

## The Report of the Executive

The Executive met on Tuesday, 19 November 2013 commencing at 11.00 am. County Councillor John Weighell in the Chair. County Councillors Arthur Barker, Gareth Dadd, Tony Hall, Carl Les, Don MacKenzie, Chris Metcalfe and Clare Wood.

Also in attendance: County Councillors Liz Casling, John Clark, David Jeffels, Patrick Mulligan, Elizabeth Shields and Tim Swales.

The Executive met on Tuesday, 3 December 2013 commencing at 11.00 am. County Councillor John Weighell in the Chair. County Councillors Arthur Barker, Gareth Dadd, Tony Hall, Carl Les, Don MacKenzie, Chris Metcalfe and Clare Wood.

The Executive met on Tuesday, 7 January 2014 commencing at 11.00 am. County Councillor John Weighell in the Chair. County Councillors Arthur Barker, Gareth Dadd, Tony Hall, Carl Les, Don MacKenzie, Chris Metcalfe and Clare Wood.

The Executive met on Tuesday, 21 January 2014 commencing at 11.00 am. County Councillor John Weighell in the Chair. County Councillors Arthur Barker, Tony Hall, Carl Les, Don Mackenzie and Clare Wood.

Also in attendance: County Councillors Val Arnold, David Blades, Lindsay Burr, John Clark, Bryn Griffiths, David Jeffels, Penny Marsden, Shelagh Marshall, Stuart Parsons, Peter Sowray and Cliff Trotter.

The Executive met on Tuesday, 4 February 2014 commencing at 11.00am. County Councillor John Weighell in the Chair. County Councillors Arthur Barker, Gareth Dadd, Tony Hall, Carl Les, Don Mackenzie, Chris Metcalfe and Clare Wood.

Also in attendance: County Councillors John Clark, Robert Heseltine and Patrick Mulligan.

**1. Council Plan 2014/15:** 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 (2014/15). The Council Plan is revised annually but, this year, the Plan also seeks views on the proposed vision, values and objectives for the Council to 2020. 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.

The Corporate Performance Management Group has co-ordinated the development of the draft Council Plan, to facilitate cross-directorate input, and the Corporate and Partnerships Overview and Scrutiny Committee also considered progress relating to the Plan on 1 November 2013. A draft was also circulated to members of the Corporate and Partnerships Overview and Scrutiny Committee in December and has been reviewed by Management Board.

Consultation with the public has concentrated on the setting of council tax, through the Citizens' Panel. The Plan itself is, this year, a consultation document, seeking, as it does, comments on the Council's proposed new vision, values, objectives and priorities as part of a fundamental review of service provision. Feedback will inform a longer-term strategic document designed to plot the Council's course up to 2020. For this reason this year's Council Plan has been dated 2014/15, rather than following the previous format of a rolling three year plan. 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. The plan aims to be a public focussed, easy to read, concise document. It details achievements in the last year, priorities for the next year and explains the need for changes to the Council's role in future in relation to services it is able to directly provide or fund. This latter change in approach forms the basis of the consultation with the public. 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 plan will be accompanied internally by a covering note from the Chief Executive, particularly emphasising the proposed objectives and priorities for the future. The plan will also include details on how resources will be allocated to the Council Plan priorities through the Medium Term Financial Strategy (MTFS), revenue resources, and capital plan. These details will be included once they have been agreed by Council. The draft Council Plan 2014/15, as at 27 January 2014, is attached at Appendix 1A.

The Council continues to perform well. This is a significant achievement given that, as a result of reductions in Government funding, the Council is on track to cut £94m from its budgets over the four years ending March 2015 and anticipates having to cut an additional £73m over the next four years to 2019. This represents a huge challenge in terms of continuing our excellent performance record. Developments to the County Council's performance management framework have been made and further initiatives are continuing that cover the full spectrum of the framework from the Council Plan itself through to individual performance management. A focus on team performance has continued, with a further internal peer review of a sample of teams undertaken in July 2013. The results of this were positive in terms of how performance management is operated at team level. Further reviews will be undertaken once enhancements to the performance management framework have been put in place.

Results of a Peer Review on our Library Service, managed by the LGA in July 2013, were positive. Strengths identified included a supportive political leadership, service ambition and leadership that pioneered new relations with communities to develop community libraries. A suggested area for improvement was to build on the position of libraries as a magnifier and a multiplier, adding value to other services and strengthening horizontal working across the council. The Service has developed an action plan to address the areas for improvement.

The County Council's technology and change service (ICT) has retained its ISO 270001 and ISO 20000 accreditation. This followed an independent audit carried out by the British Standards Institute. The County Council is one of only a handful of organisations in the UK that hold both ISO 27001 and ISO 20000 accreditations.

