The Report of the Executive

The Executive met on Tuesday, 27 May 2014 commencing at 11.00 am. County Councillor John Weighell in the Chair. County Councillors Arthur Barker, Gareth Dadd, Tony Hall, Don Mackenzie, Chris Metcalfe and Clare Wood.

The Executive met on Tuesday, 17 June 2014 commencing at 11.00 am. County Councillor John Weighell in the Chair. County Councillors Arthur Barker, Gareth Dadd, Carl Les, Don Mackenzie, Chris Metcalfe and Clare Wood.

Also in attendance: County Councillors Liz Casling, Jim Clark, Patrick Mulligan and Elizabeth Shields.

The Executive met on Tuesday, 8 July 2014 commencing at 11.00am. County Councillor John Weighell in the Chair. County Councillors Arthur Barker, Gareth Dadd, Carl Les, Don Mackenzie, Chris Metcalfe and Clare Wood.

Also in attendance: County Councillors John Clark., Robert Heseltine, Joe Plant, Mike Jordan and Elizabeth Shields.

1. Revenue Budget Report 2013-14: The Accounts of the County Council for 2013/14 have now been closed and are being finalised for external audit. The figures are therefore still provisional at this stage up to the Statutory Final Accounts being signed off by the External Auditor in September 2014. It is not envisaged however that any significant amendments will be required.

This 2013/14 outturn report continues the revised presentation to the way in which the Revenue Budget monitoring is reported which was introduced at Q1 in 2013/14.

The final revised 2013/14 net expenditure budget is £397,637k (unchanged from Q3) with the movement since the original net budget approved by Executive in February 2013 shown in **Appendix 1A** with a summary being

Item	£000
net budget requirement approved in February 2013	374,464
add funding shortfall met from GWB	+2,437
= initially approved net expenditure budget	376,901
Approved carry forwards from 2012/13	+22,736
Additional savings from ‘Budget 2’ approved by Executive on 9 July 2013	-2,000
= final 2013/14 net expenditure budget	**397,637**

A full analysis of this final 2013/14 Revenue Budget by Directorate is attached at **Appendix 1A** and shows for each Directorate:

(a) the original Budgets approved by County Council in February 2013

(b) carry forwards from 2012/13 approved by the County Council in July 2013

(c) additional 2013 'Budget 2' savings agreed by County Council in July 2013

(d) the transfer of Business Support Services budgets from Directorates to Central Services

(e) the early achievement of One Council savings with these budget savings transferred to Corporate Miscellaneous

(f) allocations from the PIP in 2013/14

(g) various other budget transfers agreed during the year with key ones being as follows:

- HAS £3m Demographic change budget being centralized in Corporate Miscellaneous and drawn down by HAS on a quarterly basis
- Centralisation of some significant budgets from Directorates to Central Services, most notably ICT but a number of other smaller ones
- Return of unutilised HAS inflation provision to Corporate Miscellaneous (2013/14 only)

(h) the final budgets for each Directorate for 2013/4

A breakdown of this £397,637k final 2013/14 Revenue Budget at Directorate level is as follows:-

Directorate	Carry forwards from 2012/13 (assumed fully spent)	PIP allocations 2013/14	Re-curring Budget	Corporate PIP including carry forward from 2012/13	Overall total
	£000	**£000**	**£000**	**£000**	**£000**
HAS	1,170	232	138,579	-	139,981
BES	2,640	-	77,842	-	80,482
CYPS	1,824	-	79,759	-	81,583
CS	4,020	695	51,227		55,942
Corp. Miscl.	681	-	18,496	20,472	39,649
Total budgets	**10,335**	**927**	**365,903**	**20,472**	**397,637**

Total excluding Corporate PIP £377,165k

As indicated in the table in above the overall net revenue budget for 2013/14 brings together a number of different strands, each of which have their own dynamic. The 3 main components are:-

a) Projects / initiatives carried forward from 2012/13

One off underspends in 2012/13 that have been brought forward into the 2013/14 revenue budget to principally fund projects and initiatives that often span financial years, some of which will continue beyond 31 March 2014.

The carry forwards from 2012/13 totalling £10,335k were approved for 3 primary purposes:-

(i) projects / initiatives that span financial years (£7,731k)
(ii) to cashflow savings requirements in advance of the full delivery of the savings (£1,923k) and
(iii) funds to support Second Homes Community Fund and Pay and Reward (£681k)

A change of reporting was made at Q1 in recognition that many projects / initiatives span financial years. All projects / initiatives funding that were carried forward from 2012/13 are being reported in this Revenue Outturn report but any "underspends" at the year end have been transferred to earmarked reserves and, for the purposes of this Revenue Budget report, are therefore shown as fully spent.

b) The Pending Issues Provision (PIP) and the availability of 'one off' investment monies

c) The recurring operational budgets within Directorates in order to deliver day to day services

The overall revenue outturn position of the County Council for 2013/14 is as follows:

Item	£000	£000
Revised Budget for 2013/14 (**per Appendix A and paragraphs 5.6**)		397,637
- Net expenditure outturn 2013/14		
• charged against Directorate Budgets	360,095	
• charged against Corporate PIP	448	
• release of earmarked reserves into the General Working Balance (GWB) which has the impact of reducing in year spend **(paragraph 5.37)**	-7,986	352,557
= total variation against the 2013/14 final revised budget		**-45,080**

The table above indicates that in total expenditure terms there is a year end cash variation of -£45,080k but this includes the impact of releasing earmarked reserves into the GWB (£7,986k) and the unspent Corporate PIP (£20,024k). After removing the impact of these two items, the resulting bottom line saving against the 2013/14 budget is £17,070k made up as shown below:-

Item	2013/14 budget	2013/14 outturn	variation
	£000	**£000**	**£000**
Operational budgets			
- recurring (**paragraph 5.17(a)**)	366,830	349,760	-17,070
- projects / initiatives (**paragraph 5.17(a)**)	10,335	10,335	-
Sub –total	377,165	360,095	-17,070
Corporate PIP (**paragraph 5.17(a)**)	20,472	448	-20,024
Release of earmarked reserves (**paragraph 5.37**)	-	-7,986	-7,986
Overall total	**397,637**	**352,557**	**-45,080**

The table above identifies savings of £17,070k against operational budgets, the availability of £20,024k of 'one off' funding for investments from the PIP, plus the impact of releasing earmarked reserves of £7,986k into the GWB. The bottom line variation of -£45,080k therefore does not represent a fair reflection of the underlying and recurring budget position. In order to get below this bottom line it is necessary to consider the components that make up the operational budgets in particular – see the next table below.

Following the budget breakdown and the outturn position in, **Appendix 1B** provides an overall outturn variation position at Directorate level and the proposed treatment of the cash variations. It should also be noted that the budget includes savings requirements more detail of which is provided later in the report at page 29 and 30.

The table below is a summary of **Appendix 1B** and focuses on Directorate / Corporate operational budgets in terms of their outturn positions, cash variation and proposed treatment of that cash variation. It does therefore exclude the Corporate PIP and the impact of releasing earmarked reserves

Item	HAS	BES	CYPS	CS	Corp Misc. Budgets	Total
	£000	£000	£000	£000	£000	£000
APPENDIX	C	D	E	F	G	
2013/14 OUTTURN VARIATION						
2013/14 Revised Estimate	139,981	80,482	81,583	55,942	19,177	377,165
2013/14 Bottom line outturn	136,863	73,130	80,413	54,698	14,991	360,095
OUTTURN VARIATION (- = SAVING, + = OVERSPEND)	-3,118	-7,352	-1,170	-1,244	-4,186	-17,070
ANALYSIS AND TREATMENT OF YEAR END VARIATION						
Earmarked for spending in future years and carried forward to 2014/15	-900	-776		-256	-140	-2,072
Projects and initiatives for future years						
PIP						
• Allocations to be spent in future years				-263		-263
• Directorate savings recycled back to the PIP		-2,239		-460		-2,699
Total proposed carry forward	-900	-3,015		-979	-140	-5,034
Savings not to be carried forward to 2014/15 and thus impacting on the GWB						
Early achievement of Budget/MTFS savings	-620	-525	-1,042		-2,461	-4,648
HAS demography provision					-962	-962
Business Rates Relief Grant / other grant monies					-1,239	-1,239
HAS inflation contingency					-1,400	-1,400
Additional SFNY allocation					3,100	3,100
Other one off windfalls and savings net of overspends to be written off	-1,598	-3,812	-128	-265	-1,084	-6,807
Total savings impacting on the GWB	-2,218	-4,337	-1,170	-265	-4,046	-12,036
TOTAL YEAR END VARIATION	-3,118	-7,352	-1,170	-1,244	-4,186	-17,070
Variation at Q3	*-2,652*	*-5,433*	*-304*	*-1,147*	*-1,836*	*-11,372*

