt they could sometimes merit revision and adjustment from time to time. In the case of South Milford Community Primary School, the Adjudicator commented that a re-examination of the boundary would be appropriate. Full details of the proposal are set out at appendices 5H, 5Ha, 5Hb and 5Hc.

17 responses have been received. There is general agreement that the catchment area of South Milford Community Primary School should change. Whilst there have been some specific suggestions about the nature of the change, nothing has been proposed that the Executive would consider as providing a better solution. A summary of responses is attached at appendix 5Hd.

<u>The Executive RECOMMENDS:</u>

That the proposed School Admission Arrangements 2014/15 be adopted which include:

- (i) the proposed admission policy for community and voluntary controlled schools; and
  (ii) the proposed admission policy for nursery schools, schools with nursery and pre-reception classes, appendices 5A and 5B.

- the proposed published admission numbers [PAN's] for community and voluntary controlled schools as shown in appendices 5E and 5F and the limits for voluntary aided, foundation and trust schools and academies be noted.

- the proposed co-ordinated admission arrangements which include in-year co-ordination and the In Year Fair Access Protocols (appendices 5C and 5Ca).

- the proposed changes to the catchment areas for Holy Trinity Church of England Infant and Junior Schools, Ripon and Sharow Church of England Primary School, Ripon. (appendix 5G)

- the proposed change to the catchment areas for South Milford Community Primary School and Athelstan CP School, Sherburn-in-Elmet. (appendices 5H, 5Ha,5Hb & 5Hc.)

6. Motion - Future of Social Care. At the meeting of the County Council on 19 December, 2012 County Councillor Bill Hoult formally moved and County Councillor Keith Barnes seconded:

"This Council notes that the report of the Commission on Funding of Care and Support chaired by Andrew Dilnot was sent to the Chancellor of the Exchequer and the then Secretary of State for Health on 4th July 2010. The report recommended, inter alia:

a) that a cap should be set on an individual's contributions, and
b) that the upper threshold for means-testing should be raised.

This Council calls upon Her Majesty's Government to:

i. bring forward legislation to implement these two proposals without any further delay and
ii. ensure that the necessary funding provided to all local authorities is based upon the demographics of the eligible population rather than an arbitrary formula.

The Council calls on the Chief Executive to write to the Secretary of State for Health outlining these concerns"

The motion having been formally moved and seconded, without comment, was referred to by the Chairman to the Executive for consideration and report back to the Council. As seconder of the motion County Councillor Keith Barnes attended the meeting of the Executive and spoke on the motion. In doing so he informed the Executive that the date of July 2010 in the motion should be July 2011.

The Executive noted that, whilst the Dilnot Report had set out grounds for how the costs of care might be apportioned fairly between the State and the individual, it had not addressed the issue of the additional costs to the State which would arise and how the report's recommendations might be funded. Nor did the motion, in its current form, recognise that the Government had already stated its commitment to the principles of the Dilnot Report, at the time of its publication. The Executive took the view, however, that it could recommend that the motion be supported if it was amended so that it reads:

"This Council notes that the report of the Commission on Funding of Care and Support chaired by Andrew Dilnot was sent to the Chancellor of the Exchequer and the then Secretary of State for Health on 4th July 2011. The report recommended, inter alia:

a) that a cap should be set on an individual's contributions, and
b) that the upper threshold for means-testing should be raised.

The Government stated its commitment to the principles of the Dilnot report in July 2012 and confirmed this in January 2013 in the Mid Term Review.

This Council calls upon Her Majesty's Government to:

i. confirm the actual levels of the cap and threshold, and to bring forward legislation to be implemented without further delay
ii. ensure that the necessary funding provided to all local authorities is based upon the demographics of the eligible population rather than an arbitrary formula."

The Executive RECOMMENDS:

That subject to the motion being amended by:

deleting "2010" in the first paragraph and inserting "2011" in its place;

inserting between "should be raised." and "This Council calls upon" the words "The Government stated its commitment to the principles of the Dilnot report in July 2012 and confirmed this in January 2013 in the Mid Term Review.";

inserting after i) the words "confirm the actual levels of the cap and threshold, and to"; inserting "be" after "legislation to"; inserting "implemented" in place of "implement" and deleting, in i), "these two proposals" and "any";

and deleting "This Council calls on the Chief Executive to write to the Secretary of State for Health outlining these concerns."

the motion be supported.