During November 2013 Ofsted started a new programme of inspections of local authority children's services. These inspections cover a range of safeguarding provision including early intervention services and child protection arrangements, as well as services for looked after children and care leavers. Every local authority will receive an inspection during an initial three-year programme, with the main focus of the inspection on the quality, effectiveness and responsiveness of frontline practice, including the rigour of managerial oversight, and the impact this has in demonstrably helping children, young people and their families. The Children and Young People's Service has established an inspections group to assess inspection readiness and to oversee preparatory work. As part of the new inspection framework outlined above, Ofsted has introduced 'reviews' of Local Safeguarding Children's Boards (LSCBs). The review will evaluate the effectiveness of the LSCB, including its governance and partnership arrangements, audit and training activities, understanding of the local safeguarding context, and its impact on service quality and improvement.

Health and Adult Service performance strongly supports the strategy of prevention and promoting independence. There has been a concerted effort to reduce reliance on residential placements and work over the past year has resulted in an overall reduction of 112 supported placements since September 2012. At Q2 of 2013/14 there were 1,902 older people supported in residential and nursing care. To support the reduction in residential placements, capacity has been freed up in domiciliary care by continued investment into the council's re-ablement service (START). This has proved successful in supporting over two thirds of people to no longer require a home care service following the initial START intervention. For people who do require home care packages there are indications that there is an emerging trend of higher levels of need and consequently the personal care hours commissioned by the directorate continues on an upward trend.

The Highway service in Business and Environmental Services has developed a two year rolling capital works programme as part of improving management of the network. This will also help to deliver the full annual programme of works in any one year, with the main impact of this development first being fully realised in 2014/15.

The County Council must demonstrate that it pays due regard, in developing its budget and policies and in its decision-making process, to the need to eliminate discrimination, advance equality of opportunity, and foster good relations between different people when carrying out their activities with regard to the protected characteristics of age, disability, gender reassignment, pregnancy and maternity, race, religion or belief, sex (gender) and sexual orientation. This includes compounding factors such as the rural nature of the county and the cumulative impact of proposals on groups with protected characteristics across the range of services. The impact of decisions on the County Council's activities as a service provider and an employer must be considered. At the earliest possible opportunity, significant proposed changes in service provision and budget are screened to identify if there are likely to be any equality implications. If equality implications are identified, the County Council uses an equality impact assessment (EIA) process to support the collection of data and analysis of impacts and to provide a way of demonstrating due regard. EIAs are developed alongside savings proposals, with equalities considerations worked into the proposals from the beginning. If a draft EIA suggests that the proposed changes are likely to result in adverse impacts, further detailed investigation and consultations are undertaken as the detailed proposals are developed. Proposed changes will only be implemented after due regard to the implications has been paid in both the development process and the formal decision-making process. Where the potential for adverse impact is identified in an EIA, services will seek to mitigate this in a number of ways including developing new models of service delivery, partnership working and by helping people to develop a greater degree of independent living.

An EIA has been carried out of the Plan for 2014/15 only and this is attached at Appendix 1B. The consultation element of the document and the implications of the proposals to refocus the approach of the county council are not part of this impact assessment, but will be assessed once the specific changes are known. Given the nature of these proposals, cuts to services, it is inevitable that there will be adverse impacts, particularly for those on a low income and/or living in a rural setting, although mitigating actions may also be identified as part of the process. It is intended that a consultation should run from the publication of the plan (beginning of April) to 30 June. Feedback from this consultation will inform an overall impact assessment on the Council's approach. Individual service changes which result from this revised approach will also be specifically impact assessed, as appropriate, as they roll out. The Council Plan for 2014/15 has a number of priorities relating to social care and education which seek to safeguard and improve outcomes for adults receiving social care who tend to be older, and/or people with disabilities, and for young people with vulnerabilities, including those arising from disabilities. The Council Plan reflects the legal requirement on local authorities under Section 3 of the Local Government Act 1999 to secure continuous improvement in the way in which it exercises its functions.

**The Executive RECOMMENDS:**

That the draft Council Plan, attached as Appendix 1A, is approved.

That the Chief Executive is 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 2014/15 and Medium Term Financial Strategy (MTFS):** The report, together with all its appendices, which was considered by the Executive and which makes recommendations regarding:

- The Revenue Budget 2014/15;
- Council Tax for 2014/15;
- MTFS for 2015/16 and
- Longer term financial projections from 2016/17 to 2018/19

Is attached as Appendix 2 to this report, so that all Members of the Council have all the information which was considered by the Executive in agreeing the recommendations set out below.

By the end of 2014/15 the Council should have delivered £93.5m of savings. It is estimated, however, that a further £73.4m will be required from 2015/16 to 2018/19. The aggregate savings requirement of £166.9m broadly equates to a 34% reduction in the Council's spending power since 2011. Savings proposals from 2014/15 have been agreed to the value of £19.3m as a result of previous County Council budget deliberations. Further savings proposals of £22.5m are proposed for 2015/16 as part of the MTFS's. A further £38.7m of savings proposals have been identified, at a high level, as part of the longer term financial projection, from 2016/17 to 2018/19.