The Key points to note from the above table are

a) A total saving of £5,034k earmarked for spending in future years which includes the following:-

- £900k to be carried forward within HAS to support the Start / reablement programme which was previously funded from the PIP
- £776k in BES to be carried forward to support footbridge, street lighting and transformation initiatives
- A re-profiling of £263k for ICT initiatives
- The return of £2,699k to the PIP as this funding is no longer required, of which £2,239k relates to waste management
- £396k on various projects and initiatives

b) A total net saving of £12,036k (3.3% of the recurring budget or 1.7% when excluding savings in advance and the unanticipated government grants below) (1.3% of recurring operational budgets) which is not being proposed for carry forward to 2014/15 and will therefore increase the GWB consisting of:-

- £4,648k relating to the early achievement of Directorate Budget / MTFS savings
- £962k relates to the unused element of the £3m HAS demographic growth contingency held in Corporate Miscellaneous
- One off contribution towards SFNY project of £3,100k
- £770k relating to the late notification of Government grants to compensate for reliefs offered to Business Rate payers and £469k in relation to the return of unused top slicing from the national revenue support grant pot (0.3% of recurring operational budgets).
- £2,972k Highways savings principally on Winter Maintenance due to the weather conditions experienced in 2013/14
- £1,400k part year saving on a HAS inflation provision which is required in full in 2014/15
- Other net one off windfalls and savings across all Directorate and Corporate budgets totalling £3,915k
- The additional contributions to GWB are welcomed given the highest level of financial risks being faced in the history of the County Council. Further details on the risks are identified later in Paragraph 5.30(b).

Outturn Variances

Attached at **Appendices 1C to 1G** are statements for each Directorate setting out the final outturn position for their Directorate compared with the final revised budgets for 2013/14 with the following paragraphs highlighting the proposed year end treatment of the outturn variations.

(a) **Health and Adult Services (Appendix 1C)**

There is an outturn HAS saving of £3,118k (£2,652k at Q3), with the proposed year end treatment as follows:

Item	£000	£000
Earmarked for spending in future years		
For funding of the START/reablement programme previously funded through PIP monies		900
One off windfalls and savings to be added to the GWB		
Early achievement budget savings	620	
Other one off windfalls and savings	1,598	2,218
Total cash variation (saving)		**3,118**
Memo item – Q3		*2,652*

(b) **Business and Environmental Services (Appendix 1D)**

There is an outturn BES saving of £7,352k (£5,433k) at Q3, with the proposed year end treatment as follows:-

Item	£000	£000
Earmarked for spending in future years		
Essential footbridge works	300	
Maintenance to extend the life of the street lighting estate	200	
Support to 2020 North Yorkshire initiatives	100	
Other projects and initiatives	176	776
PIP Underspends to be recycled back to the PIP		
Waste Strategy		2,239
One off windfalls and savings to be added to the GWB		
Early achievement of Budget / MTFS Savings	525	
Other one off windfalls and savings	3,812	4,337
Total cash variation (saving)		**7,352**
Memo items – Q3		5,433

(c) **Children and Young People's Service (Appendix 1E)**

There is an outturn CYPS saving of £1,170k (£304k at Q3) with the proposed year end treatment as follows:-

Item	£000
One off windfalls and savings to be added to the GWB	
Early achievement of Budget / MTFS savings	1,042
Other one off windfalls and savings	128
Total cash variation (saving)	**1,170**
Memo Item – Q3	*304*

(d) **Central Services (Appendix 1F)**

There is an outturn Central Services saving of £1,244k (£1,147k at Q3) with the proposed year end treatment as follows:-

Item	£000	£000
Earmarked for spending in future years		
PIP funding for Technology and Change Management	263	
HR service initiatives	256	519
PIP underspends to be recycled back to the PIP		
STIC	393	
One Council Programme Director	67	460
One off windfalls and savings to be added to the GWB		
Net overall saving on all other Central Services budgets		265
Total cash variation (saving)		**1,244**
Memo Item – Q3		*1,147*

(e) **Corporate Miscellaneous (Appendix 1G)**

Corporate Miscellaneous consists of a mixture of budgets for recurring items (e.g. capital financing changes, interest earned and external audit fees) and funds of a non-recurring nature such as the PIP.

Because of the nature and size of the PIP, this is being reported separately within **Appendix 1G** and in the next tables, with the overall position being as follows:-

Item	Corporate Miscellaneous Budgets	PIP	Release of earmarked reserves	Total
	£000	**£000**	**£000**	**£000**
Final 2013/14 Budget	19,177	20,472	-	39,649
Outturn	14,991	448	-7,986	7,453
Total cash variation (saving)	**4,186**	**20,024**	**7,986**	**32,196**

The PIP is fully reported in later sections along with the Release of Earmarked Reserves**.**

Of the remaining Corporate Miscellaneous budgets, the table above indicates an outturn saving of £4,186k, (£1,836k at Q3) with the proposed year end treatment as follows:-

Item	£000	£000
Earmarked for spending in future years		
Community Fund Projects	15	
Pay and reward fund	125	140
Savings to be added to the GWB		
Accelerated One Council Savings (**Paragraph 5.47b**)	2,461	
HAS Demographic provision saving	962	
Contribution to SFNY Project	- 3,100	
Business Rates Relief Grant	770	
HAS inflation provision	1,400	
Treasury Management savings	396	
Unspent central contingency	250	
DCLG Capitalisation top slice grant	469	
Other savings (net)	438	4,046
Total cash variation (saving)		**4,186**
Memo Item – Q3		*1,836*

PENDING ISSUES PROVISION (PIP)

The PIP was set up in 2008/09 as part of the MTFS process, to underpin a financial strategy that would ensure sufficient recurring funds are available in future years to meet the predicted year on year costs of the Waste Strategy. In addition to providing long term recurring funding for the Waste Strategy, the funding paid into the PIP but not yet drawn down by the Waste Strategy is available to fund non-recurring items, with significant sums having already been allocated by the Executive.

Full details of the PIP were reported as part of the Revenue Budget 2014/15 and Medium Term Financial Strategy 2015/16 approved by Executive on 4 February 2014 and County Council on 19 February 2014. As mentioned in that report, since the PIP was first created its use has been widened both in terms of the sources of contributions paid in and the range of allocations paid out.

The current and projected position on the PIP for 2013/14 and subsequent years reflecting allocations agreed by the Executive to date, together with the latest forecast sums required to fund the Waste Strategy, is as follows:-

(a) Corporately held PIP Budget in 2013/14

Item	£000	£000
Final Corporately held PIP budget		
• base budget approved in February 2013		8,340
• unallocated funding brought forward from 2012/13		10,251
• Microsoft transition project funding brought forward from 2012/13 not ultimately needed (2,150 earmarked less 19 spent)		2,131
• Allocations to Directorates in 2013/14		
NYCC website	-18	
HAS FACS resources	-135	
HAS Extra Care procurement	-97	-250
= final corporate PIP budget		20,472
- BES Tour de France costs charged directly against PIP		-448
Total 2013/14 outturn cash saving		**20,024**

There is outturn cash saving of £20,024k in the Corporately held PIP at 31 March 2014. In addition however, as identified in the **Appendix 1B** and earlier in the report, there are further Directorate savings to be returned to the PIP which increases the total available funding in 2014/15 as follows:-

Item	£000	£000
Unallocated funding as above		20,024
Underspends in 2013/14 to be recycled		
• Waste Strategy (BES)	2,239	
• Central Services STIC and One Council Programme Director (CS)	460	2,699
Total unallocated PIP funding at 2013/14 outturn		**22,723**

(b) Overall longer term PIP position

The table above indicates there is potentially £22,723k unallocated funding remaining in the PIP at the end of 2013/14. The longer term position to 2018/19 is as follows:-