The motion, as amended, would read:

"This Council notes that the report of the Commission on Funding of Care and Support chaired by Andrew Dilnot was sent to the Chancellor of the Exchequer and the then Secretary of State for Health on 4th July 2011. The report recommended, inter alia:

a) that a cap should be set on an individual's contributions, and
b) that the upper threshold for means-testing should be raised.

The Government stated its commitment to the principles of the Dilnot report in July 2012 and confirmed this in January 2013 in the Mid Term Review.

This Council calls upon Her Majesty's Government to:

i. confirm the actual levels of the cap and threshold, and to bring forward legislation to be implemented without further delay *ii. ensure that the necessary funding provided to all local authorities is based upon the demographics of the eligible population rather than an arbitrary formula."*

7. Changes to the Constitution: The Health and Social Care Act 2012 (the 2012 Act) creates new structures and means of commissioning health services, and introduces new responsibilities to upper tier and unitary authorities in relation to health and wellbeing and public health. The new functions and responsibilities attaching to the County Council as a result of the legislation necessitate certain changes to the Constitution.

The main provisions of the 2012 Act affecting local authorities, in summary, relate to:

a) the transfer of responsibility for public health to local authorities including powers for authorities to commission and provide public health services;
b) the duty to improve the health of residents of the Council's area;
c) the requirement to appoint (jointly with the Secretary of State for Health) a director of public health, with statutory responsibility in relation to the implementation of the health improvement and public health duties of the Council;
d) the establishment of a health and wellbeing board (HWB) of which the Directors of Children's' Services, Adult Social Care and Public Health are all members, along with elected Members, and representatives of Clinical Commissioning Groups and local Healthwatch. The HWB is currently established in shadow form. Its main responsibilities will be to encourage integrated working between commissioners of NHS, public health and social care services; prepare joint strategic needs assessments and joint health and wellbeing strategies;
e) changes to the way in which authorities may undertake health scrutiny;
f) requirements on authorities to contract with a local Healthwatch organisation to involve patients, service users and the public in the commissioning provision and scrutiny of health and social services.

`The responsibilities upon local authorities, pursuant to the 2012 Act, will take effect from 1 April 2013. Certain changes are the subject of Regulations which are yet to be brought into effect and which will involve further changes to the Constitution once that occurs. Other minor changes to the Constitution unconnected to the health legislation are also included in Appendix 7.

In summary, the following amendments are required to the Constitution. These are set out in detail in Appendix 7:

a) changes which are required to enable the Council to begin to implement its new responsibilities in relation to health, incorporating in the Constitution reference to the Health and Wellbeing Board, the public health function, the new Director of Public Health, and creating appropriate delegations to enable the Council to undertake its responsibilities from 1 April 2013. Further amendments may be required in future as these arrangements become embedded and the Regulations are brought into effect;

b) amendments to reflect changes made by the Localism Act 2011, repealing the wellbeing powers in the Local Government Act 2000 in relation to England (the wellbeing powers still apply in Wales) and introducing the general power of competence;

c) amendments to the delegation to the Director of Business and Environmental Services to increase the threshold in respect of Highway Maintenance and Integrated Transport, to enable the awarding of work under the terms and conditions of the existing Highways Maintenance Contract, up to the value of £100,000 in respect of the structural maintenance of Bridges and Structures and £150,000 in respect of the approved programme for Highways Maintenance and Integrated Transport;

d) amendments updating the List of Outside Bodies to reflect changes to appointments and delete bodies which either have ceased to exist or no longer require an appointment by the County Council.

Subject to approval of these changes by the County Council, any consequential changes required to the Constitution would be made under the delegated authority of the Assistant Chief Executive (Legal and Democratic Services).

The Executive RECOMMENDS:

That the changes proposed to the Constitution set out in Appendix 7 to this report be approved.

8. Appointments to Committees and Outside Bodies. The Executive makes below 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 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.
12 February 2013