One off funding of £5m in 2014/15 has been earmarked for further investment in highway condition. It is intended that discussions will take place with government to determine whether match funding can be provided.

£1.3m of balances have been used in 2014/15 and £1.9m in 2015/16 in order to meet the residual shortfall after savings proposals (paragraph 4.3 of the report to the Executive). It is recommended that a council tax increase of 1.99% is agreed, resulting in a Band D council tax level of £1,078.52 for the County Council (Section 6.0 and appendix E of the report to the Executive). Whilst high level savings proposals of £62m have been identified, there remains a residual short fall of circa £11.4m by 2018/19 which will, subject to further refinement, need to be found in future years (paragraph 7.7 of the report to the Executive). The high level savings proposals of £62m are based upon the approach outlined in Section 8 of the report to the Executive, which identifies the key features of the "2020 North Yorkshire Programme". This Programme seeks to re-position the County Council for the remainder of the decade, whilst meeting the estimated savings requirement. It is recognised that it will not be possible to continue to provide the same level of services in the same manner as has been the case to date.

Given the heightened financial risk, it is proposed that the existing policy of maintaining a minimum level equivalent to 2% of the annual net revenue budget for the General Working Balance is maintained, but is supplemented by a cash sum of £20m to provide for potential delays in the delivery of savings. This supplementary sum is to be reviewed in line with progress of the delivery of the savings programme (paragraph 10.4 of the report to the Executive).

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 10.9 to 10.11 of the report to the Executive). It is recommended that pump prime funding of £12.8m is earmarked from the PIP in order to assist in delivery of the 2020 North Yorkshire Programme (paragraph 10.22 of the report to the Executive). The draft pay policy statement 2014/15 is set out in paragraph 11.13 to 11.17 and Appendix F of the report to the Executive).

An assessment of the key financial risks to the County Council has been carried out in Section 12 of the report to the Executive and provides further justification for the change recommended to the policy for General Working Balances. The Corporate Director, Strategic Resources is obliged to offer a view of the robustness of estimates used in the Revenue Budget 2014/15 and the associated level of balances/reserves. The Corporate Director, Strategic Resources is satisfied that the report satisfies such a requirement, but notes that decisions need to be taken in the context of an on-going decline in funding (paragraph 13.22 of the report to the Executive).

A number of recommendations are made in order to progress some areas of the 2020 North Yorkshire Programme to a greater level of detail, which will be referred back to the Executive, and to County Council where changes are recommended to the existing major policy framework.

**The Executive RECOMMENDS:**

- a) that the Section 25 assurance statement provided by the Corporate Director, Strategic Resources regarding the robustness of the estimates and the adequacy of the reserves (paragraph 13.22 of the report to the Executive) and the risk assessment of the MTFS detailed in Section 12 of that report are noted.
- b) That, in accordance with Section 42A of the Local Government Finance Act 1992 (as amended by Section 75 of The Localism Act 2011), a net Council Tax requirement for 2014/15 of £233,216k is approved and that a Council Tax precept of this sum be issued to billing authorities in North Yorkshire (paragraphs 11.2 to 11.4 and Appendix E of the report to the Executive).
- c) That, 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 £1,078.52 is approved (paragraphs 11.2 to 11.4 and Appendix E of the report to the Executive).
- d) That a net Revenue Budget for 2014/15 of £372,999k is approved and that the financial allocations to each Directorate, net of planned savings, be as detailed in Appendix D Sheet 1 of the report to the Executive.
- e) That in the event that the final Local Government Settlement results in a difference of less than £1m then the difference to be addressed by a transfer to / from the General Working Balance in line with paragraph 11.19 of the report to the Executive with such changes being made to Appendix D as appropriate.
- f) That £5.0m is earmarked in the 2014/15 Revenue Budget for further investment in highway condition, such spending being subject to a further approval from the Executive following exploration of matched funding opportunities with government (paragraphs 5.2 to 5.3 of the report to the Executive).
- g) That the Corporate Director – Children and Young People's Service is authorised, in consultation with the Executive Member for Schools, to take the final decision on the allocation of the Schools Block (paragraph 10.14 of the report to the Executive).
- h) That £12.8m is earmarked from the Pending Issues Provision and delegated to the Chief Executive in consultation with the Corporate Director, Strategic Resources, the Leader of the Council and the Executive Member for Finance to deliver the 2020 North Yorkshire Programme in line with paragraph 10.6 of the report to the Executive.
- i) That the Medium Term Financial Strategy for 2015/16, and its caveats, as laid out in Section 4 and Appendix D Sheet 2 of the report to the Executive is approved.
- j) That the Corporate Director – Business & Environmental Services is authorised, in consultation with the Executive Members for BES to initiate the following :-