Item	2013/14	2014/15	2015/16	2016/17	2017/2018	2018/19
	£000	£000	£000	£000	£000	£000
Funding available						
Initial budget allocations	14,394	14,394	14,394	14,394	14,394	14,394
+ Subsequent inflationary increases	5,356	6,856	8,356	9,856	11,356	11,356
- Allocations to Waste Strategy	-10,392	-12,812	-14,628	-15,828	-20,928	-24,673
+ Funding carried forward from 2012/13						
• Corporate miscellaneous	9,146					
• BES Waste Strategy	1,077					
• HAS	28					
= Funding available	**19,609**	**8,438**	**8,122**	**8,422**	**4,822**	**1,077**
- Allocations previously agreed by Executive to 31 March 2013 including some re-phasing between years	-1,018	-1,380	-1,964	- 997	0	
- New allocations in 2013/14						
• Resource to develop NYCC website	-18					
• Resources for HAS to support delivery of savings proposals relating to Review of Fair Access to Care Standards and Review of Fairer contributions Policy (Executive 9 July 2013)	-135	-1,015				
• Oracle (Executive 20 August 2013)		-600				
• HAS Extra Care Procurement (Executive 30 July 2013)						
Develop Business Case	-97	-403				
Earmarked for procurement		-2,500				
• Tour de France Revenue costs (net of indicative Government funding) (£2.2m) (Executive 20 August 2013)	-448	-1,752				
• Graduate posts (Executive 19 November 2013)		-259	-137			
• Microsoft underspend (2,150 – 19 spent)	2,131					
• Return from BES waste strategy	2,239					
• Central Services PIP underspends	460					
• Pump priming etc. for 2020 North Yorkshire (Exec 4 February) totaling £12.8m over a 3 year period		-4,400	-4,400	- 4,000		
Projected PIP funding still available	**22,723**	**-3,871**	**1,621**	**3,425**	**4,822**	**1,077**

total available in 2014/15 18,852

total available to 2018/19 29,797

Based on the allocations and earmarked provisions set out in the table above there is therefore potentially £29,797k remaining available for one off issues in the period to 2018/19 (£29,320k at Q3). This is until such time as the Waste Strategy draws down its full and final requirement, currently scheduled for 2018/19.

It is also important to bear in mind when considering the availability of PIP funding that the funds for each year making up the totals as shown above do not actually exist until the relevant financial year.

Although there are no other firm PIP bids to reflect in this 2013/14 outturn report, future bids are likely to be forthcoming. These will particularly relate to requests for additional capacity to cope with the unprecedented level of change and / or schemes with an "invest to save" approach.

SUMMARY OF YEAR END VARIATION AND ITS PROPOSED TREATMENT

Appendix 1B shows in total and at Directorate level, the various components and proposed year end treatment making up the bottom line saving of £45,080k. This can be summarized as follows:-

Item	£000	£000
Savings to be carried forward to future years (paragraph 5.12)		
• Projects and initiatives	2,072	
• PIP funding to be carried forward	263	
Allocated funding	2,699	
Directorate savings to be recycled back to the PIP	20,024	
• Corporate PIP unallocated funding		25,058
Savings not proposed to be carried forward and therefore transferred into the GWB	12,036	
• One off budget windfalls and savings (**para 5.12**)		
• Release of earmarked reserves into GWB (**para 5.37**)	7,986	20,022
Total saving including release of earmarked reserves		**45,080**

The proposed carry forward of £25,058k analysed by Directorate is as follows:(**Appendix 1B**)

Directorate	£000	£000
HAS		900
BES		
- Total	3,015	
- PIP underspend returned to Corporate Miscellaneous	-2,239	776
CYPS		0
Central Services		
- Total	979	
- PIP underspend returned to Corporate Miscellaneous	-460	519
Corporate miscellaneous		
- Total Corporate miscellaneous budgets	140	
- returned PIP from BES	2,239	
- returned PIP from Central Services	460	
- Corporate PIP	20,024	22,863
Total proposed carry forward for 2014/15		**25,058**

As shown in the table above the total net saving not to be carried forward to 2014/15 and therefore transferred into the GWB in 2013/14 is £20,022k.

GENERAL WORKING BALANCE (GWB)

A key feature of the Revenue Budget 2014/15 and Medium Term Financial Strategy 2015/16 approved by the Executive and County Council in February 2014 is a policy to maintain the GWB at a defined minimum acceptable level.

The previous policy target for the level of the GWB to be a minimum of 2% of the net Revenue Budget of the County Council was changed as part of the 2014/15 Revenue Budget / 2015/16 MTFS approved by Executive and County Council in February 2014. The new target is as follows:-

(a) maintenance of a minimum of 2% of the net revenue budget for the GWB in order to provide for unforeseen emergencies etc. supplemented by

(b) an additional (and reviewable) cash sum of £20m to be held back in the event of a slower delivery of savings targets and reflects
   - (i) the increased number of risk factors which the County Council is facing as set out in **(Appendix 1J)** of the 2014/15 Budget report and in particular
   - (ii) Savings targets not being delivered on time and
   - (iii) The increased level of risk falling on the GWB resulting from the review and consequential release of earmarked reserves into the GWB (i.e. some of the risks which have been covered by these reserves will now fall on the GWB)

A statement of the GWB at 31 March 2014 reflecting the draft outturn position is attached as **Appendix 1H** with a summary being

Item	£000
Balance at 31 March 2013 + total funding income received in year **-** net expenditure by outturn in 2013/14 (**Appendix B and paragraph 5.8)**	56,602 +374,446 -352,557
Total General Working Balance at 31 March 2014 (part 1 of Appendix H) Less: Proposed earmarked carry forwards to 2014/15 (**paragraph 5.22**)	**78,491** -25,058
= GWB at 31 March 2014 (part 2 of Appendix H) not earmarked Minimum of 2% of net revenue budget + £20m (**paragraph 5.25**)	**53,433** -27,489
GWB at 31 March 2014 in excess of minimum holdback	**25,944**

The overall GWB of £78,491k includes the Corporate/Directorate savings in 2013/14 proposed for carry forward. For financial planning purposes, it is assumed that the GWB will be reduced by the consumption of these carry forwards as they are in effect earmarked balances. The overall level of remaining GWB at 31 March 2014 after adjusting for these proposed carry forwards is therefore £53,433k (part 2 of **Appendix 1H**) which reduces to £25,944k above the new minimum level (£27,489k) set as part of the 2014/15 budget/MTFS process.

This £53,433k level of remaining GWB at 31 March 2014 represents an increase of £11,155k compared to the projected figures reported during the 2014/15 Budget/MTFS process (£42,278k) and an increase of £4,750k compared to the projection reported at Q3 (£48,683k). An analysis of the reasons for the increase compared with Q3 are identified in **Part 3 of Appendix 1H.**

Based on **Appendix 1H** the forecast level of the General Working Balance up to 31 March 2016 is as follows:

Item	£000	% of Net Revenue Budget
☐ actual free balances at 31 March 2014	53,433	14.3
☐ estimated at 31 March 2015	52,111	14.0
☐ estimated at 31 March 2016	50,206	14.0

It should be noted, however, that this forecast assumes delivery of savings in line with estimates and no significant adverse financial impacts. Whilst this is a reasonable planning assumption, the degree of risk is significantly higher, particularly during 2015/16 when the savings target is the highest since the first year of austerity.

The 2013/14 outturn position on the GWB and forecasts up to 31 March 2016 as shown in **Appendix 1H** and summarised in the table above, do show the GWB at a higher level than forecast. The Revenue Budget 2014/15 and MTFS for 2014/15 approved in February 2014 does, however, identify the need for the continuing healthy level of GWB in 2013/14 and subsequent years. In particular the following points should be borne in mind:

(a) The GWB will be required to fund budget /MTFS funding shortfalls each year in terms of:-

- £1.3m in 2014/2015 and £1.9m in 2015/16 agreed in February 2014 as part of the revenue budget and MTFS proposals for those years

- In the longer term MTFS 2016/17 to 2018/19 annual contributions will be required from the GWB to cover residual funding gaps after reflecting the level of savings achieved each year

- The impact of savings targets not being delivered on time in any years from 2014/15

- In addition the longer term MTFS up to 2018/19 approved in February 2014 still reflected an £11.4m shortfall (£73.4m funding shortfall less £62m savings proposals) which will need to be found from further savings and /or the GWB

(b) The many risks that the County Council face that could impact on the GWB which include (see **Appendix 1J** – extract from 2014/15 Budget/MTFS report which also seeks to quantify the potential magnitude of the risks with just one of these risks above estimated at £27m)

- weather uncertainties
- demand for services
- one off planning enquiries or legal cases
- additional spending pressures
- greater reductions in Government funding than anticipated
- assumptions on Council Tax yield
- Cost pressures from other agencies
- Unplanned incidents / emergencies
- Inflation and pay levels
- Interest rates variations
- Pension fund
- Level of business rates collected by North Yorkshire Districts

The County Council has adopted a set of ‘good practice rules’ as part of its MTFS which is to achieve and maintain a policy target of 2% of the net Revenue Budget of the County Council, plus an additional £20m to be held back in the event of a slower delivery of savings targets.

These good practice rules are as follows:

(a) that any under spending on the Corporate Miscellaneous budget at the year end should be allocated to the GWB

(b) that should there be any call on the GWB during a year such that the MTFS targets will not be achieved at the respective year ends then:

  (i) that shortfall be addressed in the next Budget cycle and/or

  (ii) that revenue or capital expenditure reductions be effected in either the current or following financial year, in order to offset the shortfall

(c) that in order to implement (b) the Executive should review the position of the GWB on a regular basis as part of the quarterly budget monitoring report process.

Following the 2014/15 MTFS and Revenue Budget approved by Executive and the County Council in February 2014, the projected levels / targets are as follows:

Year	MTFS projection	% of net revenue budget	Minimum level of 2% of Net Revenue Budget +20m
	£000	%	£000
31 March 2014	42,278	11.3	27,489
31 March 2015	40,956	11.0	27,460
31 March 2016	39,051	10.9	27,183

In relation to the rules set out in above:

- items (a) and (c) are reflected in this report

- in relation to (b), the projected forecast target for 31 March 2014 following the 2014/15 Revenue Budget / 2015/16 MTFS report is £42,278k with an absolute minimum of £27,489k based on 2% of the net revenue budget + £20m

- the 2013/14 outturn position of £53,433k is therefore £11,155k above the forecast target as a result of additional outturn savings. This improvement is to be welcomed given the increased future risk levels etc. highlighted.

EARMARKED RESERVES

In addition to the GWB and the Directorate and Corporate savings carried forward, the County Council also holds a number of other earmarked reserves. These represent funds that have been set aside for a specific initiative or liability and, therefore are not available to fund recurring costs that would otherwise be part of the Base Budget of a service.

Since the introduction of International Financial Reporting Standards (IFRS) to local authority accounts in 2010/11 there is also a category of revenue income reserves consisting of grants and contributions which have to be fully recognised in the revenue account when any conditions attached to the grant / contribution have been generally met. This is different to the previous practice of carrying forward unspent grant / contributions income to the following year as income in advance. At 31 March 2014 £29.1m (£22.8m at 31 March 2013) of unspent grant and contributions income, where any conditions have generally been met, is being carried forward to 2014/15 in these reserves.

A mid-year review of all earmarked reserves was undertaken by the Corporate Director – Strategic Resources with the outcome being reported to Executive in November 2013 in the revenue budget section of the Q2 Performance and Budget Monitoring report. In summary the nature and level of many of these reserves could be fully justified but Directorates agreed to release reserves (either in full or part) totaling £7,986k to the GWB immediately and there was potential for the further release at the end of 2013/14 when further details of commitments were known or during 2014/15 when appropriate levels could be better established.

At this stage therefore, the further review referred to above will be undertaken in 2014/15 with the outcome being reported to Executive as soon as possible. There has been no further release of earmarked reserves into the GWB reflected in the 2013/14 accounts, over and above the £7,986k reported at Q2.

Appendix 1I shows the overall position of all the County Council's reserves (GWB + earmarked reserves), both at the start and end of the 2013/14 financial year, together with the forecast submitted to Executive on 4 February 2014 as part of the 2014/15 Budget and MTFS report.

A summary of the increase in the level of reserves of £33.7m (including the GWB) between 31 March 2013 (£157.9m) to 31 March 2014 (£191.6m) is as follows:

Reserve	31 March 2013	31 March 2014	2013/14 variation
GWB	**£m**	**£m**	**£m**
Directorate underspends carried forward	23.3	25.1	+1.8
Free General Working Balance	33.3	53.4	+20.1
Sub-total	56.6	78.5	+21.9
Earmarked for schools			
Schools balances (LMS reserve)	26.3	30.9	+4.6
Schools block / DSG	10.8	11.0	+0.2
Sub-total	37.1	41.9	+4.8
Other Earmarked Reserves			
Winter Services	2.1	0	-2.1
Insurance Reserve	6.9	6.9	0
Corporate redundancy reserve	1.3	0.7	-0.6
Redundancy costs in schools	3.1	1.1	-2.0
CYPS Special education needs	1.4	1.0	-0.4
ICT SDT / Directorate refresh	2.7	2.8	+0.1
ICT – Strategy and infrastructure	2.6	3.5	+0.9
Trading unit accumulated surpluses	6.4	4.9	-1.5
CYPS service transformation	1.6	0.6	-1.0
HAS supporting people	1.6	2.4	+0.8
BES Civil Parking Enforcement	3.1	4.0	+0.9
CYPS special projects	0	1.1	+1.1
SFNY contribution	0	3.1	+3.1
Other smaller reserves	8.6	10.0	+1.4
Sub-total	41.4	42.1	+0.7
Revenue income reserves (mainly grants and contributions) (**paragraph 5.39**)			
CYPS	1.8	3.5	+1.7
BES	2.1	4.1	+2.0
HAS	1.8	1.5	-0.3
HAS health funding	13.9	17.9	+4.0
Central Services	0.2	0.2	0
LAA performance reward grant	3.0	1.9	-1.1
Sub-total	22.8	29.1	+6.3
= Total reserves (GWB + earmarked)	**157.9**	**191.6**	**+33.7**

In addition to these earmarked reserves there are also provisions of £7.6m (excluding non-cash backed technical provisions) at 31 March 2014 compared with £10.8m at 31 March 2013. These consist of –

- Insurance claims £4.0m (£4.8m at 31 March 2013)
- Highways advance payments £2.4m (£1.7m at 31 March 2013)
- Other provisions £1.2m (£4.3m at 31 March 2013)

The Local Government Act 2003 and associated CIPFA guidance requires a formal review, and regular report as part of the budgetary control process on the level and adequacy of reserves, balances and provisions. These requirements were incorporated into the 2014/15 Budget / MTFS report submitted to Executive on 4 February 2014. **Appendix 1I** continues this process. In addition preceding paragraphs above refer to the mid-year review of all earmarked reserves undertaken in 2013/14 with a further review to be carried out in 2014/15.

BUDGET/MTFS SAVINGS

The 2013/14 revenue budget reflects previously agreed savings targets and these are incorporated into Directorate 'final 2013/14 budget control totals' shown **Appendix 1A**. These 2013/14 savings targets (which are in addition to savings targets reflected in previous year's budgets) total £19,237k, consisting of:-

Item	£000
February 2011 (2011/12 budget/ MTFS) savings phased in 2013/14	8,186
Less subsequent adjustments and re-phasing	-269
	7,917
February 2013 (2013/14 budget /MTFS) savings phased in 2013/14	9,320
July 2013 (2013/14 budget 2) additional savings from 2012/13 outturn position	2,000
Total savings targets reflected in 2013/14 final budget	**19,237**

The outturn positions for each Directorate that are presented in this report reflect any net under or over achievement of the individual elements of the above savings targets with details being provided in **Appendices 1B to 1G**.

The budget savings profile included a target of £7,644k to be found from the One Council Change Programme. In the February 2013 Revenue Budget / MTFS this target was spread over the two year period 2013/14 (£4,018k) and 2014/15 (£3,626k). The £4,018k for 2013/14 is therefore part of the overall 2013/14 savings targets referred to above

The position based on savings declared and agreed to the end of 2013/14 is shown below although there are still other workstream savings in the pipeline but these have not been formally agreed and signed off yet. An update will continue to be provided in future 2014/15 Q reports.