- i. Review the provision of household waste recycling centres across the County (Appendix J Sheet 1 (BES 8) of the report to the Executive).
  - ii. Review the existing subsidy to local bus services as part of a wider review of accessibility (Appendix J Sheet 1 (BES 13) of the report to the Executive).
- k) That the Corporate Director – Health and Adult Services is authorised, in consultation with the Executive Members for HAS, to initiate the following:-
  - i. Carry out a review of the Council's elderly person's homes and extra care rollout on a locality basis and to initiate any necessary consultation with partners, stakeholders and service users about future options (Appendix J Sheet 4 (HAS 6) of the report to the Executive).
  - ii. Jointly review with the NHS the Council's strategies for supported living for older people and people with learning disabilities, mental health problems and physical disabilities and to initiate consultations with partners, stakeholder and service users about future options (Appendix J Sheet 4 (HAS 7) of the report to the Executive).
- l) That the Corporate Director – Children and Young People's Services is authorised, in consultation with the Executive Members for CYPS, to initiate the following:-
  - i. Commence a review of Preventative Services including configuration of children's centres and youth facilities as part of the development of integrated 0-19 area teams (Appendix J Sheet 2 (CYPS 1) of the report to the Executive).
  - ii. Further review the provision of discretionary home to school transport arrangements including post 16 (Appendix J Sheet 2 (CYPS 5) of the report to the Executive).
  - iii. Commence a review of delivery arrangements for services to disabled children and their families including the provision of short breaks (Appendix J Sheet 2 (CYPS 8) of the report to the Executive).
  - iv. Progress final recommendations relating to the Commissioning and Governance of School Improvement arising from the North Yorkshire Commission for School Improvement ((Appendix J Sheet 2 (CYPS 3) of the report to the Executive).
  - v. Review the current financial framework for fostering allowances and arrangements for in-house residential care provision (Appendix J Sheet 2 (CYPS 7) of the report to the Executive).
- m) That the Chief Executive, in consultation with the Executive Member for Libraries, initiate a fundamental review of library services in consultation with the community in advance of a statutory consultation following the outcome of the review (Appendix J Sheet 2 (CS1) of the report to the Executive).

- n) That any outcomes requiring changes following Recommendations j), k), l) and m) above be brought back to the Executive to consider and, where changes are recommended to the existing major policy framework, then such matters to be considered by full County Council.
- o) 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 (paragraphs 10.6 to 10.8 of the report to the Executive).
- p) That the policy target for the minimum level of the General Working Balance is supplemented with a cash target of £20m for up to, and including, 2015/16 in line with paragraphs 13.16 to 13.20 of the report to the Executive.
- q) That the attached pay policy statement (Appendix F of the report to the Executive) covering the period 1 April 2014 to 31 March 2015 (paragraphs 11.13 to 11.17 of the report to the Executive) is approved.

That the delegation arrangements referred to in Section 14 of the report to the Executive, that authorise the Corporate Directors to implement the Budget proposals contained in this report for their respective service areas and for the Chief Executive in those areas where there are cross-Council proposals, are noted.

**3. Capital Plan:** A Capital Plan has not been included as part of the Budget setting process reports in recent years, but it was reported to County Council on 13 November 2013 that the latest Capital Plan would be incorporated into the budget report with a recommendation to County Council to adopt this Plan, along with other budget related recommendations. The reason for this change is to ensure that a Capital Plan for 2014/15 is approved by County Council before the start of the 2014/15 financial year. The County Council's Financial Procedure Rules empower the Executive to modify the Capital Plan during the year and this is achieved through the Capital section of the Quarterly Performance and Budget Monitoring reports or ad hoc reports if urgent changes are needed.

The full report on the Capital Plan considered by the Executive is attached as Appendix 3 to this report, including Appendices A to F. The 2013/14 Q3 Capital Plan, summarised in Appendix 3E, will therefore form the base Capital Plan for subsequent modifications approved by Executive throughout 2014/15. The latest Capital Plan does impact on both the revenue Budget 2014/15 and MTFS outcome and Treasury Management related activities in terms of:

- (a) Financing costs (interest and principal) required to finance the Capital Plan being reflected in the 2014/15 Revenue Budget and MTFS within Corporate Miscellaneous and
- (b) The Prudential Indicators and
- (c) The Treasury management arrangements

Because of these close links, reports on (a), (b) and (c) are also included on this agenda.

**The Executive RECOMMENDS:**



That the Q3 2013/14 Capital Plan, as summarised in Appendices 3A to 3E to the report, is 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”.

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 by CIPFA 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. This Code 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.

In addition to the two CIPFA codes referred to above, the Department of Communities and Local Government issues statutory guidance on local government investments - revised with effect from 1 April 2010, and minimum revenue provision for debt repayment, revised with effect from April 2012, to which the County Council must have regard. The full report on Treasury Management considered by the Executive is attached as Appendix 4. A separate report on the Prudential Indicators for the three years 2014/15 to 2016/17 was also submitted to the Executive, which should be read in conjunction with this report because of the interaction between the Prudential Indicators and the Treasury Management arrangements.

The combined effect of 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 also 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:**

- (a) That the Treasury Management Policy Statement as attached as Appendix 4A to the report, is approved.
- (b) That the Annual Treasury Management and Investment Strategy for 2014/15 as detailed in Appendix 4B and, in particular, the following are approved:
  - (i) an authorised limit for external debt of £445.0m in 2014/15

- (ii) an operational boundary for external debt of £425.0m in 2014/15
  - (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) (vi) a limit of £20m 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) a 10% 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 2014/15 as set out in Section 11 of Appendix B.
  - (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
- (c) That the Audit Committee is invited to review Appendices 4A and 4B of the report and submit any proposals to the Executive for consideration at the earliest opportunity.

**5. Revision of Prudential Indicators:** The new Capital Finance system introduced in April 2004 is underpinned by the CIPFA Prudential Code for Capital Finance in Local Authorities. This Code, 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. The Prudential Indicators for 2013/14, covering the period up to 2015/16, were initially approved by the County Council on 20 February 2013. The Prudential Code also requires appropriate arrangements to be in place for the monitoring, reporting and revision of Prudential Indicators previously set. A full revision of all Indicators was duly approved by County Council on 13 November 2013, following recommendations from the Executive meeting on 20 August 2013.

As part of the 2014/15 Budget process, a fresh set of Indicators for the period up to 2016/17 now needs to be considered and approved. Appendix 5A to this report sets out the proposed updated Prudential Indicators with the addition of a further year, 2016/17. This Appendix sets out every Prudential Indicator in terms of:

- (a) the current Indicators (to 2015/16) approved by County Council on 13 November 2013
- (b) a revised set of Indicators with the addition of 2016/17
- (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 Capital Plan update to 30 December 2013 (Quarter 3 2013/14)
- (b) the level of Capital Allocations for the Highways LTP, Education schemes and Social Services approvals announced as part of the 2014/15 Provisional Local Government Finance Settlement
- (c) updated financing of the Capital Plan reflecting (a) to (c) above, together with latest forecasts for capital receipts
- (d) updated capital financing costs reflecting (a) to (c) above.

All the Prudential Indicators relating to external debt are based on the assumption that annual capital borrowing requirements for the years 2013/14 to 2016/17 will be taken externally each year. As explained in the separate Treasury Management item in this report, however, 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 2014/15 - £445.0m - will be the statutory limit determined under Section 3 (1) of the Local Government Act 2003; this statutory requirement means that a local authority shall determine and keep under review how much money it can afford to borrow in a given financial year.

**The Executive RECOMMENDS:**

- (i) That the updated Prudential Indicators for 2014/15 to 2016/17 as set out in Appendix 5A are approved.
- (ii) That Authorised Limit for External Debt of £445.0m in 2014.15 under Section 3 (1) of the Local Government Act 2003 is approved.

**6. School Admission Arrangements 2015/16:** The local authority is required to determine its 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 local authority 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. Since the Council is the only body that may determine the matter, it falls to the Council 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 the following 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 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.

It is proposed that catchment areas for all community and voluntary controlled schools in North Yorkshire remain unchanged.

Consultation has taken place with the headteachers and governors of 3 nursery, 316 primary and 36 secondary (including middle) schools, the academy trusts of the ten converter academies, parents and other groups in the local area, the 13 neighbouring authorities and also with the relevant diocesan authorities.

The proposed admission policy for community and voluntary controlled schools and the proposed admission policy for nursery schools, schools with nursery and pre-reception classes is attached (Appendices 6(1) & 6(2) respectively) remain unchanged from 2014/15 arrangements. The closing date for the consultation on the proposed admission policy to Community and Voluntary Controlled Schools was 10 January 2014. By the closing date a total of three online responses had been received, all of which expressed agreement with the proposed policy. A total three online responses to the proposed admission policy for nursery schools, schools with nursery and pre-reception classes had also been received by the closing date of which expressed agreement with the proposed policy.