Item	2012/13	2013/14	2014/15	Total
Target	£000	£000	£000	£000
Original MTFS target	0	3,596	4,048	7,644
Re-phasing in 2013/14 budget / MTFS		422	(422)	-
Reduced target reflected in 2014/15 Revenue budget			(500)	(500)
		4,018	3,126	7,144
Savings achieved to date				
Procurement and contract management	560	3,036		3,036
Customer Access	100	425		425
Business Support	311	1,300		1,300
HT training and workforce planning	186	346		346
Systems and data	100	108	47	155
Financial Management	76	215		215
Strategic Core	100	100		100
Management and supervision	404	824	152	976
Property management		125		125
Total achieved	1,837	6,479	199	6,678
(Surplus) or still to find	**(1,837)**	**(2,461)**	**2,927**	**466**

Key points from the above table are as follows

(a) Savings totaling £1,837k were achieved in 2012/13 ahead of their requirement in 2013/14 and 2014/15 and were paid into the GWB in that year.

(b) For 2013/14 total savings of £6,479k were achieved (including £1,837k in 2012/13) and exceed the final £4,018k target by £2,461k. Early progress in achieving workstream savings is again welcome as it provides a further one off saving that is being paid into the GWB in 2013/14

(c) The overall position indicates that workstream savings totaling £466k still have to be achieved by the end of 2014/15 and removed from Directorate Budgets to clear the residual savings target. At this stage it is envisaged that this level of savings will be fully achieved during 2014/15.

STATEMENT OF FINAL ACCOUNTS 2013/14

This Revenue Outturn report together with the accompanying Capital Outturn and Treasury Management reports are based on the County Council's organisational and budgetary management arrangements. However a comprehensive Statement of Final Accounts (SoFA) that conforms in format and content to the IFRS based statutory Code of Practice on Local Authority Accounting is required to be formally approved by Members and certified by the External Auditor.

The current statutory requirements (Accounts and Audit Regulations 2011) are that the SoFA is certified by the Section 151 (Chief Finance) Officer by 30 June each year and approved by Members in advance of the External Audit opinion and certificate and publication of the accounts by 30 September each year.

Responsibility for considering and approving the County Council's SoFA rests with the Audit Committee. Following completion of the External Audit in July and August 2013, the final SoFA will therefore be submitted to the Audit Committee for approval on 25 September 2014, immediately before the External Auditor presents his opinion and certificate in relation to the SoFA.

Although there is no longer a requirement for the draft/unaudited SoFA to be approved by Members by 30 June each year, the DCLG and CIPFA suggest that good practice would be for the draft SoFA still to be presented to Members for review and comment prior to External Audit.

As in recent years, the County Council's draft SoFA for 2013/14 will be submitted to the Audit Committee on 17 July 2014 but this will be for review and comment only, not formal approval. The final SoFA after External Audit will subsequently be resubmitted to the Audit Committee on 25 September 2014 for formal approval.

The statutory SoFA that will be submitted to the Audit Committee for information on 17 July 2014 and for subsequent approval on 25 September 2014 after External Audit, will be markedly different to the management accounts presented in this report (i.e. the service outturn figures reported at **Appendix 1B**). This is because of two key reasons

(a) CIPFA's required service structure is very different to the County Council's organisational structure. The service structure in the SoFA must follow the Service Reporting Code of Practice (SeRCOP) – which was formally known as the Best Value Accounting Code of Practice (BVACOP)

(b) the SoFA must comply with CIPFA's IFRS based Code of Practice on Local Authority Accounting (successor to the old SORP) thereby requiring many technical adjustments to our management accounts for such items as depreciation of assets and pensions costs and liabilities

Explanations as to the key differences between the two sets of figures will be provided to the Audit Committee.

LOOKING AHEAD

Based upon current estimates it is expected that a bottom line net saving will be achieved in 2014/15 subject to any significant financial "hits" and / or Council investments which are currently unplanned within the revenue budget with the first Q1 update to be submitted to Executive in August 2014. The reasons for this expected saving is because of the following.

- Several additional grant allocations for 2014/15 being announced unexpectedly by the Government after the 2014/15 Budget and 2015/16 MTFS was agreed in February 2014.

- The further review of all earmarked reserves is expected to result in further release of such reserves into the GWB.

- The possible continued early achievement of MTFS budget savings targets by Directorates.

- The Corporately held provision to fund the additional cost of the employers contribution to the Local Government Pension Scheme from 1 April 2014 ultimately being more than required following the conclusion of the Triennial Valuation.

- It is considered unlikely that the unallocated £18,852k PIP funding available in 2014/15 will be fully allocated and spent in 2014/15. (It should be noted, however, that this is due to the one off carry forward of £22.7m from the PIP rather than a recurring underspend)

Based upon the above it is intended that the Executive considers potential investment needs. Such needs may include re-profiling of some savings targets given the high level nature of targets at this stage, or there may be “invest to save” opportunities. Such opportunities will be reported to and considered by the Executive on an on-going basis.

Beyond 2014/15 however, the scenario is very different because of the many risks and uncertainties that surround the MTFS together with the MTFS agreed in February 2014 not fully identifying the full funding shortfall forecast up to 2018/19.

Potential risks and uncertainties were fully set out in the February 2014 budget / MTFS report (**Appendix 1J**) with key ones listed earlier in this report. These risks and uncertainties arise from both funding (government grants, council tax, business rates yield etc.) and the County Council’s spending and other income streams (delivery of savings targets, demand for services, inflation and cost pressures, weather uncertainties, unexpected one off liabilities etc.).

In relation to the longer term MTFS up to 2018/19 approved in February 2014, there is still a £11.4m shortfall (£73.4m funding shortfall less £62m savings proposals) which will need to be found from further savings and / or the GWB.

An update on the above in relation to 2014/15 will be provided to Executive as part of the Q reports and any significant developments that affect 2015/16 and subsequent years will also be reported to Members. A detailed update on the position for 2015/16 and subsequent years, including progress on achieving saving targets and the current longer term shortfall will be incorporated into the 2015/16 Revenue Budget / MTFS process.

BETTER CARE FUND

As reported to the Executive on 4 February and Full County Council on 19 February 2014, discussions were on-going with the North Yorkshire Clinical Commissioning Groups to prepare plans for use of the Better Care Fund (BCF) in North Yorkshire. Those discussions progressed over a number of months and the final plan was subsequently approved by the Health and Wellbeing Board on 1 April 2014.

Appendix 1K provides a summary of the financial plans of the North Yorkshire BCF. It identifies £28.2m of BCF schemes in 2014/15 and £39.8m of schemes in 2015/16 although it is important to note that this may change over time. Spending on the BCF is effectively a pooled budget arrangement between Health and the County Council. This spend in 2015/16 includes £17m on Social Care Protection which is an increase of £10m from 2014/15.

Further work will be carried out through the Health and Wellbeing Board but it is envisaged that the Plan will be incorporated into the County Council's 2015/16 Budget in February 2015. In the meantime, however, it is necessary for the County Council to approve the BCF Plan in line with the decision of the Health and Wellbeing Board.

The Executive RECOMMENDS:

(a) That the position on the draft revenue outturn and General Working Balance for 2013/14 as detailed on pages 13, 23 to 26 be noted

(b) That the County Council approve the proposed carry forward of unspent budgets at Corporate and Directorate level totalling £25,058k as detailed on pages 22 and 23.

(c) That the position on other earmarked reserves as detailed on pages 27, 28 and 29, and at **Appendix 1I** be noted

(d) That the procedure that will be followed by the Audit Committee in respect of the approval of the statutory Statement of Final Accounts (as described on pages 31 and 32) be noted.

(e) The approval of the North Yorkshire Better Care Fund as approved by the Health and Wellbeing Board on 1 April 2014 (detailed on pages 32 and 33 and at **Appendix 1K**)

2. Capital Plan: The original Capital Plan for 2013/14 was submitted to and approved by Executive on 26 February 2013 as part of the 2012/13 Q3 Performance and Monitoring Report. The latest (i.e. revised and updated) 2013/14 Plan was submitted to and approved by Executive on 4 February 2014 and subsequently by County Council on 19 February 2014 as part of the 2014/15 budget/MTFS set of reports.