The proposed published admission numbers [PAN's] for 2015/16 are attached at appendices 6(4) & 6(5). 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 Schools, Academies or Free Schools) is not required to include a proposal to increase or keep the same admission number in any consultation on admission arrangements. Conversely all admission authorities must 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 governing bodies of all community and voluntary controlled schools have been consulted as part of this annual consultation process. Agreements have been reached with the majority of schools. The governing body of Brayton High School requested a reduction in the proposed published admission number [PAN]. The proposed PAN of 241 is in line with the net capacity of the school. The governing body requested a PAN of 120 on the basis that over the past three years the number of pupils admitted each September into year 7 has averaged 70. The school shares a joint catchment area with Selby High School. Pupil forecast data indicates that longer term there will be a need for more places across the joint catchment area. The Selby High School site is constrained and unlikely to take significant further expansion. Officer views are that the proposed PAN of 241 should be maintained since it is in line with the net capacity of the school and it would be inappropriate to reduce the PAN knowing that demand for secondary school places in the catchment area will increase.

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. 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.

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 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. This does not mean that local authorities cannot propose to continue to do so within their own local area. The Co-ordinated Admission Arrangements Scheme (appendix 6(3)) proposes the retention of in year co-ordination of admissions by the local authority. As the number of own admission authority 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. It is proposed that within North Yorkshire the local authority will continue to co-ordinate in – year admissions for all community and voluntary controlled schools. In order for the scheme to operate effectively across all schools, including own admission authority schools, it is proposed that the local authority will also continue to co-ordinate in-year

admissions on behalf of the governing bodies of own admission authority schools which elect to be party to the scheme. Officer views are that, as the admission authority for community and voluntary controlled schools we would 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.

At the closing date of the consultation there were three responses on the proposed co-ordinated admission arrangements which include the In Year Fair Access Protocol, managed moves protocol and primary fresh start policy (appendices 6(3), 6(3a), 6(3b) and 6(3c)). All three responses were from schools and were in agreement with the proposed arrangements. No responses have been received from any of our neighbouring local authorities or other consultees.

#### **The Executive RECOMMENDS:**

That the proposed Admission Arrangements be approved which include:

- i) the proposed admission police for community and voluntary controlled schools; and
- ii) the proposed admission policy for nursery schools, schools with nursery and pre-reception classes, appendices 6(1) & 6(2).
- the proposed published admission numbers [PAN's] for community and voluntary controlled schools as shown in appendices 6(4) [primary] and 6(5) [secondary] and note the limits for voluntary aided, foundation and trust schools and academies.
- the proposed co-ordinated admission arrangements which include in-year co-ordination, the In Year Fair Access Protocol, Managed Moves Protocol and Primary Fresh Starts Policy (appendices 6(3), 6(3a), 6(3b) and 6(3c)).

**7. Housing Waste Recycling Centre Savings:** The report to the meeting of the County Council on 24 July 2013 considered the Revenue Budget 2013/14 and Medium Term Financial Strategy. It stated that

“Council policy is to allow limited free access for disposal of construction and demolition material, including soil and rubble. Charges can be made, or restrictions imposed, for the receipt and disposal of waste which is not household waste, such as soil and rubble, delivered by a resident of the area. The cost of disposal of soil and rubble is £240k per annum. Charges or restrictions could be introduced to recoup this cost / make the activity cost neutral. As a change in policy, it is suggested that a formal consultation takes place for a period of 3 months. Details of the consultation would be drawn up and commenced as soon as practicable. The consultation will include a wider stakeholder group, including users and operators and also communities, parishes and stakeholder groups. The outcomes would be analysed with a view to considering an implementation date as soon as possible during 2014/15 and as relevant to the outcome of the consultation”

The Council resolved that

“the Corporate Director, Business and Environmental Services be authorised to begin a consultation exercise on the disposal of construction and demolition material, including soil and rubble, which could potentially realise savings of £240k.... the outcome of the consultation and any proposals in relation to savings affecting these services following that process be reported back to the Executive for approval.”

The consultation exercise was carried out between 14 October and 22 December 2013 and was publicised at HWRCs, libraries, through parish and town councils, on the County Council's consultation web pages, by letters to businesses and charities who use the service, through staff bulletins, a Member briefing email, press releases and a radio interview. The consultation period was eventually reduced, from the 3 months suggested in the report to Council on the 24 July 2013, to 10 weeks, in order to ensure the ability to meet programme deadlines. The 10 weeks period used for this consultation is still considered to be reasonable and appropriate in this case. Those wishing to find out more detail about the proposals could read the consultation document on the council website consultation page or by requesting a copy from customer services. Responses to the consultation could be made through onsite surveys, using the council website consultation page or by completion of a paper consultation questionnaire.

The primary purpose of the consultation was to seek views on the disposal of soil and rubble (and similar materials), however, the opportunity was also taken to consult on other areas of the service at the same time. These aspects of the consultation have yet to be analysed and do not form part of this report. The consultation document described the need to save money and options to deal with soil and rubble, and plasterboard and sought views on the following options:

- The County Council's HWRCs should not accept soil and rubble waste;
- All the County Council's HWRCs should accept soil and rubble waste but at a charge;
- Some of the County Council's larger HWRCs should accept soil and rubble waste at a charge and the remaining HWRCs would not accept this waste;
- The County Council should treat plasterboard in the same way as soil and rubble waste.