The movement in the Capital Plan for 2013/14 between February 2013 and February 2014 which reflects all the in year changes reported to Executive throughout the year as part of the quarterly Performance Monitoring Reports (Q1 in August 2013, Q2 in November 2013 and Q3 in February 2014) can be analysed as follows:-

Item	£m	£m
Gross Spend of Capital Plan approved on 26 February 2013		**93.1**
Rephasing of expenditure between years		
(i) net underspend in 2012/13 rolled forward to 2013/14		1.3
(ii) self funded variations in 2012/13 rolled forward to 2013/14		
BES structural maintenance of roads	1.5	
CYPS Devolved capital grant	-1.8	
CYPS School self help schemes	-1.8	-1.2
Other	0.9	
(iii) 2013/14 rephasing which is self funded from grants and contributions		
BES structural maintenance of roads	-2.1	
CYPS Devolved capital grant	2.9	
CYPS Capital planned maintenance	3.1	
BES Regional funding allocation	-1.4	
Central Services ICT programmes	-1.8	
Other	-4.1	-3.4
(iv) 2013/14 rephasing funded from borrowing and capital receipts		
HAS Older people's resource centre	-2.0	
BES structural maintenance of roads	-3.4	
CYPS Capital planned maintenance	-1.8	
CYPS Major capital projects –High Bentham	-1.8	
Central Services bright office strategy	-1.5	
Other	-2.1	-12.6
Other variations in schemes self funded from grans and contributions		
BES Structural maintenance of roads	4.2	
CYPS self help schemes	3.6	
Central Services Microsoft project	-1.4	
Other	2.7	9.1
Other variations from Prudential Borrowing etc.		
Loans to limited companies	4.9	
Other	0.1	5.0
Total variations		-1.8
= latest Capital Plan approved by Executive on 4 February 2014 and County Council on 19 February 2014		**91.3**

All the above in year variations reported to Executive as part of the 2013/14 Q1, Q2 and Q3 reports do not feature as part of this year end outturn report which compares the final 2013/14 capital outturn position with the last (Q3) Capital Plan update in February 2014.

Capital expenditure in 2013/14 compared to the Capital Plan figures as referred to above is as follows –

Item		Gross Capital Spend	Less Capital Grants and Contributions	Net Capital Spend
		£m	£m	£m
Original Capital Plan (26 February 2013)	(a)	93.1	74.5	18.6
Latest Capital Plan (4 February 2014)	(b)	91.3	78.4	12.9
Outturn for 2013/14	(c)	**84.0**	**73.1**	**10.9**
Original plan (a - c)		-9.1	-1.4	-7.7
Latest plan (b – c)		-7.3	-5.3	-2.0

The 2013/14 gross capital spending of £84.0m therefore represents a £7.3m underspend compared with the last Q3 Capital Plan update of £91.3m. As indicated above, the outturn variations referred to throughout this report (£7.3m underspend above) A**ppendices 2B to 2E** are based on a comparison with the last Q3 2013/14 Capital Plan Update reported to Executive in February 2014.

A summary of the outturn position, is set out below for gross capital spend at Directorate level with a more detailed summary being provided in **Appendix 2A** and an individual statement for each Directorate at **Appendices 2B to 2E**. These Appendices also show the outturn position for related capital income from grants, contributions and revenue contribution, and a net spend which is funded from capital receipts and borrowing.

Service	Appendix	Gross Latest Plan (Feb 2014)	Gross Outturn Spend	Variation to Latest Plan
		£m	£m	£m
Health and Adult Services	B	4.5	4.5	0
Business and Environmental Services	C	48.5	44.3	-4.2
Children and Young People’s Services	D	30.0	29.1	-0.9
Central Services	E	8.3	6.1	-2.2
Total		**91.3**	**84.0**	**-7.3**

A summary of the main outturn variations are shown in the table below however in terms of

(a) a gross capital underspend of £7.3m (Capital Plan of £91.3m/outturn of £84.0m) as indicated above and in first column of the following table.

(b) a shortfall in Directorate capital income of £5.3m (Capital Plan of £78.4m/outturn of £73.1m) as indicated above and in the second column of the following table.

(c) the resulting £2.0m net capital underspend which effectively means there is less funding required than planned from capital receipts and borrowing (third column of the following table).

Item	Variation	Grant/ Contributions Variation	Net Spend Variation
	£m	£m	£m
Health and Adult Services			
No significant variations	0	0	0
Business and Environmental Services			
New and Replacement Road Lighting – Progression on the programme	-0.5	+0.5	0
Rationalisation of Depots – Contribution of expenditure slipping to 2014/15 on Leeming Bar and expenditure on salt clamps being less than anticipated	-0.3	+0.1	-0.2
Local Transport Plan – Schemes brought forward from 2014/15 into 2013/14	+1.5	0	+1.5
Integrated Transport (LTP) – Re-phasing of schemes to be undertaken in 2014/15	-0.4	+0.4	0
Detrunking Works (LTP) – Re-phasing of schemes to be undertaken 2014/15	-1.8	+1.8	0
LEP growing Placed Fund –slower than anticipated of loan to Environment Agency for flood defences in Skipton	-2.0	+2.0	0
Local Sustainable Transfer Fund – Delays to the programme mainly due to poor weather conditions and works being delayed to accommodate worked required for the Tour de France	-1.1	+1.1	0
Beadle-Aiskew-Leeming Bar Major Scheme – Expenditure was igher than anticipated for 2013/14 largely as a result of the purchase of Holmefield Farm	+0.6	-0.6	0
Other Schemes	-0.2	+0.2	0
	-4.2	**+5.5**	**+1.3**
Children and Young People’s Service			
CYPS Management Projects			
Health and Safety – capital Maintenance Grant utilised fully across areas of the Children and Young People capital programme	0	+0.5	+0.5
Major Cpaital Projects (High bentham – Progression is slower than anticipated causing the expenditure to be re-profiled	-0.8	+0.1	-0.7
Capital Planned Maintenance – expenditure from 2014/15 has been brought forward as the scheme progresses well	-0.3	+0.3	0
Woodfield development – On-site issues have delayed the completion dated causing expenditure to slip to 2014/15	-0.9	0	-0.9
TCU Replacements – Schemes progressing ahead of schedule causing expenditure from 2014/15 to be brought forward	+0.6	-0.6	0
Other schemes	-0.2	+0.3	+0.1
	-0.1	0	-0.1

Item	Gross Spend Variation	Grant/ Contribution Variation	Net Spend Variation
	£m	£m	£m
School Managed Projects			
Devolved Capital Grant – Schools expenditure was higher than anticipated for 2013/14	+0.3	-0.3	0
Self Help Schemes – Schools expenditure in 2013/14 was higher than expected	-0.2	+0.2	0
	+0.1	-0.1	0
CYPS Total	**-0.9**	**-0.1**	**-1.0**
Central Services			
Affordable Housing Funding – Rephasing of expenditure due to delays in completion	-0.2	0	-0.2
Carbon Reduction Scheme – the number of school applications was higher than anticipated	+0.7	-0.7	0
Loans to Limited Companies – NYnet balance lower than forecast	-1.6	0	-1.6
Revenue Funded ICT Projects – Net effect of slippage and HAS funding Liquid Logic project	-0.7	+0.7	0
Other Schemes	-0.4	-0.1	-0.5
	-2.2	**-0.1**	**-2.3**
Total Variation in 2013/14 compared with the last Capital Q3 Plan update in February 2014	**-7.3**	**+5.3**	**-2.0**

The implications of this net £2.0m underspend in terms of carry forward to 2014/15 and its impact on the capital spending capacity of the County Council is considered below.

IMPLICATIONS OF 2013/14 CAPITAL UNDERSPENDING AND PROPOSED CARRY FORWARD TO 2014/15

The County Council's Financial Procedure Rules incorporate a carry forward facility for under/overspends both for approved capital expenditure and scheme specific capital income.

There was a £7.3m gross underspend compared with the latest Capital Plan for 2013/14 (approved by the Executive in February 2014); but, after accounting for Directorate grants and contributions income, there is a net bottom line underspend of £2.0m.

The various components of this net £2.0m underspend and the proposed carry forward to 2014/15 is as follows:-

Item		£000
Latest 2013/14 Q3 Capital Plan update (gross spend 2013/14 Outturn		91,252 -83,954
= gross capital underspend		7,298
+ reduction in grants and contribitions (£78,315k to £73,056k)		-5,259
= net capital underspend		2,039
'Corporate' Capital Plan variations not proposed for carry forward to 2014/15		
Material Damage provision	-303	
Purchase of vehicles provision	-89	
NYnet loan balance variation	-1570	-1962
= adjusted net underspend proposed for carry forward to 2014/15		**77**

The split of the proposed £77k carry forward underspend between Directorates is as follows:-

Directorate	£000 underspend
Health and Adult Services	25
Children and Young People's Service	1,075
Business and Environmental Services	-1,295
Central Services	272
Total net underspend carried forward	**77**

This proposed carry forward will not impact on the long term capital financing arrangements for the Capital Plan as borrowing and use of capital receipts can be used flexibly between years.

FINANCING OF 2013/14 CAPITAL EXPENDITURE

Total capital expenditure of £83,954k in 2013/14 has been financed as follows:-

Item	£000	£000
New borrowing		
• External sources as adjusted for debt repayment and statutory charges to revenue	0	
• Internal capital borrowing	2,350	2,350
Capital Grants and Contributions		63,430
Schemes financed from Revenue		
• Directorate revenue contributions		9,626
Capital Receipts		
• Receipts received in 2013/14 from property sales		8,548
= Total capital spending to be financed in 2013/14		**83,954**

The balancing figure in the above table is an increasing level of borrowing for capital purposes from internal sources of £2,350k.

A more detailed comparison of the above funding package with that underlying the original Capital Plan approved by Members on 26 February 2013 and the last update approved on 4 February 2014 is provided at **Appendix 2F**.

New borrowing of £2,350k was needed to finance capital spending in 2013/14. This had the impact of increasing internal borrowing from cash balances with no external borrowing being taken in 2013/14 or premature loan repayments being made. In considering this figure, the following points should be noted:

(i) a breakdown of the total capital borrowing requirement of £2.4m into constituent elements and compared with the original and latest Capital Plan is as follows:-

Item	Original Estimate (Feb 2013)	Latest Estimate (Feb 2014)	2013/14 Outturn
	£m	£m	£m
Prudential Borrowing approved by the County Council	1.0	6.3	4.4
Slippage of net capital expenditure and capital receipts between years	8.2	3.4	3.8
Temporary use of surplus capital resources (mainly capital receipts) and other financing arrangements	-3.3	-5.3	-5.8
Total Capital Borrowing requirement	**5.9**	**4.4**	**2.4**

(ii) as indicated in (i) above, no new external borrowing was taken in 2013/14 and this is considered in more detail in the Annual Treasury Management report which was considered by the Executive on 17 June 2014.

CAPITAL RECEIPTS

The County Council's policy on capital receipts is that essentially all such receipts shall be used to finance capital expenditure in the year in which the receipts are generated; The position relating to County Farms is explained further below.

The outturn position on Capital Receipts is as follows:

Item	£000
Receipts achieved in 2013/14	
• sale of County Farms	6,985
• sale of other land and buildings	1,563
Total capital receipts in 2013/14	8,548
Used to fund capital expenditure in 2013/14	-8,548
Capital Receipts carried forward to 2014/15	**0**

Points to mention in relation to the above table are as follows:-

(i) total capital receipts from the sale of land and property achieved of £8,548k equates to the estimate of £8.5m used for the last updated Capital Plan submitted to Executive on 4 February 2014.

(ii) the £8.5m is however considerably less than the forecast of £13.3m at the start of the financial year as a result of several factors, but principally because several significant receipts have slipped into future years because of a variety of factors. Several additional receipts have however helped to offset some of the effects of this slippage.

(iii) all available Capital Receipts at 31 March 2014 (£8.5m) have been used to fund capital spending in the year. This approach is advantageous in terms of treasury management activities and reducing capital financing costs in 2014/15

In terms of County Farms capital receipts, the County Council agreed on 15 May 2002 a flexible policy on the utilisation of capital receipts. This policy was to use receipts as appropriate to either finance the Capital Plan, to reduce debt or for other purposes, in accordance with the financial demands on the County Council, and with its policies, at the time when the receipts became available. Following a review of the County Farms Sales Policy the Executive agreed, on 6 May 2008, that this policy should remain unchanged.

The Capital Plan approved by Executive on 4 February 2014 therefore utilises all expected County Farms receipts achieved in the financial years 2013/14 to 2016/17 to fund capital spending rather than for debt repayment or other purposes. Therefore all such receipts in 2013/14 totalling £6,985k have been treated accordingly and used for the funding of capital spending.

The property market remains uncertain although the level of activity has increased. This situation is expected to continue into 2015/16. Despite the state of the market, properties continue to sell in the right circumstances and at the right price.

The market in farm land is very strong. For other sectors, the market remains uncertain, although the level of activity in the residential market has increased. This situation is expected to continue into 2015/16. Despite the state of the market, properties continue to sell in the right circumstances and at the right price. The County Council will continue its use of auctions to dispose of property because this has proved to be the more successful approach in recent years.

The flow of surplus property from the County Council's property portfolio should continue as a result of service reviews and the property reviews resulting from 2020 North Yorkshire. The quantity of property that will be released and the rate of flow is uncertain at the moment and, combined with the state of the market, this makes it difficult to predict the level of capital receipts that will be achieved over the next few years with any degree of certainty.

FUTURE AVAILABILITY OF CAPITAL RESOURCES

The Q3 Capital Plan update report submitted to Executive on 4 February 2014 identified a potential £9.4m of unallocated capital funding that might become available in the four year period to 2016/17. This sum arose mainly from additional capital receipts that had been identified, net of additional capital funding allocations approved by Executive.

As a result of the 2013/14 outturn position and a more recent updated forecast of capital receipts up to 2016/17 this surplus capital resources forecast has now increased to £11.4m (£5.8m in hand at the end of 2013/14. This increase is principally due to the net impact of variations in the expected value of existing surplus land and properties and additional land and properties being identified for sale.

As indicated above, it is currently difficult to predict the level of capital receipts that will be achieved over the next few years with any degree of certainty. Given this scenario the current £11.4m forecast of surplus corporate capital funding does include some fairly significant potential receipts that are uncertain in terms of timing and amount.

The surplus corporate capital resources could be made available for either:

(i) new capital investment (i.e. additional schemes), or

(ii) reducing prudential borrowing in 2014/15 or subsequent years and therefore achieving debt financing cost savings in the Revenue Budget/MFTS or

(iii) holding for the time being with no immediate decision to either spend or reduce borrowing. This course of action would result in additional short-term interest being earned within Corporate Miscellaneous.

Members have previously agreed to adopt option (iii) above and retain any surplus capital funding for the time being. Another factor that influenced this decision was that the forecast funding levels include a capital receipts risk in terms of both forecast receipts slipping into a future year and/or not achieving their estimate.

Given the factors mentioned above and the intention to review the schemes in the Capital Plan and uncertainties associated with capital receipts forecasts, it is proposed that option (iii) be reaffirmed at this stage and that the unallocated funding is held in reserve for the time being.

LOOKING AHEAD

The One Council Vision envisages a singular co-ordinated approach to the management of property asset. It also implies a 'whole-life costing' approach to the use of funds (revenue or capital) to maintain/improve/refurbish the asset portfolio. This approach is now being further developed as part of the 2020 North Yorkshire approach.

As part of this approach it is intended that officers will review a number of distinct areas in order to improve the way in which the County Council works:-

(i) assess the scope for property rationalisation across the County Council in order to reduce existing and future property costs. This work has already been initiated by the Strategic Property Group and proposals are currently being worked up for further consideration. This does, however, need to fit in with the future needs of the Council and as Members will note, it is intended that further detailed work is carried out across all services to further shape the 2020 North Yorkshire Programme.

(ii) all uncommitted schemes in the Capital Plan together with reviewing the capital plan process as a whole and

(iii) further refinement of the Capital Gateway process including further development of an approach to include partners as part of the 2020 procurement for building design and the interface with other contractors and the Council (as client).

Updates will be provided as progress is made on relevant areas of the 2020 North Yorkshire Programme and the procurement referred to above

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The Executive RECOMMENDS:

(a) That the position on capital outturn as detailed in **Appendices 2A to 2E** be noted

(b) That the proposed carry forward to 2014/15 of the net capital underspend totalling £77k as set out at page 39 be approved

(c) That the financing of capital expenditure as detailed at page 40 and **Appendix 2F** including the use of County Farms capital receipts to finance capital spending as explained at page 42 be approved.

(d) That no action be taken at this stage to allocate any additional capital resources page 43.