The consultation also allowed people to provide other comments on the proposals. In total 1126 responses have been received to the consultation as well as 37 letters/emails. A summary of the responses to the consultation is included as Appendix 7A. The key points from the responses are:

- Only 10% agree that we should not accept soil and rubble at HWRCs, 83% disagree. This means residents are strongly in favour of the Council continuing to accept this waste at HWRCs.
- 56% agree that we should accept soil and rubble waste at a charge at all of the HWRCs, whilst 36% disagree with a charge.
- only 28% agree that we should only accept soil and rubble waste at a charge at larger HWRCs, and 62% disagree with this. This means that whilst people do not overwhelmingly agree with charges, a larger proportion would prefer this to be at *all* of the HWRCs, not just at some larger HWRCs.
- 61% agree that the County Council should treat plasterboard in the same way as soil and rubble, 24% disagree. This means that the majority of residents would prefer that we should treat plasterboard in the same way as soil and rubble.

Comments received in regard to charging customers for soil and rubble or refusing to accept it at our HWRCs and treating plasterboard in the same way are included as Appendix 7B. The key points raised are that some people believe:

- any restriction or charge will lead to increased fly tipping
- this in turn will reduce savings/increase costs
- soil and rubble will be placed in residual waste bins

Similar comments have also been received from Harrogate Borough Council, on behalf of the district and borough councils of the York and North Yorkshire Waste Partnership. Eleven Parish/ Town councils have also responded directly raising the issue of the potential for increased fly tipping.

Whilst opinion is not strongly in favour of charging for soil and rubble, people want the HWRCs to accept this material and if charges are to be introduced would prefer this is put in place across all HWRCs. More than twice as many people agree that we should treat plasterboard in the same way as soil and rubble, as disagree with this proposal. Concerns over increased fly tipping, which would result in reduced savings and increased costs, were raised by some respondents. Feedback from some other authorities who have implemented charges for similar wastes suggests that whilst there may be a slight increase after the initial introduction of charging, this will decline over time, having a minimal impact on projected savings. The national fly tipping database (Flycapture) shows that when this council put restrictions in place in 2008 to limit the amount of soil and rubble that could be disposed of without charge, this did not result in significant increases in fly tipping. Similarly in 2011, when we closed all HWRCs on Wednesdays, no great increases in fly tipping were observed. Some people also raised concerns that a restriction or charges would also lead to the waste being placed in district/borough council bins. Feedback from other authorities who have implemented charging suggests that this is not the case.

Discussions have been held with the council's HWRCs contractors who will be key to any approach taken. If soil and rubble and/or plasterboard were no longer accepted at HWRCs, the contractors' resources would need to be transferred from encouraging customers to segregate this waste and placing it into the correct container, to ensuring this waste is not brought into the HWRCs for disposal. This would have unknown impact on HWRC operating costs and efficiency as staff resources are redirected to enforcing policy over encouraging recycling. This option could therefore lead to claims from operating contractors for compensation for any losses incurred as a result. The Executive's view on the approach to deal with this waste is to accept it at a charge, but then the contractors will need additional resources to operate and administer any charging mechanism. To ensure this cost is not passed to the council and that soil and rubble waste is not transferred into the residual waste, it is proposed that responsibility for managing this waste be passed to the HWRC contractors by reclassifying it as a 'contractor waste'. The contractors will be incentivised to manage the waste appropriately by being able to recover a commercial charge, which will then ensure the amounts of soil and rubble entering the residual waste stream are minimised, and recycling performance maintained. HWRC operating contractors have indicated their support for this approach. Reclassifying soil and rubble as a 'contractor waste' requires an amendment to HWRC operating contracts which cannot be done without the agreement of the HWRC contractors. If charging for soil and rubble at any or all HWRCs is to be allowed, formal agreement will therefore be needed with the HWRC contractors to make the necessary changes to the contracts. It is anticipated that the charges will be implemented from, or shortly after, 1 April 2014. A short delay may be necessary in order to finalise variations to HWRC operating contracts, and for the contractors to develop charging systems. The impact on



HWRC users will need to be publicised. It is anticipated that this will include at HWRCs, libraries, through parish and town councils, on the County Council's web pages, by letters to businesses and charities who use the service, through staff bulletins, member briefing email and press releases. Further communication will be required closer to the implementation date.

Changing the way the Council deals with soil and rubble, and/or plasterboard requires changes to Council policy and the Executive's recommendations are set out below. Either option of no longer accepting soil and rubble, or continuing to accept it as a 'contractor's waste' and allowing the Contractor to charge, was capable of realising the required savings of £240,000 p.a., although the savings realised by no longer accepting it may have been reduced if operating contractors incur significant costs in enforcing the policy. An agreement to allow the operating contractor to charge for this waste will be at no cost to the Council and will, therefore, deliver the full required annual saving. An additional saving of up to £90,000 p.a. will be made if plasterboard is treated in the same way.