3. **Young and Yorkshire: The Plan for all Children, Young People and their Families Living in North Yorkshire 2014-17:** In July 2013 the Children's Trust Board approved the creation of a project board, tasked with the development of a new Children and Young People's Plan to replace the existing Plan which was due to come to an end in March 2014. Membership of the project board was drawn from colleagues in CYPS, NYCC Central Services, Public Health, the Partnership Commissioning Unit, North Yorkshire Police and North Yorkshire Youth.

Extensive consultation with children, young people and stakeholders has taken place to capture the hopes and aspirations of children and young people across North Yorkshire.

The project board has also reviewed a wide range of information and other completed needs analyses to establish strengths and areas for improvement. This has included the incorporation of feedback following the recent inspection of services for children in need of help and protection by Ofsted.

Above all, Young and Yorkshire has been developed in collaboration with partners, stakeholders and importantly, children, young people and their families. The Plan is ambitious, aspirational and it's delivery, whilst challenging, will be reliant on a range of agencies and stakeholders working together to collectively improve the lives of children and young people across North Yorkshire.

Young and Yorkshire is driven by a vision for the future of services for children and young people, which sets out our over-arching hopes and ambitions. Two vision statements have been developed, a children's version and a statement drawn up by the professionals who work with children and young people:

"We want North Yorkshire to be a cool place with loads of great things to do"
(Children's version)

"We want North Yorkshire to be a special place where every childhood is wonderful and every young person thrives"
(Professionals' version)

The new CYPP sets out 10 guiding principles underpinning all that we do to support, children, young people and their families. The principles focus on involving families at all stages of service planning & delivery, early intervention, maximising resources (including voluntary & community capacity), improve the lives of those we aim to help and support:

i) Involve children, young people and their families at all stages of planning, delivering and evaluating services

ii) Resolve families' problems before they escalate by offering early help that develops resilience and self-reliance
iii) Ensure that the safety and protection of children and young people is everybody's business

iv) Strive for excellence in everything we do

v) Work in close partnerships, in the best interests of children, young people and families

vi) Recognise and use the capacity of the voluntary and community sector in enhancing provision and choice

vii) Make sure we can demonstrate the impact we have on the lives of children, young people and families

viii) Spend money wisely and effectively

ix) Celebrate diversity

x) Recognise that fun, happiness, and enjoyment of life are also important

Recognising the need to focus on those areas where the evidence suggests we need to improve outcomes and concentrate resources. Consequently, unlike previous iterations of the CYPP, Young & Yorkshire has only three key priorities. This does not mean that other important issues will be forgotten or neglected, simply that the three priority areas represent our most pressing challenges. The three priorities are:

- **Ensuring that education is our greatest liberator**, with a greater proportion of pupils attending a good or outstanding school

- **Helping all children enjoy a happy family life**, with a safe reduction in the care population

- **Ensuring a healthy start to life**, with more children and young people leading healthy lifestyles

Delivery of each priority is underpinned by four or five of supporting outcomes, which in turn are backed up by a number of delivery mechanisms, which include strategies, business plans and other strategic programmes, such as the Healthy Child Programme.

The Supporting Outcomes are:

Priority 1: Ensuring that Education is our Greatest Liberator:

Priority Outcome - A greater proportion of pupils attend a good or outstanding school

(a) Life chances for children are improved through better educational outcomes in early years, primary and secondary education, including those of more vulnerable children
(b) Children in care achieve improved educational outcomes
(c) Vulnerable & disadvantaged pupils are helped to close the attainment gap between themselves and others
(d) A high proportion of young people continue to participate in education, training and employment

Priority 2 - Helping All Children Enjoy a Happy Family Life:

Priority Outcome - The care population is reduced safely

(a) Children and families in challenging circumstances receive effective early help to become self-reliant
(b) Children are safe, and those at risk of harm are referred, assessed and protected appropriately
(c) Children in care are supported to leave the care system safely at the earliest opportunity
(d) Children in care experience stable and secure placements, within North Yorkshire and as close to home as possible

Priority 3 - Ensuring a Healthy Start to Life

Priority Outcome - More children and young people lead healthy lifestyles

(a) Fewer young people engage in risk-taking behaviours
(b) Children and young people enjoy good mental health and emotional well-being
(c) Children enjoy good health and development, particularly in their early years
(d) Children in care and children with disabilities or learning needs have improved health and well-being outcomes
(e) Children feel safe and are safe

The priorities set out in Young and Yorkshire cannot be delivered by any single organisation and it will be vital the Children's Trust works to co-ordinate activity across partner agencies.

Strategically, the Board will engage with other key partnerships, including the Health & Wellbeing Board, the North Yorkshire Safeguarding Children Board and (once established) the North Yorkshire Education Partnership.

Locally, Children's Safeguarding and Strategy Groups (CSSGs) will have a crucial role, in terms of bringing together services to meet local needs. CSSGs will also play an important part in sharing understanding of local need and helping to ensure that resources are directed to where they will be most effective.

A consultation on the draft plan will be undertaken with Children's Trust members; this will run until the end of June 2014. Once approved, the Plan will be presented to a number of NYCC and partnership agency and stakeholder executive boards.

The Executive RECOMMENDS:

That County Council approve the Young and Yorkshire: The Plan for all Children, Young People and their Families Living in North Yorkshire 2014-17

4. Youth Justice Service Strategic Plan 2014-16: Under Section 40 of the Crime and Disorder Act 1998 it is a statutory requirement to have a Youth Justice Strategic Plan.

The Youth Justice Board issues guidance for completing the plan, which in addition to requiring committee approval must be signed by members of the Youth Justice Service Management Board and submitted to the Regional Youth Justice Board Manager.

The final draft North Yorkshire's Youth Justice Service Strategic Plan 2014-16 is attached at Appendix 4

The costs of delivering the Youth Justice Service, as outlined in the Youth Justice Strategic Plan will be met from within the existing budget which includes contributions from the County Council and other partners.

There are no specific legal implications for consideration arising from the Plan. The production of a plan is a statutory requirement.

In preparing the Plan there has been consultation across the Youth Justice Service, with senior managers in Children's Social Care, with Children and Young People's Leadership Team members, and with key partners through the Youth Justice Services Management Board.

The service actively consults with children, young people, parents and carers in respect of services delivered by the Youth Justice Service. Whilst there has been no direct consultation exercise about the Plan itself the views and feedback received previously have influenced the content of the Plan. The Youth Justice Service uses Viewpoint, an interactive web-based tool for eliciting children and young people's views.

The Executive RECOMMENDS:

The approval of the Youth Justice Service Strategic Plan 2014-16.

5. Appointments to Committees and Outside Bodies: Whilst the outcome of the Skipton West by election was awaited, vacancies were held on the following committees and outside bodies: Craven Area Committee; Yorkshire Dales National Park Authority; and the Standing Advisory Council for Religious Education. Following the election of Councillor Andy Solloway as an Independent (unaffiliated) member, 2 July 2014, the political balance has been recalculated and the outcome will be considered ahead of the next meeting of County Council 23 July 2014, to enable the appropriate nominations to be considered.

On the Young People Overview and Scrutiny Committee the following appointments are recommended: that Louise Alder serve as the Primary Teacher co-opted member representative in place of Michael Clarkson; and that Pam Crabtree be appointed as the Roman Catholic Diocesan representative.

On the Scrutiny of Health Committee: that Councillor Tony Duff be appointed on behalf of the Richmondshire District Council as their substitute member in place of Rob Johnson.

All appointments, nominations and approvals made or given by under this item shall be deemed to be appointments and nominations approved for the purposes of the Indemnity Policy.

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 Council makes appointments, put forward by the relevant political group, prior to or at the meeting of Council, be agreed including:

(i) That County Councillor Andy Solloway is appointed to the vacancy on Craven Area Committee;

(ii) That Louise Alder be appointed as the Primary Teacher co-opted member representative in place of Michael Clarkson, on the Young People Overview and Scrutiny Committee.

(iii) That Pam Crabtree be appointed as the Roman Catholic Diocesan representative on the Young People Overview and Scrutiny Committee

(iv) That Councillor Tony Duff be appointed on behalf of the Richmondshire District Council have nominated as their substitute member in place of Rob Johnson, on the Scrutiny of Health Committee.

JOHN WEIGHELL
Chairman

County Hall,
NORTHALLERTON.
15 July 2014