The County Council has a duty as a waste disposal authority (WDA) under the Environmental Protection Act (1990) to provide places where residents can take their household waste for disposal. The County Council fulfils this duty through the provision of 20 household waste recycling centres. The Controlled Waste Regulations (2012) describe waste from construction and demolition works as Industrial waste. There is no further legal definition of what waste materials are to be included in those arising from construction and demolition activities, but it is considered reasonable to assert that soil, rubble and plasterboard will only arise in any significant quantity as a consequence of construction and demolition works. This means that soil, rubble and plasterboard are 'industrial waste' and consequently, outside the Council's duty to receive free of charge at HWRCs. This interpretation accords with the prescribed definition of household waste used for the purposes of reporting National Indicators which states that household waste excludes "rubble (including soil associated with the rubble)". The Council currently charges for the receipt and disposal of commercial waste at two HWRCs using general powers under the Local Government Act 2003. The County Council can rely on the same discretionary powers or consider powers under the Localism Act 2011 to charge for the receipt and disposal of soil, rubble and/or plasterboard. If soil and rubble, and/or plasterboard are reclassified as a 'contractor waste' and the operating contractors charge for the waste directly, there are no further legal implications beyond agreeing the necessary contract variations. Under these circumstances the charge becomes a commercial transaction between the contractor and the person delivering the waste, with the Council having no direct involvement.

Consideration was given, prior to the consultation, as to whether the proposed changes disproportionately impacted or discriminated against individuals with 'protected characteristics' of age, disability, gender reassignment, pregnancy and maternity, race, religion or belief, sex and sexual orientation. No issues were identified at that time and therefore, in accordance with Council practice, the proposed changes have not been subject to a full and comprehensive Equality Impact Assessment. A record of this decision was published on the County Council's web site at that time in October 2013. No additional equality and diversity issues have been identified as a result of the consultation process informing this report.

The Executive has authorised the Corporate Director – Business and Environmental Services, in consultation with the Assistant Chief Executive (Legal and Democratic Services) to agree changes to HWRC operating contracts that enable the continued receipt of soil and rubble, and plasterboard, at all HWRC's at no cost to the Council, including allowing contractors to charge for this waste, from 1 April, 2014, or as soon as practicable thereafter. In the event that agreements with HWRC operating contractors are not completed by 1 April 2014, the Corporate Director – Business and Environmental Services has been authorised to put in place such arrangements necessary so that the Council shall stop accepting soil and rubble and/or plasterboard at the appropriate HWRCs from this date.

**The Executive RECOMMENDS:**

That HWRC Policies 13, 19 and 20 are amended, to read:

Policy 13 - North Yorkshire County Council will provide facilities at all HWRCs, where space allows, for green waste to be separated for composting and for timber, metals, paper and cardboard to be collected for recycling or recovery.

Policy 19 - North Yorkshire County Council may provide a service for soil, rubble and plasterboard disposal provided that HWRC operating contractors agree to receive these wastes at no costs to the County Council.

Policy 20 - North Yorkshire County Council will allow its HWRC contractors to recover costs for the disposal of soil, rubble and plasterboard by making a charge.

**8. Appointments to Committees and Outside Bodies.** The Executive sets out below the usual recommendation relating to the allocation of seats and changes of membership of committees, should political groups wish to make such changes. In addition the Yorkshire and Humber Joint Scrutiny of Health Committee was set up in 2011 to consider how national proposals for children's cardiac surgery would impact on the Yorkshire and Humber region. County Councillor Jim Clark was the Council's representative on the Committee. Under the original proposals the children's unit in Leeds was to close. The Yorkshire and Humber Joint Scrutiny of Health Committee, and one or two similar committees in other parts of the country, referred the proposals to the Secretary of State for Health. After a drawn out process the review was called to a halt by the Secretary of State for Health. NHS England is now carrying out a national review of Congenital Heart Disease, for adults and children, and it is expected that proposals will come forward later this year. Across the Yorkshire and Humber region there is now commitment to extend the remit of the original joint committee so that it is able to consider the new wider review. The Council is therefore asked to confirm its commitment to the Joint Scrutiny Committee and appoint County Councillor Jim Clark to represent the Council on the committee.

**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, including approval for the establishment of a Yorkshire and Humber Joint Scrutiny of Health Committee with one representative from North Yorkshire County Council and that County Councillor Jim Clark be appointed to that Joint Committee.

JOHN WEIGHELL  
Chairman

County Hall,  
NORTHALLERTON.  
11 February 2014